

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-1801

October 19, 2005

## Creating Opportunity in the Gulf Region

Dear Colleague,

When President Bush announced the Gulf Opportunity Zone initiative, he signaled strong support for providing immediate incentives for job-creating investment and incentives to companies that create jobs. H.R. 3987, the Katrina Economic Opportunity Act, provides needed tax incentives for investing in the region affected by Hurricane Katrina by focusing on three legislative provisions: zero percent capital gains for new investment, expansion of business equipment expensing, and expansion of the New Markets Tax Credit. I firmly believe that putting people back to work is one of the most effective ways for us to help the region recover and families to rebuild their lives.

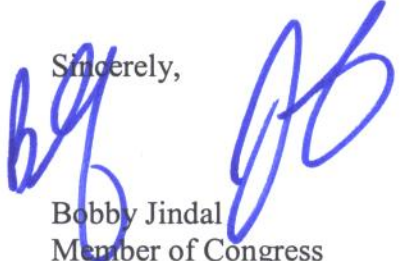
The following is a brief summary of the Katrina Economic Opportunity Act:

- Zero capital gains tax for investments made in the Gulf Opportunity Zone (GO Zone) will spur investors to take business risk in these uncertain times, and the “cost” to the Treasury in lost revenue will only occur on successful investments that add value to the region. From an economic perspective, this bill includes the regional declared disaster area since the physical capital structure (particularly the supply chain parts of the local economy) is widespread.
- The proposed legislation would waive the dollar limits on the investment amount and the phase-out threshold included in the current section 179 law. This waiver would allow businesses and corporations to deduct all expenditures on qualified business assets that occur after Katrina and before December 31, 2007. Full expensing for tax purposes is needed to encourage firms in the GO Zone to purchase new equipment, rebuild facilities and, in turn, revive the economy.
- The New Markets Tax Credit (NMTC) provides investors - banks, insurance companies, corporations and individuals - with credits against federal income tax in return for new investments in eligible businesses. This stimulates equity investment in small to medium businesses, an investment class that is essential to rebuilding efforts but faces challenges to raising needed capital. H.R. 3987 would add to the existing national allowance for NMTCs and target the new capacity to investments in the parishes and counties in Alabama,

Louisiana, and Mississippi that are eligible for individual and public assistance. This program allows investors to receive benefits over 7 years, thereby keeping investment capital in the communities for extended periods while not requiring substantial cash outflows from the federal government.

Enacting this legislation will go a long way to encourage investment, revitalize the economy, and create jobs in Gulf region. If you have questions or would like to become a cosponsor, please contact Chris Gillott at my office at x53015.

Sincerely,



Bobby Jindal  
Member of Congress