



January 25, 2012

The Honorable Bill Stoltze  
The Honorable Bill Thomas  
Co-Chairs, House Finance Committee  
Alaska State Legislature  
State Capitol Room 519  
Juneau, Alaska 99801

RE: CS SB66(L&C), "An Act creating a new markets tax credit assistance guarantee and loan program within the Alaska Industrial Development and Export Authority; and providing for an effective date."

Dear Representatives Stoltze and Thomas:

On April 16, 2011, CS SB66(L&C) was passed by the Senate. This legislation is intended to allow the Alaska Industrial Development and Export Authority (AIDEA) to foster greater economic development in low income areas that are underserved and underdeveloped.

CS SB66(L&C) will enable AIDEA to issue guarantees and make loans to help finance projects through the federal New Markets Tax Credit (NMTC) program. This program offers a process by which federal tax credits are allocated to support nationwide financing of projects located in communities with poverty rates above 20 percent; median income less than 80 percent of the state median and with unemployment rates 1.5 times greater than the national average.

The NMTC investments are made up of an equity portion for which federal tax credits worth 39 percent are paid out over seven years and a leveraged debt portion on which interest only is collected for the seven years of the NMTC project. Since 2008 there has been a scarcity of capital to fund the debt portion of the investment. This legislation would enable AIDEA to issue guarantees and make loans to facilitate funding of the debt portion of the NMTC investments.

The Senate Labor and Commerce Committee considered and adopted an amendment to SB66. This amendment (page 4, line 21) changed the cumulative limit of loans and guarantees from \$50 million to \$40 million and another change was made to line 1 on page 4 and added the word revolving before the word fund.

The Honorable Bill Stoltze  
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Page 2

We respectfully request you to schedule CS SB66(L&C) for a hearing in your committee and we urge favorable action on this bill. A copy of CS SB66(L&C), the fiscal note, sectional analysis and a hearing information sheet are attached. The attachments also include a short whitepaper on the NMTC program and a letter of support from Alaska Growth Capital. We will be happy to meet with you and other members of the committee to provide any other information you may require. Thank you for considering our request.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Leonard', with a long horizontal flourish extending to the right.

Ted Leonard, CMA, SPHR  
Executive Director

Attachments (6)