Title: Qualified Opportunity Funds Need the Illinois SAFE Act
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The Lane Report

The U.S. Treasury Department has now fleshed out guidelines for taxpayers seeking to defer or reduce their capital gains tax by investing in Qualified Opportunity Funds which, in turn, will provide equity investments in new and expanding businesses, infrastructure and energy projects, commercial real estate, affordable housing, and other needs-driven ventures in under-resourced Qualified Opportunity Zones. Treasury Secretary Steven Mnuchin has predicted that over $100 billion in capital investment will soon find its way into projects which propel economic growth that benefits all of us, wherever we may live.

Qualified Opportunity Funds are intended to attract capital from individuals, corporations, institutions and funds that haven't historically participated in community investing. Inevitably, challenges will arise in ensuring that private-sector investment decisions are aligned with the best interests of communities. So protections against program abuses and the collection of data to measure positive social impact will both prove indispensable to the Opportunity Zones' success.

We already know that tax incentives can help catalyze investment where it's needed the most. Low Income Housing Tax Credits, to name one example, attract about $9 billion in private-sector investments every year to support new and rehabbed affordable rental housing. And the New Markets Tax Credit program has funded $80 billion of investments in small businesses, retail, and manufacturing and community facilities since it was launched in 2001, creating more than a million new jobs.

But we also know that public and private co-investment is necessary to leverage the impact of any tax-incentive program intended to benefit distressed communities. That's where the SAFE Act, now working its way through the Illinois General Assembly, comes in. The Act would skew public resources in favor of "Safe and Full Employment" Zones, those communities most in need of violence prevention and reduction, many of the same communities that Qualified Opportunity Funds are intended to systematically lift out of poverty.

The SAFE Act would seek to treat the root causes of violence and prevent its spread. A Safe and Full Employment Coordinating Board would identify concentrated geographic areas throughout the state that have suffered from under-investment and experienced high levels of crime, incarceration and community violence. Local Economic Growth Councils would then create their own plans to address violence, reduce incarceration and expand economic opportunity. SAFE Zones would be given first priority in the allocation of existing Federal, state and local spending on job creation, employment training, child care, health care and other services to combat community disinvestment that breeds violence.

The SAFE Act has already passed the Illinois Senate. Let's urge its passage through the House. Once signed by the Governor, it becomes exactly the kind of public policy and public investment the Opportunity Zones need to realize their full potential.

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We stand ready to help investors, community organizations and other stakeholders pursue the enormous capital-formation power that Qualified Opportunity Funds offer.

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