

Become an Original Cosponsor on the Opportunity Zones Fairness and Inclusion Act

Sending Office: Honorable Henry C. "Hank" Johnson, Jr.
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Request for Cosponsor(s)

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Supporting Organizations: Financial Services Innovation Coalition, The Note Firm, Southern Christian Leadership Conference, Bretton Woods, Inc, Partnership for Innovation and Empowerment, HCR Consulting, LLC, Second Wind Advisors, LLC, Faith Works Legal, Inc., Government Executives International

Dear Colleague:

Under current provisions for Opportunity Zones, investors, developers, and their financial advisors benefit at the expense of communities the law is designed to help.

The Tax Cuts and Jobs Act of 2017 established the Opportunity Zones Program as a tax benefit to incentive development in poor neighborhoods. By providing this preferential tax treatment to investors, economically-distressed communities were intended to benefit through job creation, new housing, and community development.

Although these tax benefits are touted as a means of uplifting underserved communities, there are few safeguards to ensure community involvement in the implementation and revitalization of these neighborhoods. The lack of their involvement has resulted in economic gain for developers with little economic benefit conferred to the underserved neighborhoods. Consequently, there is a real danger that small businesses and individuals that live in those communities will be displaced or remain underserved.

Recent press [coverage](#) of Opportunity Zone projects note that: (1) projects undertaken by Opportunity Zone investors yield tax benefit that do not encourage or produce an original investment, and (2) investors/developers will only vet projects greater than \$20 million. Thus, the economic benefits are not reaching underserved areas and smaller projects are systematically [excluded](#).

This results in only large-scale projects where many minority businesses cannot afford to participate due to the threshold of capital requirements. From parking garages in downtown [Portland](#) to dorms in suburban Maryland, Opportunity Zone funding has failed to touch many inner city or rural communities.

In an effort to achieve the true intention of the Opportunity Zones Program, there have been public policy efforts to move capital to underserved communities; however, they all have [failed](#). Enterprise Zones and the Treasury's New Market Tax Credits program are two primary [examples](#) that underscore the need for Congress' intervention.

Billions of dollars in tax revenue—which could have been used to invest in job training, small business development, and educational opportunities for these communities—have been sacrificed to support the wealthiest investors.

We cannot afford to let billions of dollars be funneled into projects with no communal benefits.

Therefore, I am introducing legislation to bring inclusion, diversity, and fairness to Opportunity Zones. Specifically, my legislation would require:

1. Opportunity Zone Funds to have advisory and investment boards consisting of members of the target communities;
2. Diversity in investment advisors; and
3. A mixture of investments ensuring some money goes to smaller-scale projects with low capitalization requirements, as well as to minority businesses and individuals residing in the target communities.

If our current system is structured to give tax preferred treatment to millionaires and billionaires, we should require them to invest in ways that optimally benefit the communities they want to develop.

I hope you will join me in this effort and cosponsor this important legislation.

Sincerely,

Henry C. "Hank" Johnson, Jr.

Member of Congress