

Crapo Statement at Hearing on Local Economic Development

July 30, 2024

Washington, D.C.—U.S. Senate Finance Committee Ranking Member Mike Crapo (R-Idaho) delivered the following remarks at a hearing entitled “Tax Tools for Local Economic Development.”

As prepared for delivery:

“Thank you, Mr. Chairman. I appreciate the opportunity to work with you on this bipartisan topic.

“Exploring incentives that encourage local economic growth is incredibly important as we begin to consider extending Republicans’ 2017 tax law, the Tax Cuts and Jobs Act.

“While the TCJA contained a litany of pro-growth tax policies, one policy that is relevant for today’s hearing is the opportunity zones program.

“Opportunity zones have demonstrated notable success in driving investment into distressed areas. By offering tax incentives for investments in opportunity funds, private capital has flowed into areas that did not receive such levels of investment before the TCJA was enacted.

“In Idaho, within just the first two years of the opportunity zones program, 54 percent of the state’s opportunity zones saw investments. According to the Joint Committee on Taxation, by the end of 2022, Idaho had received \$130 million in opportunity zone investment. Without the TCJA, these investments may have remained on the sidelines.

“Across the country, investments are being made in rural areas and economically distressed communities that need it most. According to research conducted by two Treasury Department economists and compiled by the Economic Innovation Group, in the first two years of the program, the average opportunity zone that received investment was in the 87th percentile for poverty, 81st percentile for average median household income and the 80th percentile for unemployment.

“While the opportunity zone program has come a long way, there is still more to be done. Senator Scott continues to be a leader on this issue, just as he was when we were writing the TCJA. He and Senator Booker previously introduced legislation to extend and improve the program, including by requiring reports so Congress can monitor how investments in opportunity zones are working.

“One of our witnesses today, Shay Hawkins, was a member of Senator Scott’s staff in 2017. He was instrumental in developing the opportunity zones program and he is here today to share his expertise as President of the Opportunity Funds Association. Mr.

Hawkins, I look forward to hearing from you today about how improving and extending the program will ensure that private investment continues to flow to distressed communities.

“Opportunity zones, the new markets tax credit, the historic tax credit, tax-exempt bonds and the low-income housing tax credit all spur local economic development. And we can see tangible results in communities around the country.

“In Twin Falls, Idaho, two local developers opened one of our state’s first opportunity zone projects: the Second South Market food hall. Located in a 1920s-era warehouse, the Second South Market houses local food vendors and is the first of its kind in Idaho.

“In Mountain Home, Idaho, the Desert Sage Health Center recently opened a new 30,000 square foot primary care facility. It will serve a more rural part of my state and was made possible due to a new markets tax credit investment.

“There are many other examples of projects in Idaho and across the country that demonstrate how these incentives are being put to work.

“Several members of this committee have been working across the aisle to promote these other incentives. For example, Senators Daines and Cardin have introduced legislation to permanently extend the new markets tax credit, and Senators Cassidy, Cardin, Collins and Cantwell have introduced legislation to expand the historic tax credit.

“I look forward to discussing existing policies and new ideas, including how these tax tools are working, how they can be improved and how Congress can continue to support local economic development in a fiscally-responsible way.

“Thank you to our witnesses for being here today, and thank you for holding this hearing, Mr. Chairman. I yield back.”