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Statement of
MIKE MCCARTNEY
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Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Friday, March 22, 2019
2:45 PM

State Capitol, Conference Room 414

In consideration of
SCR 122 / SR92

**RELATING TO URGING THE GOVERNOR TO NOMINATE OPPORTUNITY
ZONES TO ASSIST WITH ECONOMIC DEVELOPMENT IN
CENSUS TRACTS IN WAHIAWA AND WHITMORE VILLAGE.**

Chair Wakai, Vice Chair Taniguchi and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) **offers comments** on **SCR122 / SR92**, which urges the Governor to nominate opportunity zones to assist with economic development in census tracts in Wahiawa and Whitmore Village.

The Opportunity Zone Program is a new federal community development initiative established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income communities nationwide. The program provides a tax incentive for investors to re-invest their unrealized capital gains into opportunity funds that are dedicated to investing into opportunity zones.

Per the Act, the Governors of each state and territory were tasked with nominating the opportunity zones, which are based on census tracts, and submitting these to the Treasury Department for approval. Hawaii's nominated tracts were approved by the Treasury Department on May 15, 2018.

Eligible census tracts had to meet the same low-income criteria as that used for the New Markets Tax Credit Program, which currently is calculated using the data from the 2011-2015 American Community Survey. According to the Act each state could only select 25 percent of the eligible tracts for this program, i.e., Hawaii was only allowed 25 opportunity zones of the 99 that were eligible. Whitmore Village was not one of the 99 census tracts even eligible for this designation. Wahiawa only had one eligible census tract, but this one was not nominated.

Thank you for the opportunity to testify.