



Board Agenda Item 12

DATE: March 6, 2018

TO: Board of Supervisors

SUBMITTED BY: Steve E. White, Director
Department of Public Works and Planning

SUBJECT: Opportunity Zones Program

RECOMMENDED ACTION(S):

Authorize the Chairman to execute letter to Governor Edmund G. Brown Jr. identifying low-income community census tracts recommended for selection as Opportunity Zones, in accordance with H.R. 1, the Tax Cuts and Jobs Act of 2017.

The Tax Cuts and Jobs Act of 2017 authorized the establishment of Opportunity Zones in low-income areas of the state to attract private investment capital. Approval of the recommended action will identify and recommend eligible low-income census tracts to the Governor for nomination to the U.S. Treasury for designation as Opportunity Zones. The recommended census tracts encompass the Malaga, Calwa, and Golden State Industrial Corridor areas.

ALTERNATIVE ACTION(S):

Your Board may choose to revise the recommended census tracts.

FISCAL IMPACT:

There is no fiscal impact associated with the recommended actions.

DISCUSSION:

The Tax Cuts and Jobs Act of 2017 (Public Law No. 115-97) authorized the Opportunity Zones Program on December 22, 2017. This program allows Governors of every U.S. State and territory to nominate up to 25% of their low income/high poverty census tracts to be designated as Opportunity Zones. The Governor's deadline to nominate census tracts to the U.S. Treasury is March 21, 2018, 90 days after enactment. The law authorizes the designation of opportunity zones in low-income communities and provides various tax incentives for investments in the zones. Further, it allows taxpayers to temporarily defer the recognition of capital gains that are invested in the zones. Investments in opportunity zones or opportunity funds that are held for at least five years are eligible for capital gains tax reductions or exemptions, depending on how long the investment is held. The goal is to drive long-term capital to distressed communities by providing tax benefits on investments in opportunity zones.

Opportunity zones must have a poverty rate of at least 20%, or, for rural areas have a median family income that does not exceed 80% of the metro area's median income, or be a census tract adjacent to a low-income area as long as the median income does not exceed 125% of the area's median income.

The three unincorporated areas of the County recommended for consideration are largely comprised of eligible census tracts and contain areas already either zoned, or zoned and designated in the Fresno County General Plan for industrial development as described below:

- The Malaga area is bounded by North, Minnewawa, and American Avenues, with the Atchison, Topeka and Santa Fe Railway line demarking its western boundary. This has historically been an area of industrial development in Fresno County. The area is located just southeast and adjacent to the City of Fresno, and is comprised of 2,640 acres of which approximately 2,469 unincorporated acres are within eligible Census Tract Nos. 12.02 and 15. Further, approximately 1,620 acres are currently zoned industrial.
- The Calwa area, located just north of Malaga, is a mixture of unincorporated areas and areas already incorporated into the city limits of the City of Fresno. The area is generally bounded by California Avenue to the north, Minnewawa Avenue to the east, North Avenue to the south and Golden State to the west. A greater mixture of properties zoned for agricultural, industrial and residential land uses define this area. The area is comprised of 3,228 acres, of which 1,619 unincorporated acres are within eligible Census Tract Nos. 12.01, 12.02, 14.10 and 15. Approximately 714 acres are currently zoned industrial.
- The Golden State Industrial Corridor (GSIC) represents three segments of unincorporated area along State Route 99/Golden State Boulevard. Its northern boundary begins at American Avenue just north of the City of Fowler and terminates in the south at Kamm Avenue, adjacent to the City of Kingsburg. It is comprised of 2,499 acres, of which 1,275 acres are within eligible Census Tract Nos. 16, 17, 71, 72.01 and 73. Further, approximately 364 acres are currently zoned industrial (M-1, M-2 or M-3 zone districts). The entire area is designated for industrial land uses in the adopted 2000 Fresno County General Plan.

Once the Governor nominates census tracts for designation as opportunity zones, the Secretary of Treasury will have 30 days to review zones and approve or deny them. The law only specifies the state's responsibilities to submit specific census tracts for designation as opportunity zones. The designation of a qualified Opportunity Zone will remain in effect for ten years after certification by the Secretary of Treasury.

With your Board's approval, the Malaga, Calwa, and Golden State Industrial Corridor census tracts, identified in the letter to the Governor and in Attachments A and B, will be submitted for the Governor's consideration.

OTHER REVIEWING AGENCIES:

Fresno County Economic Development Corporation was advised of the recommended action.

ATTACHMENTS INCLUDED AND/OR ON FILE:

Letter
Attachment A & B

CAO ANALYST:

Sonia M. De La Rosa