

Congress of the United States
Washington, DC 20515

April 16, 2007

Dear Colleague:

Many of you are already aware of the successful track record of the New Markets Tax Credit (NMTC) over the last few years. Through fiscal year 2005, the NMTC has generated financing for the construction or rehabilitation of over 43 million square feet of real estate, and had helped to create or retain 72,000 construction jobs and 20,000 full time equivalent jobs in low-income community businesses. That is why we will soon be filing legislation to extend this successful tax credit and we hope you will join us.

Our bill will extend for five years the allocation authority, which is currently set to expire next year. The credit was last extended in December of 2006, but was first enacted in 2000 as part of the Community Renewal Tax Relief Act. The credit was designed to stimulate investment and economic growth in low-income urban neighborhoods and rural communities. Investors receive a seven-year, 39% federal tax credit for Qualified Equity Investments made through investment vehicles known as Community Development Entities (CDE). These CDEs use capital derived from the tax credits to make loans to or investments in businesses and projects in low-income areas.

A recent GAO report found that the program is very effective at increasing investment in low-income communities. The credit program is actually administered by the Department of Treasury through the Community Development Financial Institutions (CDFI) Fund. To date, NMTC investments in low income communities total over \$7.7 billion. The tax credit has been used to support a wide variety of community and economic development initiatives including, among others, the financing of charter schools, health care facilities, manufacturing businesses, grocery-anchored retail centers, and numerous other commercial and mixed-use real estate projects.

If you would like to be an original cosponsor of this legislation, please contact Melissa Mueller (Rep. Neal) at 225-5522 or Eric Bergren (Rep. Lewis) at 225-3501.

Sincerely,


Rep. Richard Neal


Rep. Ron Lewis