



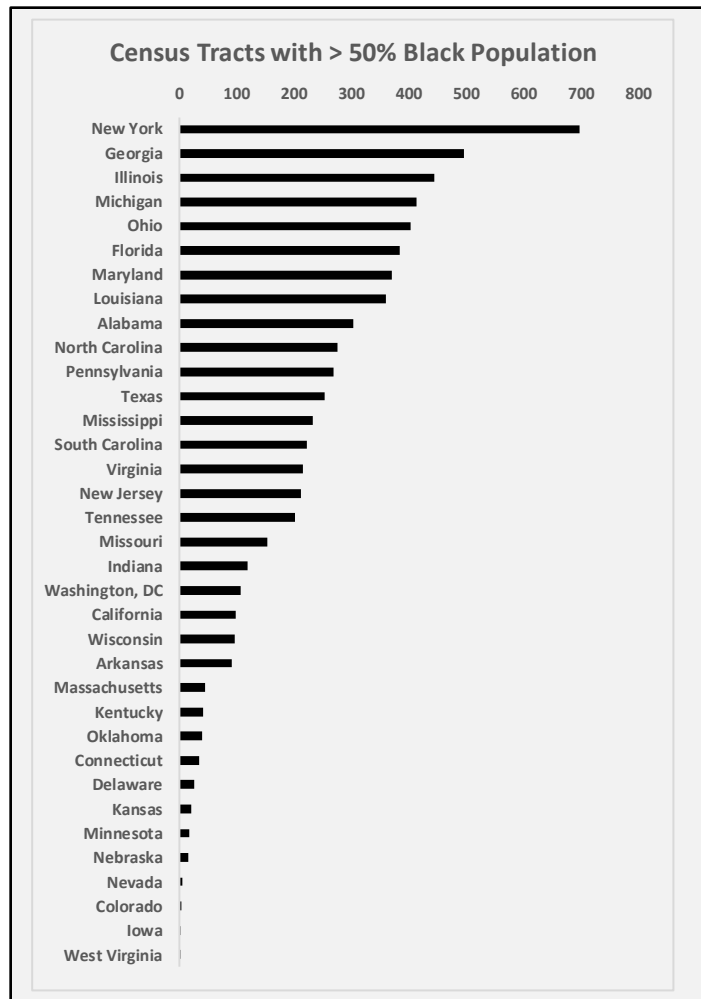
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“Census Tracts, Opportunity Zones, and Tax Breaks”

For 2010, there were 73,063 United States (US) census tracts.¹ The 2017 Tax Cuts and Jobs Act called for states to identify a list of low-income census tracts to receive special tax benefits under the rubric of “Opportunity Zones.”² These special tax benefits permit taxes on capital gains income to be deferred (invest capital gains for 5 years), reduced (invest capital gains for 7 years), or eliminated (invest capital gains for 10 years) depending on how long investors invest their capital gains income directly into an opportunity zone or into an opportunity zone fund.

It is known widely that approximately 25 percent of Black Americans live in poverty; i.e., many live in low-income areas. Therefore, it stands to reason that many of the census tracts in which Black Americans reside should be among those identified by states for this special tax benefit.

This would, by assumption, appear to be more so the case for census tracts where



¹ Census tracts are geographical areas into which the US Census Bureau divides the country for purposes of counting the population—among other things. The 73,063 represent census tracts in US states plus the District of Columbia. We thank Ms. Brittany Rico of the US Census Bureau for her assistance in obtaining the data analyzed for this commentary.

² See One Hundred and Fifteenth Congress, Title 1, Amendment of the 1986 Tax Code (HR 1), Subtitle C, Business Related Provisions, Part IX-Other Provisions, Subpart B-Miscellaneous Provisions, Subchapter Z, Opportunity Zones, (p. 130). This legislation is popularly known as the Tax Cuts and Jobs Act.

Black Americans comprise at least 50 percent of the population. The chart above shows for each relevant state the number of 2010 census tracts for which Black Americans comprised at least 50 percent of the populations. There were 6,674 such census tracts.³

You should know that US states and the District of Columbia identified 7,840 census tracts for the aforementioned special tax benefits. Unfortunately, only 1,899 or 24.2 percent of the 7,840 census tracts that will receive these special tax benefits are census tracts where at least 50 percent of the population is Black American.

Economists generally agree that capital investment in low-income areas can be a key ingredient for creating jobs, raising income, and helping the area build wealth. Special tax benefits can play an important role in motivating capital investment. Therefore, the fact that such a small number and percentage of predominantly Black American census tracts will be granted special opportunity zone tax benefits does not bode well for the majority of these areas improving their economic plight.

Here again, an “opportunity train” has left the station and there was an absence of Black American signalers ensuring that Black Americans could get on board and be beneficiaries of what could be a very important capital investment journey.

While racism and discrimination are facts of life for Black Americans. We should be more vigilant about keeping our eyes open and ears peeled so that we can benefit more from apparent economic opportunities that arise in the nation.

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³ Included in this count are all 2010 census tracts in US states and the District of Columbia where over 49.5 percent of the population was Black/African American alone or in combination with some other race(s).