



May 19, 2020

Distinguished Members of the Wisconsin Congressional Delegation:

The Wisconsin Economic Development Association (WEDA) would like to thank you for your ongoing work to address the public health and economic crisis of the COVID-19 pandemic. We would also encourage you to continue to support policies and programs needed for an effective economic recovery.

As Congress debates the next round of COVID-19 legislation, WEDA would like to take this opportunity to request your consideration and support for the following provisions as part of a national recovery plan:

- **Opportunity Zones Regulatory Flexibility:** The Tax Cuts & Jobs Act of 2017 created Opportunity Zones to spur investment and development in distressed communities across the country. Although Opportunity Zones are a powerful economic development tool, the COVID-19 pandemic has cut off readily available access to private capital. On behalf of Wisconsin's 120 Opportunity Zones, WEDA would encourage you to support these non-fiscal, pro-recovery proposals to encourage capital investment in Opportunity Zones and help jumpstart economic development in Wisconsin communities throughout the state:
 - ***Extend the maximum Opportunity Zones tax liability reduction to June 30, 2021***
Please extend to June 30, 2021 the 15% federal capital gains tax liability reduction for long-term investors in economically distressed Opportunity Zones. As originally passed into law, Opportunity Zones provided private investors with federal capital gains tax liability reductions of up to 15% in exchange for making long-term investment in Opportunity Zones by Dec. 31, 2019. Unfortunately, the IRS final regulations were issued just two weeks before the Dec. 31 deadline, leaving little time for many potential Wisconsin investors to absorb the details before expiration. Extending the deadline would incentivize investment in already economically distressed areas.
 - ***Establish a broader Opportunity Zones-related definition of eligible investors***
Please enact a new definition of an eligible Opportunity Zones investor that would allow individuals and couples earning an average of at least \$100,000 annually over a three-year period to invest in an Opportunity Fund. Currently, Opportunity Zone investments are generally limited to accredited investors – individuals earning \$200,000 per year and couples earning \$300,000 annually. A broader definition will allow more people to invest in Opportunity Zones and ultimately accelerate the economic recovery.
 - ***Expand options to invest in Opportunity Zones-related businesses and properties***
Congress has taken extraordinary action to appropriate loans and provide liquidity for small businesses during the pandemic. Despite this great leadership, not all businesses will be able to access financial assistance. Opportunity Funds could provide new capital for Opportunity Zones-based businesses without adding debt to balance sheets. However, the owners would have to reduce their equity stake to no more than 20%, according to IRS rules. As such we would urge you to allow Opportunity Funds to invest in Opportunity Zones-based businesses without requiring them to relinquish their majority ownership. This provision would provide critical equity for entrepreneurs, family-owned businesses, and property owners.

- **Paycheck Protection Program (PPP) Amendments:** WEDA would urge you to support the following changes to the PPP that are included in the HEROES Act:
 - Expand PPP eligibility to include 501(c)(6) tax-exempt organizations. This provision is critical, as it would provide economic development organizations, chambers of commerce and business trade associations with needed funding to remain operational and continue to assist businesses during the COVID-19 recovery.
 - Extend the PPP covered period from June 30, 2020 to December 31, 2020.
 - Eliminate the current 75/25 rule on use of forgivable loan proceeds.
 - Establish a minimum maturity on PPP loans of five years.
- **WEDA encourages your support for broad safe harbor laws to limit liabilities for businesses that adhere to official public health recommendations and safety guidelines for employees and customers.** These civil liability protections, which should not be extended to businesses engaging in willful misconduct or reckless behavior, is critical to provide certainty to businesses operating in extraordinary times and protect them from frivolous and costly lawsuits.
- **WEDA asks you to consider establishing a grant program administered by the Economic Development Administration to provide essential operational funding for local and regional economic development organizations.** Funding for economic development organizations is in jeopardy, and this grant program would help keep their doors open as they work to rebuild the nation's economy.
- **WEDA urges you to support numerous changes – that are included in the HEROES Act – to Small Business Administration (SBA) 504 Loan Programs.** These changes include a temporary elimination of 504 loan fees, permanent modifications to the 504 Debt Refinancing without Expansion Program to improve small business access to affordable capital and increasing the maximum amount of 504 loans.

Thank you again for your continued work to address the nation's unprecedented economic challenges and efforts to provide much-needed financial aid to small businesses across Wisconsin. Going forward, WEDA would greatly appreciate your support for the recommendations outlined above for inclusion in future COVID-19 legislation passed by Congress.

Sincerely,



Brian Doudna, EDFP
WEDA Executive Director