

NEW MARKETS TAX CREDIT COALITION

March 16, 2010

The Honorable Sander Levin
Chairman
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable David Camp
Ranking Member
House Committee on Ways and Means
1139E Longworth House Office Building
Washington, DC 20515

Dear Chairman Levin and Ranking Member Camp:

On behalf of the New Markets Tax Credit (NMTC) Coalition, I am writing to thank you for including language in the *Small Business and Infrastructure Jobs Tax Act of 2010* that will provide Alternative Minimum Tax (AMT) relief to NMTC investors.

To date the NMTC has generated over \$15 billion in private investment in low income communities with much of the investment coming from banks and other private financial institutions. As the taxable income of many banks and corporate entities declines there is growing concern that investors will have less appetite for the NMTC as they have less taxable income to offset and other more attractive options in the credit marketplace. The Housing and Economic Recovery Act of 2008 provided AMT relief to investors in the Low Income Housing Tax Credit and the Historic Rehabilitation Tax Credit and it is critical that this same relief be extended to investors in the NMTC.

The NMTC has a demonstrated track record of job creation and building wealth in poor communities. Research indicates that NMTC financing is usually paired with other sources of capital on a dollar for dollar basis - meaning \$15 billion in NMTC investing has resulted in \$30 billion in capital moving into low income communities to finance businesses, community facilities and mixed use projects. Using the Recovery Act standard of 1 job for every \$92,000 invested, that \$30 billion converts to 326,086 jobs being created in low income communities. When you consider that the cost to the government is not the full \$15 billion but rather \$6 billion in terms of revenue loss (39% of \$15 billion) the cost per job is reduced from \$92,000 to \$18,400.

We are confident that allowing NMTC investments to offset AMT will both sustain current investors and attract new investors to the NMTC program. AMT will enable more small and medium sized banks to participate, thereby contributing to a more diverse, competitive, and efficient investor market. Enhancing the efficiency of the program's investor market will allow Community Development Entities (CDEs) across the country to maximize the impact of their

NMTC investments in terms of business growth opportunities and wealth creation in poor communities.

We also thank you for recognizing the timeliness and importance of extending the NMTC for an additional year with \$5 billion in annual credit authority as part of the *Tax Extenders Act of 2009*. We appreciate your leadership on the NMTC and look forward to working with you to optimize business opportunities for workers and residents in low-income neighborhoods and small towns across America.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Rapoza". The signature is fluid and cursive, with a large initial "R" and "A".

Robert A. Rapoza