

Robert Kraft: Extended, expanded EB-5 program would help COVID-19 recovery effort

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Tremendous challenges, like COVID-19 and the resulting economic crisis, require creative solutions. The United States must not only engage new economic tactics, like the CARES Act and the HEROS Act but look at what has worked in the past and the programs that helped our economy emerge from the last recession – like the EB-5 Regional Center Program.

The EB-5 Program has successfully infused billions of dollars into the nation's economy. In Wisconsin alone, we have seen an influx of more than \$200 million of direct investment creating more than 5,000 jobs.

If supported and strengthened, we can do exponentially more. Effective bipartisan government initiatives are so rare that when one comes along no one knows quite what to do with it. Congress should act quickly and give the program the boost it needs to help our COVID-19 recovery. Let's reach across the aisle, extend and expand sound economic job creation policies.

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Our economy faces its hardest challenge since the Great Depression and the EB-5 Regional Center Program offers a powerful solution. EB-5 visa applicants make a significant up-front investment into a U.S. economic development project (either \$900,000 or \$1.8 million depending on where the project is located) AND create or retain at least 10 U.S. jobs.

The EB-5 Regional Center Program allows qualified “Regional Centers” like ours, to pool these investments from EB-5 investors to execute impactful economic development projects. To these ends, Regional Centers facilitate billions of non-U.S. tax-payer dollars every year to create or retain thousands of jobs.

Here in Wisconsin, EB-5 funds have helped develop the Aloft, Marriott and Kimpton Journeyman hotels in Milwaukee, the Global Water Center in Walker’s Point, the Hampton Inn in West Allis, UWM Innovation Campus in Wauwatosa, The Brewhouse Inn & Suites in the former Pabst Brewery complex, the BMO Harris bank tower in downtown Milwaukee and DeltaHawk Engines expansion in Racine.

Even more important is the role these investments play to catalyze larger economic development initiatives. Without EB-5 investments, many projects—and the jobs they create – are simply not viable.

Immediately after the 2008 financial crisis, the EB-5 Program helped spark the economy, generating over \$20 billion in non-U.S. taxpayer investments and creating more than 730,000 American jobs.

However, those figures reflect a program operating with one hand tied behind its back. There are 10,000 visas allocated to EB-5 investors every year. However, unfortunately, due to misinterpreted Congressional intent, only one-third go to investors. Unlike other visa programs that allow family members to join the immigrant applicant coming to the U.S. without a specific visa, the EB-5 program unexplainably awards its remaining 2/3 visa allotment to the investors’ families. If all 10,000 visas were awarded to actual investors to each make the new regulatory minimum investment of \$900,000, the U.S. economy would see no less than \$9 billion in nontax-payer investments each year, creating or retaining hundreds of thousands of U.S. jobs just when our economy needs it most.

Today, just as in the years following the 2008 financial crisis, as Milwaukee and the rest of the country builds its economic recovery from COVID-19, the EB-5 Program can spark the economy again.

Unlike other visa programs, EB-5 visa applicants CREATE jobs for U.S. workers at no cost to the taxpayer. As the country plans its COVID-19 recovery now is the time to reauthorize a program that can and will help create jobs and rebuild our economy.

-IIUSA President Robert Kraft is the CEO of Milwaukee based FirstPathway Partners

and serves as board chair of IIUSA, the national membership-based not-for-profit industry trade association for the EB-5 Regional Center Program. In his role at the national level, Kraft is actively involved in negotiations with Congress concerning the EB-5 program.