

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

December 20, 2021

The Honorable Janet Yellen
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Yellen,

On November 16, 2021, the House Ways and Means Subcommittee on Oversight (Subcommittee) held a hearing on “The Opportunity Zone Program and Who It Left Behind.” The hearing highlighted steps that the Department of the Treasury (Treasury) could take to evaluate the program and determine how to make it more equitable, transparent, and beneficial to the communities most in need. We write today to get your input on these recommendations and to learn what steps Treasury is taking with respect to the program.

As you know, while the program was created to benefit communities facing economic distress, the structure of the program has resulted in some of the most vulnerable communities being left behind.¹ Further, the lack of reporting requirements makes it difficult, if not impossible, for Treasury, Congress, and the public to determine whether the program is achieving its intended goals. Reporting requirements were in the original legislation but were removed from the Tax Cuts and Jobs Act in the reconciliation process. Notably, the witnesses supported additional reporting requirements for opportunity zones at the Subcommittee’s recent hearing. This proposal also enjoys broad bipartisan support in Congress.

Based on the Subcommittee’s hearing, we have identified three steps the Administration could take to improve the program under existing law.² First, the Administration could implement a rigorous certification process for Opportunity Funds, including a measurement of community benefit from opportunity zone investments, as well as increased disclosure and reporting requirements to further engage residents throughout the approval process. A possible model for this approach is the New Markets Tax Credit program. Second, Treasury could

¹ Patrick Kennedy and Harrison Wheeler, *Neighborhood-Level Investment from the U.S. Opportunity Zone Program: Early Evidence* (Apr. 12, 2021), https://static1.squarespace.com/static/57a3c0fcd482e9189b09e101/t/607893b915858d7bd0d198ba/1618514881004/oz_kennedy_wheeler.pdf

² See Written Testimony of Brett Theodos, Senior Fellow, Urban Institute for House Ways and Means Subcommittee on Oversight Hearing: The Opportunity Zone Program and Who it Left Behind (Nov. 16, 2021), <https://waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/B.%20Theodos%20Testimony.pdf>.

allocate dedicated agency staff (beyond the Internal Revenue Service) to conduct proper oversight of the program. This staff would have administrative authority over the program and would be able to collect and share data regarding public investments. Third, Treasury could require transaction reporting, separate from tax forms. Treasury has the authority to make transaction information mandatory and could make aggregate-level data public for transparency.

We urge Treasury to promulgate rules promptly with these or similar requirements. We also would like to learn what actions Treasury has taken, or plans to take, with respect to this program, consistent with views the President has expressed on the program. With just over 10% of the U.S. population living in a designated opportunity zone and designated tracts having lower incomes, higher poverty, higher unemployment, and greater non-white populations compared to other eligible census tracts,³ it is essential that we prioritize accountability and results to the communities that this program was intended to help.

As always, your assistance is appreciated. Thank you, in advance, for your prompt attention to this matter.

Sincerely,



Bill Pascrell, Jr., *Chair*
Subcommittee on Oversight



The Honorable Judy Chu



The Honorable Daniel T. Kildee



The Honorable Thomas R. Suozzi



The Honorable Stacey Plaskett



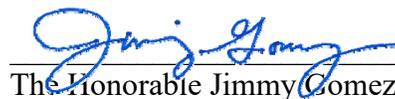
The Honorable Danny K. Davis



The Honorable Gwen Moore



The Honorable Dwight Evans



The Honorable Jimmy Gomez

³ Government Accountability Office, No. 22-104019, *Opportunity Zones: Census Tract Designations, Investment Activities, and IRS Challenges Ensuring Taxpayer Compliance* (Oct. 2021), <https://www.gao.gov/assets/gao-22-104019.pdf>.