

April 3, 2013

The Honorable Kelvin Atkinson
Chairman
Senate Commerce, Labor and Energy Committee
Legislative Building, Room 2126
401 S. Carson St.
Carson City, NV

RE: Nevada New Markets Job Act

Dear Chairman Atkinson:

The Washington Economics Group is an economic consulting firm specializing in comprehensive economic advice for businesses and the public sector since 1993. I am writing to share with you some of our research findings and analysis about the Florida New Markets Development program. Legislators in Florida have been most interested in our findings related to the value of the program in terms of its economic impact and cost to the state as well as their other primary objective of leveraging the state program to increase the amount of federal New Markets investment in Florida.

According to our recent Study, the estimated value of the New Markets Development program in Florida far exceeds the amount of annual state revenue foregone through tax credits. The program's success results from market based evaluations of qualified businesses. Here is an overview of the findings of the renewal of the Florida New Markets program:

- Thirty-three (33) qualified businesses received New Markets funding between April 2010 and March 2013, raising \$140 million through New Markets and \$205 million through private follow-on capital.
- By the end of 2012, qualified businesses had created or retained 2,824 jobs; approximately 33 percent were new jobs.
- The economic activity of those qualified business contributed a total of 7,100 jobs in Florida.
- The fiscal benefits to state and local governments in 2012 is estimated at nearly \$45 million.

The economic data points to specific results for the New Markets Development program in Florida that show it has been successful at creating jobs and attracting private sector investments into underserved areas. The investments made in connection with this

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program create positive economic impacts from both capital expenditures and business operations initially and continue to contribute to the economy in the years that follow. Also of interest to Florida policymakers was the fact that between 2009 and 2010, after the Florida New Markets Development program was passed by the legislature, investment in Florida from the federal New Markets program increased 387 percent:

- In 2009, \$20M of federal New Markets investments were made in Florida
- In 2010, \$77.7M of federal New Markets investments were made in Florida

In conclusion, based on our research and studies, the New Markets policy has been proven successful in Florida at attracting and driving private sector investments into underserved areas in a way that creates jobs and shows a positive economic and fiscal return to the state, above and beyond the cost to the state for issuing the tax credits.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Antonio Villamil". The signature is fluid and cursive, with a large initial "J" and "V".

J. Antonio Villamil
Founder and Principal Advisor

JAV/hmc