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October 14, 2009

VIA U.S. MAIL AND FACSIMILE 202-225-1765
The Honorable John T. Tanner
1226 Longworth House Office Building
Washington, DC 20515

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Re: H.R. 3609 Support

Dear Representative Tanner:

The National Mitigation Banking Association ("NMBA") is grateful for your sponsorship of H.R. 3609, which would confirm the capital gain or loss tax treatment of the sale or exchange of mitigation credits earned by restoring wetlands. This bill would clarify an important aspect of the Federal tax treatment of the mitigation banking industry, an important "green business" essential for economic recovery and environmental conservation.

NMBA members are the entrepreneurs who invest in our environment, by restoring, enhancing and protecting wetlands or streams, and thus creating credits that are available for purchase by those who must impact wetlands or streams to construct needed development projects. Wetland mitigation banking operates in virtually all states, including Tennessee, providing a private sector solution to unavoidable impacts of needed projects, such as roads, infrastructure and land development. This is a "win-win" for the environment, since natural habitat is restored and protected, under strict federal and state oversight, while providing a means for property owners to obtain cash value for keeping land in a natural state.

The wetland mitigation banking industry is heavily regulated by federal and state agencies, including the U.S. Environmental Protection Agency, the U.S. Army Corps of Engineers, the U.S. Fish and Wildlife Service and their counterpart state and local authorities. The result is a proven track record of successful wetland, stream and habitat mitigation projects that enhance natural amenities. Studies by the National Academy of Sciences, the Society of Wetland Scientists and others confirm the ecological benefits of mitigation banking.



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We appreciate your support for the mitigation banking industry. Our business involves a land-based transaction, enhancing the environmental value of real property. However, we don't sell the land, since it is preserved under permanent easements or deed restrictions for the natural environment. H.R. 3609 would clarify that mitigation credit sales are treated as capital gains or losses under federal tax law. Such tax treatment would reflect the enhancement to real property contributed by wetlands mitigation, and would encourage commitment of land to permanent environmental conservation.

Thank you for your leadership in co-sponsoring H.R. 3609. We look forward to working with you and others to bring this bill to quick passage.

Sincerely,

A handwritten signature in cursive script that reads "George W. Kelly". To the right of the signature is a small, stylized mark that appears to be initials or a flourish.

George W. Kelly
President
National Mitigation Banking Association