

**Statement for Hearing Before the Joint Economic Committee  
Implementation of the Opportunity Zones Program**

**Senator Cory A. Booker**

**May 17, 2018**

Thank you very much, Mr. Chairman.

The Opportunity Zones program, based on the *Investing in Opportunity Act* that I introduced with Senator Tim Scott in 2016, creates a powerful new tool for promoting lasting economic development in the places that need it most. The purpose of the legislation was ambitious: incentivize private investors to invest their inactive capital in high-impact projects in economically distressed communities—in places like Camden and Newark in my home state of New Jersey. In doing so, we can unleash a wave of transformative investment and revitalize hard-hit rural and urban communities across the country.

I'm grateful to the witnesses at today's hearing for participating in this initial review. Only with careful oversight can we ensure that this new tool is used to fulfill the important goals that Congress intended—to bring investment and opportunity to the hardworking Americans who live in economically distressed communities.

While some parts of the country have seen great economic gains in recent years, many communities have struggled and the gains have been uneven. By many measures, the decade since the Great Recession has been the most geographically unequal economic recovery of the modern era:<sup>1</sup> from 2010 to 2016, metropolitan areas with more than a million residents accounted for two-thirds of the growth in the country's economic output, and almost three-quarters of net job creation nationwide.<sup>2</sup> Many smaller metropolitan areas and rural areas have seen much slower growth, or declines, in output and employment.<sup>3</sup> The economic pain has been especially acute in many smaller cities that were once powered by a strong manufacturing base, as well as in communities of color.<sup>4</sup> All told, today, one in six, or 50 million people, live in economically distressed communities.<sup>5</sup> These communities struggle with a lack of investment, business growth, and job growth, leaving millions of Americans unable to share in our national economic growth.

The Opportunity Zones program advances the fundamental ideal that every community should be able to realize its full entrepreneurial potential, and that as our economy grows, all Americans should benefit—not just those at the top. Today, American investors have trillions of dollars sitting on balance sheets in the form of unrealized capital gains that can be reinvested to stimulate growth in high-need communities. Through a set of targeted incentives, the program encourages re-

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<sup>1</sup> Economic Innovation Group, *The New Map of Economic Growth and Recovery* (May 2016), <http://eig.org/recoverymap>.

<sup>2</sup> Mark Muro & Jacob Whiton, *Geographic Gaps Are Widening While U.S. Economic Growth Increases*, Brookings Institution (Jan. 23, 2018), <https://www.brookings.edu/blog/the-avenue/2018/01/22/uneven-growth>.

<sup>3</sup> *Id.*

<sup>4</sup> Alan Berube & Cecile Murray, *Renewing America's Economic Promise Through Older Industrial Cities*, Brookings Institution (Apr. 2018), <https://www.brookings.edu/research/older-industrial-cities>.

<sup>5</sup> Economic Innovation Group, *The 2017 Distressed Communities Index 9* (2017), <http://eig.org/wp-content/uploads/2017/09/2017-Distressed-Communities-Index.pdf>.

investment of this inactive capital in high-impact projects in state-selected “Opportunity Zones,” supporting new businesses, local infrastructure projects, construction or rehabilitation of facilities, and redevelopment of blighted properties in economically distressed communities.

Now, as we implement the Opportunity Zones program, we must take appropriate steps to ensure that its incentives support projects that benefit the residents of economically distressed communities, in line with the legislative intent. In particular, the Treasury Department should use its regulatory authority to ensure that Opportunity Funds realize their potential to transform communities and benefit local residents. With appropriate guardrails, the Treasury Department can ensure that Opportunity Fund investments are targeted to truly high-need communities and in projects that support inclusive economic development.

The investment incentives created by this program represent a remarkable opportunity to catalyze entrepreneurship and promote long-term investment in economically distressed communities. I look forward to working with the Treasury Department, private investors, community leaders, and other stakeholders to ensure the Opportunity Zones program serves these crucial goals.

Thank you very much, Mr. Chairman.