



# THE UNITED STATES CONFERENCE OF MAYORS

1620 EYE STREET NORTHWEST  
WASHINGTON, D.C. 20006  
TELEPHONE (202) 293-7330  
FAX (202) 293-2352  
URL: [www.usmayors.org](http://www.usmayors.org)

President:  
STEPHEN K. BENJAMIN  
Mayor of Columbia, SC

Vice President:  
BRYAN K. BARNETT  
Mayor of Rochester Hills

Second Vice President:  
GREG FISCHER  
Mayor of Louisville

Past President:  
ELIZABETH B. KAUTZ  
Mayor of Burnsville

Trustees:  
STEVE ADLER  
Mayor of Austin  
SHANÉ T. BEMIS  
Mayor of Gresham  
J. CHRISTIAN BOLLWAGE  
Mayor of Elizabeth  
JAMES BRAINARD  
Mayor of Carmel  
FRANK COWNIE  
Mayor of Des Moines  
BILL de BLASIO  
Mayor of New York  
JORGÉ O. ELORZA  
Mayor of Providence  
JOHN GILES  
Mayor of Mesa  
MIKE RAWLINGS  
Mayor of Dallas  
JAMES J. SCHMITT  
Mayor of Green Bay  
MARTIN J. WALSH  
Mayor of Boston  
NAN WHALEY  
Mayor of Dayton

Advisory Board:  
JUAN CARLOS BERMUDEZ  
Mayor of Doral  
MURIEL BOWSER  
Mayor of the District of Columbia  
SHARON WESTON BROOME  
Mayor of Baton Rouge  
ROY BUOL  
Mayor of Dubuque  
PETE BUTTIGIEG  
Mayor of South Bend  
CHRISTOPHER L. CABALDON  
Mayor of West Sacramento  
PAULINE RUSSO CUTTER  
Mayor of San Leandro  
HARDIE DAVIS, JR.  
Mayor of Augusta  
BUDDY DYER  
Mayor of Orlando  
KAREN FREEMAN-WILSON  
Mayor of Gary  
JOSEPH P. GANIM  
Mayor of Bridgeport  
OLIVER G. GILBERT, III  
Mayor of Miami Gardens  
CAROLYN G. GOODMAN  
Mayor of Las Vegas  
SYLVESTER "SLY" JAMES, JR.  
Mayor of Kansas City, MO  
HARRY LaROSILIERE  
Mayor of Plano  
JOSEPH T. McELVEEN, JR.  
Mayor of Sumter  
JON MITCHELL  
Mayor of New Bedford  
MARK W. MITCHELL  
Mayor of Tempe  
KENNETH D. MIYAGISHIMA  
Mayor of Las Cruces  
FRANK C. ORTIS  
Mayor of Pembroke Pines  
MIGUEL A. PULIDO  
Mayor of Santa Ana  
MADELINE ROGGERO  
Mayor of Knoxville  
HILLARY SCHIEVE  
Mayor of Reno  
PAUL SOGLIN  
Mayor of Madison, WI  
FRANCIS X. SUAREZ  
Mayor of Miami  
SYLVESTER TURNER  
Mayor of Houston  
BRIAN C. WAHLER  
Mayor of Piscataway  
ACQUANETTA WARREN  
Mayor of Fontana

CEO and Executive Director  
TOM COCHRAN

June 30, 2019

Via Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov)

Internal Revenue Service  
CC:PA:LPD:PR (REG-120186-18), Room 5203  
P.O. Box 7604  
Ben Franklin Station  
Washington, DC 20044

RE: REG-120186-18 (Proposed Regulations on Investing in Qualified Opportunity Zones)

To Whom It May Concern:

Contained herein are comments on behalf of the U.S. Conference of Mayors in response to the above referenced Notice of Proposed Rulemaking (NPRM), Investing in Qualified Opportunity Funds, issued May 1, 2019.

The nation's mayors reiterate our priority that the Opportunity Zone provisions contained in the Tax Cuts and Jobs Act (Act) be regulated in a way that enhances new and existing business development in Opportunity Zones. While real estate development can and will represent valuable investments, business development and growth will provide longer and more sustained opportunity for economic development and job creation within the zones.

We are in agreement, therefore, with Treasury's approach to make the gross income test workable through safe harbors as outlined in the NPRM. We also support the working capital safe harbors and their availability to the development of businesses, especially operating businesses, which we believe to be extremely important in achieving the objectives of the Opportunity Zone provisions. We support the leasing provisions that should provide flexibility for business development in the zones.

We concur with the EIG Opportunity Zones Coalition's ("EIG Coalition") position that Qualified Opportunity Funds (QOFs) should be allowed twelve months to deploy funds into qualified investments, as opposed to the six-months as proposed in the NPRM for purposes of meeting the 90-percent asset test. We believe this additional period will allow QOFs to raise more capital, and provide more flexibility for QOFs to invest in new and existing businesses in zones.

We support the position that businesses should be allowed to aggregate assets for purposes of meeting the "substantial improvement" test, as opposed to the asset-by-asset approach. Regarding this test for operating businesses, we agree with proposals to adopt "aggregation safe harbors" as proposed by the American Bar Association in its comment letter of January 10<sup>th</sup>. We suggest that the Investment Decision Safe Harbor as proposed by the ABA be allowed for only operating businesses to avoid potential abuses, especially in the real estate sector.

To avoid abuse and to ensure actual economic activity occurs in the zone, we believe the intangible property test of 40% should be tied to Qualified Opportunity Zone business employees or property in the zone.

Regarding the proposal that vacant or unused land held for five-years qualifies as “original use,” we support the EIG Coalition recommendation that one-year is sufficient, if during that year the property was held on the date of opportunity zone designation. The five-year requirement could needlessly limit investment opportunities in many zones.

We applaud Treasury for including the 31- month working capital safe harbors in the NPRM and for providing extensions based on delays in governmental decisions. We believe these extensions should also apply to delays caused by severe weather events, natural or man-made disasters, including wild fires, other “acts of God,” and labor stoppages.

We concur with EIG Coalition comments regarding “real property straddles.” In many instances property that needs investment will straddle census tracts. Such straddles should not serve as a barrier to investment in the Opportunity Zone, as long as most of the property in question is located within the qualifying zone. Such investments would, without question, provide benefits to the zone consistent with the statute’s objectives.

To ensure that the statute’s objectives are met, we concur with Treasury’s general anti-abuse rule, and encourage the Department to provide additional examples of its applicability.

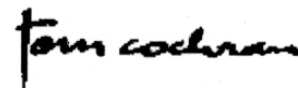
We applaud Treasury for developing flexible yet stringent regulations for the Opportunity Zone provisions. As mayors, we continue to believe the attraction of capital to the nation’s low- income urban and suburban neighborhoods and rural areas holds promise for their residents and communities.

We thank you for the opportunity to comment on the proposed rule. Please direct any questions to Conference of Mayors staff Dave Gatton, [dgatton@usmayors.org](mailto:dgatton@usmayors.org).

Sincerely,



Stephen K. Benjamin  
President  
U.S. Conference of Mayors  
Mayor of Columbia, SC



Tom Cochran  
CEO and Executive Director  
U.S. Conference of Mayors