2020 LEGISLATIVE PLATFORM
COUNTY OF RIVERSIDE
ECONOMIC DEVELOPMENT AGENCY
OPPORTUNITY ZONE STATE TAX CONFORMITY FOR AFFORDABLE HOUSING, CLEAN ENERGY, AND COMMUNITY SPONSORED PROJECTS (STATE) AMENDMENT

ISSUE
State of California Opportunity Zone Tax Conformity

ACTION
Support a State of California legislative framework that provides tax conformity for the Opportunity Zone program with federal incentives. It is anticipated that a legislative proposal will be introduced during the next legislative session.

BACKGROUND
The Opportunity Zone incentive is a bipartisan law that garnered more than 100 Democratic and Republican co-sponsors in Congress interested in attracting new investment into struggling urban, suburban and rural communities around the country. California has identified 879 census tracts as Qualified Opportunity Zones, representing 4.2 million individuals, or 10.7% of the state population. Riverside County currently has 49 census tracts designated as Opportunity Zones.

California is one of only four U.S. states that has yet to adopt state-level tax conformity to the federal Opportunity Zone incentive. The added benefit of state conformity is essential to the competitiveness and viability of the Opportunity Zone incentive in California, particularly in areas like the Inland Southern California region that traditionally struggles to attract patient private investment at levels commensurate to larger metros. We support the Governor’s desire to focus conformity on affordable housing and clean energy projects. However, we believe conformity should also be available to other worthy projects that communities are eager to see happen, including new health care clinics, rural broadband, growth capital for small businesses, new teacher, workforce and transit-oriented housing, and grocery stores in food deserts. We request the State provide discretion for localities to designate additional project categories to be eligible for favorable state tax treatment.

Support for Local and Regional Economic Development Capacity – (State) AMENDMENT

ISSUE
State Support for Local Economic Development

ACTION
Support the establishment of economic development grant and support programs that augment local efforts in impoverished communities to enhance market forces.

BACKGROUND
Successful economic development efforts including Opportunity Zones, business attraction and retention, and international trade efforts will require a steady pipeline of quality projects. In many low-income communities, there is a persistent lack of funding, expertise, and support systems to nurture promising projects through early stages of development. Far too often, market forces alone are not enough to move these projects forward in a way that can catalyze maximum economic and community benefit. Where state and local priorities align, the State should augment local efforts and accelerate quality projects to ‘investment ready’ status. This could take the form of predevelopment grants and loans, technical assistance programs, and fellowship opportunities.

**EB-5 Permanent Reauthorization - (Federal)**

**ISSUE**

EB-5 permanent reauthorization.

**ACTION**

Permanent authorization of the EB-5 Program by Congress after 23+ years of bipartisan support and current record breaking economic impact statistics.

**BACKGROUND**

The interconnected world we live in today demands public policy that takes advantage of the fact that economic opportunity, capital, and people are crossing national borders at a record-setting, and seemingly ever-increasing, rates. “Immigrant investor programs” exist all around the world, all competing for the same economic benefit of attracting entrepreneurial investors to their shores and each with a unique purpose once the capital is attracted. The U.S. designed the EB-5 Regional Center Program to allocate capital to regional economic development and U.S. job creation, and it is now delivering on its promise in a major way. As of December, 2019, Riverside County has completed 25 local EB-5 projects, totaling $187 million dollars in investments and created 4518 jobs. Currently, there are 45 pending EB-5 projects, totaling a projected investment of $2 billion dollars and is expecting a total of 16,421 jobs upon completion. Other items to note regarding the program are as follows:

1. The program’s regional focus provides valuable opportunities to states and localities, particularly on civic development and infrastructure projects. The program’s ability to provide long-term, low-interest capital that can complement existing public funds presents valuable opportunities for state and local leaders to address some of their public-spending projects, including in highly underinvested but critical public infrastructure and affordable housing.

2. With increased security, functionality, and integrity, the program has great potential to support regional economic development. Considering its relatively limited size, the EB-5 program alone will not be the primary solution for the country’s most expensive and critical needs. However, with effective reforms to increase the program’s integrity, security, and functionality, the EB-5 program has the potential to provide for incremental but relatively significant opportunities for regional economic development.