



## On Senate Floor, Portman Participates in Colloquy Highlighting Economic Benefits of Opportunity Zones

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**WASHINGTON, D.C.** – Today on the Senate floor, U.S. Senator Rob Portman (R-OH) participated in a colloquy led by Senators Tim Scott (R-SC) and Joni Ernst (R-IA) on “Opportunity Zones,” a new tax incentive Portman fought in the tax reform law designed to encourage investment and job creation in low-income communities. It starts with states identifying those urban and rural communities that are most in need. Ohio designated 320 low-income census tracts across the state as Opportunity Zones under the new tax law. This allows investors and companies to defer paying capital gains taxes on investments in exchange for committing to invest that additional money into Opportunity Zones long-term, with additional tax benefits available depending on the length of the Opportunity Zone investment. Earlier this year, Senator Portman joined his colleagues in sending a bicameral, bipartisan [letter](#) urging Treasury Secretary Steven Mnuchin to provide greater clarity about the Department of Treasury’s proposed Opportunity Zone regulations. The letter applauds the existing efforts from Treasury to fully implement this program and asks for additional guidance so that stakeholders can take full advantage of this important incentive designed to boost investment and jobs in struggling communities throughout Ohio.

A transcript of his remarks is below and a video can be found [here](#):



*“I would like to join my colleague from Iowa and my colleague from South Carolina, Senator Scott, to talk about Opportunity Zones. Senator Scott has shown incredible leadership on this issue. He has a big heart and has a passion for dealing with communities that have been left behind. The tax reform bill that we passed is doing a great job in growing the economy. If you look at the numbers, they’re really unbelievable. The first quarter, 3.2 percent economic growth is exactly twice what was projected by the Congressional Budget Office, a nonpartisan group here in Congress, before tax reform was passed. Now tax reform passes and growth is twice as fast. The same is true with job creation. Over the last year we created twice as many jobs as was projected before tax reform was passed. There’s no question that tax reform has helped stimulate investment, economic growth, and help stimulate jobs.*”

*“What’s most exciting to me actually, it’s also increased wages for people in Ohio and around the country. Wages have increased higher in the last year than they have really in the previous decade. You have to go back to before the Great Recession to find wage growth like we’ve seen. The wage growth is great across the board but it’s particularly encouraging that there’s slightly more wage growth among what’s called nonsupervisory jobs. Think about middle class jobs, blue collar jobs. This thing is*”

*working and it's working well. However, the fact is the prosperity that we're seeing is not evenly spread, right? So there's some communities that really haven't recovered since the Great Recession and those are the communities, low-income communities, communities that have been stubbornly poverty stricken that the Opportunity Zones are meant to focus on. It's a critical tool and it's in the tax legislation. It's designed to help encourage investment and therefore job creation in these communities.*

*"As I was listening to others talk earlier, we've talked about the fact that states are identifying these urban communities and rural communities that are most in need. I will tell you that in my state of Ohio, we now have 320 census tracts that have been identified. When I'm traveling around the state, it doesn't take me long to find one of these census tracts and talk to people who are excited about it. It allows investors and companies to defer paying these capital gains taxes, and in some cases, if they make a commitment for long enough money to avoid the capital gains tax altogether. This is working. Over time it's going to create more investment in these communities.*

*"Throughout the past year I've been traveling Ohio talking to people about this. We had roundtable meetings in Youngstown, Ohio also in Cleveland, Ohio, with investors, business, and local community leaders. What I heard is people are excited about it. They think there is great potential here. To ensure that it really works like it's supposed to work, we have to ensure that everybody is involved and that does include economic developers, all levels of government, not just the businesses and investors who are interested in getting the tax incentive. We have to work together to make sure the programs work and do expand opportunities into these communities.*

*"I want to highlight the promising work Ohio has done to bring everyone to the table to make sure that happens. Specifically last week, Governor Mike DeWine announced the*

*creation of a new website to serve as a one-stop shop for businesses, investors, economic development officials who are looking to invest in Ohio's Opportunity Zones. The website includes an interactive map that shows investors where the projects are around the state, streamlines the flow of capital into those areas that need it most. This is the kind of thing we need to be able to ensure this works properly.*

*"I'm also encouraged by the ongoing implementation of this program by Secretary Mnuchin and the Department of Treasury. Since the implementation process began, I've been urging the Secretary to issue taxpayer-friendly regulations and rules with regard to this. In other words, look at our intent, what we intended it do, which is again to create more jobs and economic opportunities in these Opportunity Zones. This includes a letter that we sent which was bicameral, meaning both the House and the Senate, and bipartisan to Treasury that named a number of concerns that we had about where we were up to that point in terms of the regulations.*

*"We asked for some further guidance on a number of threshold questions that investors were asking about, including clarifying an onerous proposal that was out there that Opportunity Zone businesses have to make 50 percent of the revenues within the specific zones. That doesn't make sense for some businesses. Think about a restaurant that's going to be built in an Opportunity Zone. If they don't get 50 percent of the revenue who people would live in that community, that's not necessarily a bad thing. We want to be sure they're hiring people from that community, but it may be the 50 percent rule does not work for all these businesses including ones who are going to sell to the outside or maybe even sell to other countries from an Opportunity Zone.*

*"A few weeks ago, Treasury issued a second set of regulations that took important steps to responding to each of the requests we laid out in our January letter. I'm*

*pleased to see that specifically that they addressed the 50 percent revenue requirement, providing safe harbors that seemed to allow operating businesses to generate revenue outside their Opportunity Zone without the risk of losing the tax incentives. Again, I commend the Secretary and the Treasury Department for taking these steps. We need that kind of certainty in order to ensure we take full advantage of this great opportunity. With the release of these new regulations, many more investors are going to have certainty to start making these investments in struggling communities throughout Ohio. Overall, I'm excited about the benefits of the new tax benefit incentive and I'm committed to doing everything I can do to make sure Ohio communities benefit from it."*

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