



City of San Antonio

Legislation Details (With Text)

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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 21st, 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 31st, 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.