



January 26, 2011

The Honorable Dennis Egan
Chair, Senate Labor & Commerce Committee
Alaska State Legislature
State Capitol Room 510
Juneau, Alaska 99801

RE: SB66, "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 Senator Egan:

On January 24, 2011, SB66 (Companion Bill HB120) was introduced and referred to the Senate Labor & Commerce Committee. This legislation is intended to allow the Alaska Industrial Development and Export Authority (AIDEA) to foster greater economic development in areas that are underserved and underdeveloped.

SB66 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.

We respectfully request you to schedule SB66 for a hearing in your committee and we urge favorable action on this bill. A copy of SB66, the fiscal note, and the sectional analysis are attached as well as a short whitepaper on the NMTC program. 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,

ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

Ted Leonard, CMA, SPHR
Executive Director

Attachments (4)