



# City of San Antonio

## Legislation Details (With Text)

**File #:** 18-4401

**Type:** Staff Briefing - Without Ordinance

**In control:** Economic and Workforce Development Committee

**On agenda:** 8/7/2018

**Title:** Briefing on the federal tax incentive Opportunity Zones Program. [Lori Houston, Assistant City Manager; Mike Etienne, Director, Office of EastPoint]

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Certified Bexar County Opportunity Zones

Date	Ver.	Action By	Action	Result
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**DEPARTMENT:** Office of EastPoint

**DEPARTMENT HEAD:** Dr. Mike Etienne

**COUNCIL DISTRICTS IMPACTED:** Council Districts 1, 2, 3, 4, 5, 6 and 10

**SUBJECT:** Opportunity Zones Program

**SUMMARY:** This presentation reviews the new federal tax incentive program, Opportunity Zones. Established by The Tax Cuts and Jobs Act of 2017, Opportunity Zones are a new economic development program designed to encourage long-term private investments in low-income areas by allowing investors to defer and reduce their federal capital gains tax liability if they invest those gains in low-income census tracts called Opportunity Zones. Governor Abbott designated 24 census tracts across San Antonio as Opportunity Zones.

**BACKGROUND INFORMATION:** Governors were tasked with designating up to 25% of the State’s qualifying low-income census tracts as Opportunity Zones. To be eligible, a census tract must have a poverty rate of at least 20%, or a median family income at or below 80% of the region’s Area Median Income. San Antonio City staff led a thorough community engagement process, holding several stakeholder meetings, briefing councilmembers, and surveying 200 public and private stakeholders. As a result of this process, the City ranked and sent all 185 eligible census tracts to the Governor, with 27 of those tracts identified as high-priority. On March 21<sup>st</sup>, Governor Abbott designated 24 San Antonio Census Tracts as Opportunity Zones. San Antonio had the second highest number of tracts designated, after Harris County. The designation lasts until December 31<sup>st</sup>, 2028. The IRS (Internal Revenue Service) is developing additional guidance on eligible projects and the investment vehicle (“Opportunity Fund”) eligibility requirements.

**ISSUE:** This program has the potential to draw new investments and revitalize low-income communities across San Antonio.

**ALTERNATIVES:** This is a presentation, there are no recommended alternatives.

**FISCAL IMPACT:** This is a presentation, there is no fiscal impact.

**RECOMMENDATION:** This briefing is for informational purposes only and no action is necessary.