



## **Opportunity Zones for Alaska — Time is short to act**

By Curtis W. Thayer

As the President and CEO of the Alaska Chamber of Commerce, I was pleased with the recent passage of the Tax Cuts and Jobs Act of 2017. Its enactment is having a positive effect on our economy. Already, because of the tax bill, we are seeing new business investments, workers are seeing bigger pay checks because of less withholding, and in some cases getting bonuses. And, let's not forget that opening the 1002 area of the Alaska National Wildlife Refuge (ANWR) was included in the bill as well.

The Alaska Congressional Delegation — Lisa Murkowski, Dan Sullivan and Don Young — deserve our thanks and gratitude for their part in helping get this legislation passed.

While we've heard quite a bit about the bill and its various components, including the fact that we'll likely even see a reduction in some of our utility bills, it's possible that you didn't hear about one section that may prove to be one of the most important parts of the legislation.

The tax bill included a provision introduced by Senator Tim Scott (R-SC) to create an avenue for the more than \$2 trillion in unused capital gains in our country to flow to distressed and rural areas.

If we can attract some of this capital to Alaska, it could be a game changer for our state.

How does it work? Based on income data, each state has a certain number of "Opportunity Zones" within which investment funds — which provide significant capital gains tax breaks for investors — can be established. Such funds will go to build or to supplement economic development projects in those areas. In Alaska, we have 68 low-income census tracts and the Governor can nominate up to 25 of them as Opportunity Zones. Designations are due by March 21 to the U.S. Department of the Treasury unless a waiver is requested and granted.

That means there's no time to waste in letting the state know of your community or business' interest in your area being nominated.

While I'm not a tax expert, many who are actual experts say that an Opportunity Zone designation could attract investors to projects, which could ultimately be a huge boost to communities.

A significant amount of economic growth has bypassed many of the communities and villages outside of our economic hubs. I believe that this provision could benefit many Mom-and-Pop enterprises in those communities and could provide incentives to invest in the areas in our urban areas that are under served. They could also lure investments



to bigger development projects that are already underway in our state, which could benefit both the region and the state as a whole.

Congress has enacted a potent tax incentive for investors to reinvest investment gains designed to provide capital to businesses in distressed communities. Governor Walker will have to balance targeting the tax incentives to the most needy areas and selecting communities where new businesses are likely to be successfully launched. Let the governor's office know if your community or business can benefit from a designation as an Opportunity Zone. This is one of those opportunities that we can't afford to miss.

*Curtis W. Thayer is lifelong Alaskan and serves as president and CEO of the Alaska Chamber.*

A handwritten signature in black ink that reads 'Curtis W. Thayer'.