

# United States Senate

February 22, 2018

Governor Steve Bullock  
P.O. Box 200801  
Helena, MT 59620-0801

Dear Governor Bullock:

I write to encourage you to nominate 25 low-income Montana communities to the Department of the Treasury for the opportunity zone program, the framework for which was adopted in the *Tax Cuts and Jobs Act*. Once established, opportunity zones can provide a critical role in providing much needed economic development in some of Montana's low-income areas by attracting investment capital.

As you know, the Tax Cuts and Jobs Act (P.L. 115-97) was signed into law on December 22, 2017. Section 13823 of the law provides a new mechanism, opportunity zones, which can greatly enhance economic development in Montana and ultimately create good-paying jobs in many parts of our state. Montana currently has 86 designated low-income population census tracts, allowing for the nomination of up to 25 tracts as eligible under the new program.

To attract investment capital, opportunity zones allow for the temporary deferral of inclusion in gross income for capital gains reinvested in a qualified opportunity fund, which must hold at least 90 percent of its assets in qualified opportunity zone stock, partnerships, or business property. The opportunity zone framework also encourages private investment through the permanent exclusion of capital gains in certain cases.

As you know, certain parts of the state have experienced acute economic difficulty due to legal and regulatory pressure or challenges in locating capital. Lincoln, Sanders, and Mineral Counties continue to confront environment litigation that stifles job opportunities and wages. Litigation from fringe environmental groups, as well as former President Obama's regulatory assault on coal producing areas, has likewise devastated coal-producing communities across the state, resulting in reduced workforces in some of Montana's otherwise stable local economies. Private partners would also complement existing efforts of Indian country by bringing investment to their communities and reducing tribal unemployment.

I encourage you to nominate 25 population census tracts in Montana prior to the Department of the Treasury's nomination deadline of March 21, 2018. The *Tax Cuts and Jobs Act* has already effectuated economic confidence, which will continue to materialize into economic growth. The designation of opportunity zones in our state will more fully allow the state to flourish economically by boosting wages and creating jobs. By more fully implementing the new tax law, Montanans can enjoy a brighter future with better opportunities.

Sincerely,



STEVE DAINES  
United States Senator

cc: Pam Haxby-Cote, Director  
Montana Department of Commerce