

**Joint Economic Committee Hearing
“The Promise of Opportunity Zones”
Statement of Senator Tim Scott**

May 17, 2018

I want to first thank the Joint Economic Committee, Chairman Paulsen and Ranking Member Heinrich for holding this important hearing

Every day, we are seeing more and more great news about the current economic expansion in America: a trend that is breaking records and exciting economists and citizens alike.

This is currently the third-longest economic expansion since 1854, and on track to be the second-longest on record.

After a strong jobs report was released for the month of April, we should not only celebrate all of the exciting components of our booming economy, but also look forward to the continuation of this growth and success.

The Tax Cuts and Jobs Act, historic tax reform passed last December, gets much of the credit for the most recent economic upswing, and for good reason!

Unemployment continues to fall, and at 3.9 percent it is currently the lowest national unemployment rate we've seen in 17 years.

African-American unemployment is also at its lowest since 1972 - more than four decades.

Similarly, job expansion continues, with more than 800,000 new jobs added since the passage of tax reform and more than one million Americans of working age re-entering the work force in the past two years.

In response, wages are on the rise as well.

Because of tax reform, millions of Americans have seen increased benefits, higher wages and bonuses.

We also got the news that of manufacturers surveyed by the National Association of Manufacturers, 72 percent say they plan to increase employee wages or benefits, and 77 percent plan to hire more workers.

This is in addition to the Small Business Optimism Index reaching record highs, and the number of small businesses reporting poor sales falling to a near record low

And the best part - this is before many components of the tax reform package have truly kicked in

This past Tax Day marked the last Tax Day under the old system – which means great news for American families next year

And even as we speak today, the Treasury Department is working on the rules for a critical component of tax reform – the creation of Opportunity Zones.

Today, 52 million Americans live in distressed communities...and it is clear that despite the economic gains we have made, too many families are still being left behind.

I grew up in one of those neighborhoods – places where hope has been lost, and too many think the lights have been turned off on a brighter future

If we aren't finding ways to give these smart, hardworking folks a hand up, we simply aren't doing our job

That's why I first introduced my Investing In Opportunity Act, or IIOA, and why I worked hard to ensure it was included in the Tax Cuts and Jobs Act

The IIOA creates thousands of Opportunity Zones across the country
What does that mean exactly?

Well, we have trillions of dollars in unrealized capital gains in this country – trillions of dollars sitting dormant.

By changing the way capital gains are treated, encouraging long-term investments in distressed communities in exchange for a break on capital gains taxes, we believe we will see hundreds of billions of private dollars invested in low-income communities

Governors from across the country have now submitted their states choices for Opportunity Zones, and the Treasury Department is working its way through the submissions for approval

This highlights a key component of these zones – they are led from the ground up. Communities, mayors and governors worked hard to identify where these dollars could do the most good – not someone here in Washington

And unlike other related attempts in the past to help these communities, Opportunity Zones don't create a new government bureaucracy, and we won't be tying more hands with red tape

The promise of these zones is immense, without question.

Small business owners and entrepreneurs will have more access to capital to make their dreams come true. Charter schools could find more funding at their fingertips to ensure every child has access to a quality education. Construction and infrastructure projects that have been waiting for years could finally be started and completed.

With the promise of long-term investment, those dollars will be staying in these communities, helping dreams come true

That's what we should be thinking about every day here in Congress...what can we do to restore hope in communities where it's been lost, and ensure the American Dream is accessible for every family across the nation?

Opportunity Zones have so much potential, and I look forward to Treasury finishing the rules over the course of the next few months and getting this ball truly rolling