



The Confederated Tribes of the Colville Reservation
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April 15, 2015

The Honorable Orrin G. Hatch, Chairman
The Honorable Ron Wyden, Ranking Member
Senate Committee on Finance |
219 Dirksen Senate Office Building
Washington, D.C. 20510-6200

RE: Comments for Community Development & Infrastructure Tax Reform Group

Dear Chairman Hatch and Ranking Member Wyden:

On behalf of the Confederated Tribes of the Colville Reservation (the “CCT” or “Colville Tribes”), I would like to encourage the Committee on Finance to include certain changes to the New Markets Tax Credit (26 U.S.C. § 45(D) (“NMTC”) in any proposal the Committee puts forward to reform the tax code. As you know, Congress established the NMTC in 2000 to spur new or increased investments in infrastructure in low income communities.

The NMTC program has been a successful tool for attracting private capital to Indian country, as evidenced by the CCT’s recent experience. In December 2014, the CCT finalized a deal to construct a 167,000 square foot tribal government center in Nespelem, Washington. The need for this building has been apparent for several years, but most recently an electrical fire destroyed the old administration building. In addition to providing adequate space for tribal programs and employees, the project will also modernize the agency campus since the new government center is being constructed where dilapidated and condemned housing units formerly stood.

A key component to this project was \$7.3 million in New Market Tax Credits that the CCT was able to secure from two Community Development Entities (“CDEs”). The CCT is located in a “severely depressed” census tract and the government center is precisely the type of project the program was intended for. The initial phase of construction is underway and scheduled for completion later this year.

Despite the CCT’s success with the government center project, the NMTC program has funded very few projects in Indian country since Congress created it in 2000. The CCT is interested in utilizing the NMTC program for future infrastructure projects, and accordingly believes that the program should be modified to ensure that its benefits are better deployed in tribal communities. In our view, this can be accomplished in at least two ways. First, 26 U.S.C. § 45(D)(i)(6) could be amended to direct the Department of Treasury to prescribe regulations to ensure that Indian reservations (as well as non-metropolitan areas) receive an allocation of tax credits. The National Congress of American Indians has suggested this approach and the CCT urges the Committee to incorporate this concept in any proposal that amends section 45(D)(i)(6).

Another approach would be to incentivize the allocation by Community Development Entities (“CDEs”) of tax credits under the NMTC program to projects in Indian country. This could involve a modification to the CDFI Fund regulations or practice. For example, CDEs that allocate tax credits to Indian tribes in one year could receive more favorable consideration by the Treasury Department when applying for the tax credits the following year. We encourage the Committee to raise this issue with the Senate Banking Committee as it moves forward with its reform efforts.

I appreciate the opportunity to provide these comments to the Committee. Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Boyd", is positioned above the typed name.

Jim Boyd
CHAIRMAN