



## Geithner announces \$1.5 billion in tax credits

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### **Stimulus money will go to organizations in 33 states to save, create jobs**

BOSTON - Treasury Secretary Tim Geithner announced Wednesday that organizations working in 33 states would receive \$1.5 billion in business tax credits fueled with federal stimulus money and aimed at creating and saving jobs in areas hit hard by the economic downturn.

The New Markets Tax Credit program was established in 2000 and is credited with creating an estimated 210,000 construction jobs and 45,000 full-time permanent jobs. Geithner said the stimulus program has allowed the government to infuse more money into the program, expanding its reach.

“Too often when it comes to development, distressed communities are simply ignored. Many worthwhile projects never get started because of a lack of investment,” Geithner said. “The program provides a powerful incentive for investors to take a chance on communities that have a potential.”

President Barack Obama has said the American Recovery and Reinvestment Act will save or create about 3.5 million jobs nationally, although critics have questioned how the administration plans to count saved jobs.

The tax credits can be a critical piece of financing for real estate development projects and businesses in economically stressed rural and urban communities.

Geithner, making a rare trip out of Washington, released a list of the 32 new recipients while visiting Project Hope in the Roxbury neighborhood of Boston. Project Hope, which helps families

facing homelessness move out of poverty, was a past reward recipient. The tax credits are not only going to recipients active in the 33 states, but also the District of Columbia and Puerto Rico.

The federal dollars are distributed in large amounts to community development corporations, neighborhood banks and local investment funds which turn around and use the money to make smaller investments to local projects.

The credit permits individual and corporate taxpayers to receive a credit against their federal income tax obligation for making qualified equity investments in community development entities. The credit totals 39 percent of the investment and can be claimed over seven years.

Sister Margaret Leonard, Executive Director of Project Hope, said a \$1.2 million investment obtained through the program helped her group build their new headquarters on a former rubbish strewn lot in what she called Boston's "epicenter of homeless families in those days."

"This is a place where people drove in and dumped their trash," Leonard said. "Now this is place of beauty and a place of hope."

Another recipient of a past investment, Mike Psikarakis, said the money allowed him to open up a restaurant in the blue-collar community of Brockton with his brother Nico. The two were able to give local residents temporary jobs while creating a new gathering place in the neighborhood.

"We found this place in Brockton that was vacant, but we saw a lot of potential there," he said.

Geithner said that the announcement of the additional funding for the New Markets program came 100 days after Obama signed the stimulus act. He said the steps taken by the administration are beginning to bear fruit.

"The national economy is showing some initial signs of stability. Confidence has improved. The financial system is starting to heal. Credit is starting to ease a bit," he said.

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