

United States Senate

March 14, 2018

The Honorable Bill Walker
Governor
State of Alaska
Office of the Governor
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Walker:

As you are aware, the recently passed Tax Cuts and Jobs Act has already resulted in Alaskans receiving larger paychecks and bonuses from companies doing business in our state. Importantly, the bill also decreases taxes on our companies so that they can reinvest in Alaska, hire our workers, give pay raises, and help grow our economy.

Another important program that was part of the tax bill created what is called "Opportunity Zones," which will further promote economic investment in underserved, rural and impoverished areas. This program has received less attention than the overall tax bill, but has significant potential to spur economic growth in our state.

Opportunity Zones are areas that are in qualifying census tracts based on average income of residents living in those tracts. Alaska has approximately 68 such tracks, encompassing a huge swath of our state. Your office will designate 25 of these tracks as Opportunity Zones. Investors can then establish Opportunity Funds to invest in projects within these zones. The investor will receive significant tax benefits on unrealized capital gains from making those investments.

American investors have trillions of dollars of inactive capital that, if reinvested in these funds, could be a much-needed source for spurring growth, opportunity and entrepreneurship in our state.

No doubt, choosing which zones will qualify will be a complicated process and I'm confident that you'll reach out to communities and businesses across Alaska to ensure that the Opportunity Funds are used to promote economic growth in our underserved communities. I'm also confident that you will pay attention to zones which have the potential to develop projects that could benefit the state as a whole, particularly as we struggle with an extended recession.

Please know that my office could help you as you go through this process. Working with you, we will do all we can do to make sure that Alaska takes full advantage of this program, which I believe could have significant economic benefits for our communities and our state.

Sincerely,



DAN SULLIVAN
United States Senator