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THE WHITE HOUSE

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PRESIDENT CLINTON'S CHALLENGE TO INVEST
IN AMERICA'S NEW MARKETS
May 11, 1999

"We must do more to bring the spark of private enterprise to every corner of America -- to build a bridge from Wall Street to Appalachia, to the Mississippi Delta, to our Native American communities - Our greatest untapped markets are not overseas -- they are right here at home."

- President Clinton, State of the Union Address, 1999

Joining With Corporate America to Mobilize Investment in Untapped Markets. Today, President Clinton and Vice President Gore will hold a roundtable with 17 chief executive officers from major American corporations and investment firms to discuss ways to best mobilize new private investment in America's most economically underserved communities --- America's new markets.

Announcing a Presidential Trip the Week of July 5 to Underserved Urban and Rural Areas Across the Country. President Clinton will announce today that in July he will take a bipartisan delegation of CEOs and Members of Congress to untapped markets throughout America, touring economically distressed communities and highlighting new opportunities being created in these communities across the nation.

- The trip will be modeled after the type of trade missions that Cabinet Secretaries and CEOs often take overseas to identify markets, in which - through trade and commercial agreements - they can help to create jobs and expand economic development.
- As part of the trip, President Clinton will announce new administration commitments and innovative programs developed by companies, community leaders, non-profit organizations, and investment firms around the country.

Promoting Efforts to Attract Capital to Underserved Areas. As part of a bipartisan focus on underserved urban and rural areas, President Clinton is seeking ways to expand current efforts. President Clinton's New Markets Initiative will build upon these existing programs and help create the conditions for economically successful investment in underserved inner city and rural areas. Included among the elements of the plan are:

- The New Markets Tax Credit. To help spur \$6 billion in equity capital for investment in America's new markets, President Clinton and Vice President Gore have proposed a tax credit worth 25 percent for investments in a wide range of vehicles. Eligible investment companies include community development banks, venture funds and corporations, and the new investment company programs created by this initiative.
- America's Private Investment Companies (APICs). Just as our support for the Overseas Private Investment Corporation helps promote growth in emerging markets abroad, APIC, will encourage private investment in America's untapped markets. For up to \$100 million of private equity, HUD and SBA will guarantee loans up to

\$200 million, creating investment funds as large as \$300 million to invest in new development projects and larger businesses that are expanding or relocating in inner city and rural areas. Under the financing structure, the private investors' funds are at risk ahead of the government's.

- New Markets Venture Capital (NMVC) Firms. NMVC firms will make both capital and expert guidance available to small business entrepreneurs in inner-city and rural areas. Ten to twenty NMVC firms are planned. SBA will match the equity and technical assistance of private investors.

Building on Six Years of Work to Expand Economic Development. The Clinton-Gore Administration has made community development a priority since taking office. The efforts announced today build on a number of critical initiatives that have helped to expand economic development to communities across the country that need it most. These efforts include the Community Reinvestment Act, Community Development Financial Institutions, Micro-Enterprise Programs, the Economic Development Initiative and Section 108 Loan Guarantee Program, the Empowerment Zones and Enterprise Communities, and the Brownfields Tax Incentive.