



CITY OF SAN ANTONIO

RON NIRENBERG
MAYOR

July 1, 2019

The Honorable Steven Mnuchin
Secretary of the Treasury
Department of the Treasury
Community Development Financial Institutions Fund
1500 Pennsylvania Avenue, NW
Washington, DC 20220

RE: Opportunity Zones Request to Extend December 2026 Deadline

Dear Secretary Mnuchin:

As you know, the *Tax Cuts and Jobs Act of 2017* created Opportunity Zones to spur investment in distressed communities. The city of San Antonio (Bexar County) has 24 designated Opportunity Zone census tracts, the second highest number of census tracts designated in the state of Texas after Houston (Harris County).

As Mayor of San Antonio, I appreciate the efforts of the federal government to entice investors to make long-term investments in distressed areas. In our city, there is a great deal of interest in the Opportunity Zone Program. We continue to respond to calls for collaboration with stakeholders to maximize tangible outcomes congruent with SA Tomorrow, San Antonio's long-range comprehensive plan. Through this work, investors have consistently expressed a need for additional clarity regarding investment parameters to ensure their investment strategies comply with the regulations. In short, the legislation that created Opportunity Zones included firm deadlines, but the two-year delay in final guidance has led to uncertainty and a hesitation to invest.

The first and second round of guidelines provided general direction for the investment community, and investors were able to begin to develop strategies around investing in Opportunity Zone businesses, partnerships, and property. However, the legislation requires investment be made before December 31, 2019 in a Qualified Opportunity Fund to yield the maximum benefit of 15% reduction of capital gains tax liability. In our community, the delay in the regulations has hindered investors' ability to participate in the tax benefit as would-be

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investors have been hesitant to invest due to the lack of clarity for compliance. If these investors wait until after 2019 to invest, the prospect of investment is not as lucrative.

It is our current understanding that final guidelines will be released at the end of this year, around the time of the investment deadline. We are confident that as clarification of the draft guidelines is finalized, we will see an increase of economic development activity in opportunity zones. However, in the interim we would be remiss if we did not express what we are hearing on behalf of local investors.

I respectfully request an extension of the tax deferral deadline to 2028, two years after the current deadline of 2026, given that final guidelines are not anticipated until late 2019, two years after the legislation was passed. An extension of the deadline will allow ample time for the guidelines to be finalized, disseminated, analyzed, and more clearly understood by the investment community. This extension would allow San Antonio to best maximize investment and attain the greatest economic impact from the Opportunity Zones incentive in accordance with the intent of the legislation.

Thank you for your consideration. Please do not hesitate to contact my office or the City of San Antonio Economic Development Department Director Rene Dominguez at (210) 207-8040 or rene.dominguez@sanantonio.gov to discuss further.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Nirenberg", enclosed within a large, loopy oval flourish.

Ron Nirenberg
MAYOR