



MEMORANDUM

Date: January 29, 2019

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to be "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Pima County participation in The Federal Reserve Bank of San Francisco's "Understanding Opportunity Zones in Southern Arizona" event**

Pima County worked closely in 2018 with the City of Tucson and the Arizona Commerce Authority to identify specific census tracts to be considered for submission to the Arizona Governor and the US Department of the Treasury for designation as Opportunity Zones. Developed as part of the Tax Cuts and Jobs Act signed in to law by President Trump in December 2017. The Opportunity Zones program is a capital gains tax incentive designed to drive long-term equity capital from the private sector investors to low income communities and provide economic and community development benefits nationwide.

Pima County and the City of Tucson collaborated to ensure the census tracts submitted would have the greatest impact in terms of job creation, community investment and expansion of the tax base. The submissions were all approved by the State and Federal governments and contains several Pima County owned properties to include the Kino Sports Complex and the Aerospace Research Campus. The Opportunity Zone program is expected to stimulate private investment in these Pima County properties as well as census tracts in South Tucson, the Benson Highway corridor and other economically stressed areas of Pima County.

On January 25, 2019, The Federal Reserve Bank of San Francisco hosted the "Understanding Opportunity Zones in Southern Arizona" conference in Tucson, which was sponsored by Pima County, the Tucson Industrial Development Authority and several Arizona-based non-profit organizations. Pima County staff from the Economic Development Office, One Stop and Community Services, Employment and Training attended or presented at the event. As part of the conference that focused on properties such as the Kino Sports Complex that are intended to further the County's economic development priorities, County economic development staff created a marketing brochure that I have attached for your information. Please contact me if I can provide you or your staff additional information on the Opportunity Zones in Pima County.

CHH/dr

Attachment

Don't miss an opportunity!

A quick guide to Pima County
and Tucson Opportunity Zones

Other Opportunity Zones Information Resources

Arizona Commerce Authority, azcommerce.com

Economic Innovation Group, eig.org

Internal Revenue Service, irs.org

Community Development Financial Institutions Fund, cdfifund.gov



Board of Supervisors

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Pima County Administrator

Chuck Huckelberry



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7793-012318-RTP-HT



What is an Opportunity Zone?

The federal Opportunity Zones program allows each state's governor to nominate up to 25 percent of the qualifying low-income Census tracts as Opportunity Zones. It was created under a provision of the Tax Cuts and Jobs Act, which was signed into law December of 2017. Investors who reinvest capital gains monies in Opportunity Zone funds will receive reductions on capital gains taxes relative to the years of their investment. The tax benefits increase the longer the investment is held.*

- Investments held 5 years: taxable amount of the capital gains reinvested is reduced by 10%.
- Investments held 7 years: taxable amount of the capital gains reinvested is reduced by 15%.
- Investments held 10 years: taxable amount of the capital gains reinvested is reduced by 15% and no tax is owed on appreciation.

*Source: Arizona Commerce Authority

Where are they?

There are over 20 Opportunity Zones in the metropolitan Tucson area. (visit azcommerce.com/arizona-opportunity-zones for a map of the state including all of Pima County).

Pima County's Opportunity Zones (see map) include the region south of I-10 between Valencia Road and Kino Parkway. The targeted census tracts are areas that have excellent available workforce that will directly benefit from investment and improved availability of higher paying jobs. The Opportunity Zones coincide with the County's larger economic development goals of diversifying the regional economy and adding high-wage jobs.

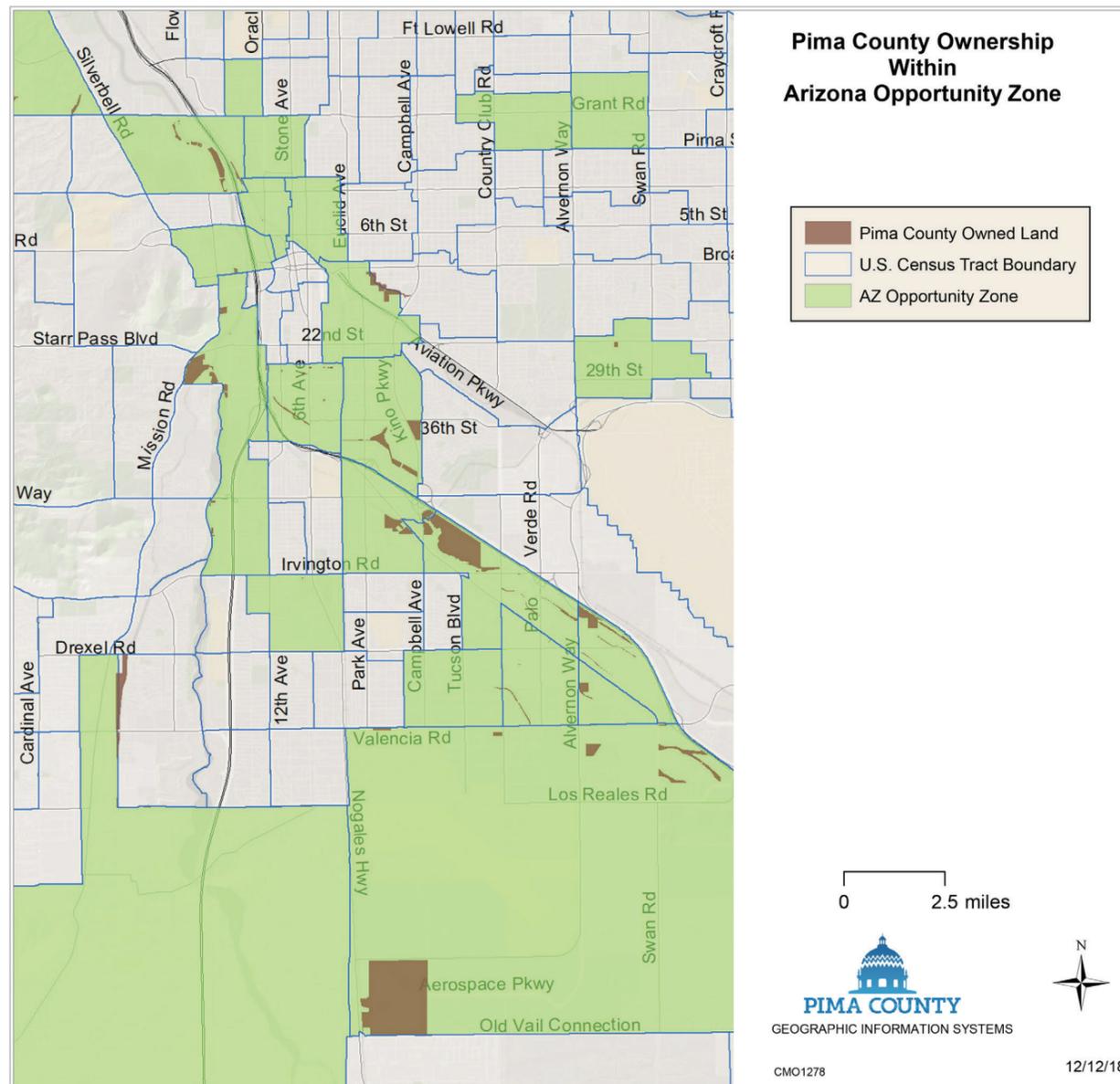
Learn more

Contact Pima County Economic Development, 520-724-8450, economicdevelopment@pima.gov, or visit pima.gov/economicdevelopment and click on the Incentives tab.



Kino Sports Complex

One of the Opportunity Zones encompasses Kino Sports Complex, where the County is currently expanding one of the nation's premier multi-use tournament-sports facilities and soliciting developer interest and investment to construct a mixed retail and lodging development to serve the tournament crowds. The Opportunity Zone makes this area ideal for a successful P3 (Public-Private Partnership) development.



ARC and the Sonoran Corridor

Several of the zones include Tucson International Airport and surrounding areas, which includes the County's Aerospace Research Campus as a part of the Sonoran Corridor. The Sonoran Corridor is a 50-square-mile economic development zone surrounding the Tucson International Airport. ARC and the Sonoran Corridor already have attracted aerospace and logistics companies, including Amazon. The ARC is a 500-acre, business park ready for development that caters to aerospace, defense, technology and high technology manufacturing industries.

South Tucson and the Bridges

South Tucson is also a qualifying Opportunity Zone partner and there are zones in the city adjacent to Interstate 10. Those zones connect to City of Tucson zones surrounding The Bridges, a mixed-use development partnership between the City of Tucson and the University of Arizona. They are developing the site to include major retail and commercial office space, multi-tenant housing and a research park featuring research-based companies, especially startups and incubators resulting from UA research and entrepreneurship programs. Walmart, Costco and Geico are already major tenants of the commercial portion.

