

ECONOMIC IMPACTS OF THE EB-5 Immigration Program 2012



AN ECONOMIC DEVELOPMENT PROGRAM FOR THE 21ST CENTURY

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Creating Jobs Through Investments

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Table of Contents

Executive Summary	3
Economic Impacts of EB-5 Spending	3
Economic Impact Projections	4
Introduction	6
Methodology and Data	8
Investments	8
Household Spending	12
Other EB-5 Spending	15
<i>Flight Expenditures</i>	16
<i>Moving Service Expenditures</i>	19
<i>Automobile Expenditures</i>	20
<i>Investment and Legal Fees</i>	21
<i>Federal Immigration Fees</i>	21
The IMPLAN Modeling System	22
<i>Study Area and Accounting Period</i>	23
<i>IMPLAN Definitions</i>	23
Results and Discussion	24
Economic Impacts of All EB-5 Spending	24
Economic Impacts of EB-5 Investments	25
<i>National Impacts</i>	25
<i>State-level Impacts</i>	26
Economic Impacts of EB-5 Household Spending	31
<i>National Impacts</i>	31
<i>State-level Impacts</i>	32
Economic Impacts of Other EB-5 Spending	37
Projection and Conclusion	39
Study Comparison	39
Projections	40
Conclusion	41
Bibliography	44
Appendix 1: Real Estate Purchases	46
Appendix 2: Additional Tables	48

Executive Summary

Economic Impacts of EB-5 Spending

According to our estimates, ***spending associated with EB-5 investors contributed \$3.39 billion to U.S. GDP and supported over 42,000 U.S. jobs during 2012.*** This is more than a ***2-fold increase*** from the average annual impact result reported in 2011, and includes impacts associated with investment spending, household spending, and other immigration expenses.¹ During 2012 spending by EB-5 investors also contributed \$447 million to federal tax revenues and \$265 million to state and local tax revenues (see Table 11). Table 12 shows the top-10 industries impacted by all EB-5 spending. Given our estimate of \$1.55 billion in construction spending during 2012, it's not surprising that commercial construction tops the list at 14,195 jobs supported.

Table 11: Economic Impact of All EB-5 Spending, 2012

Summary of National Model

Impact Type	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
Direct Effect	19,173.0	\$1,323,323,561	\$190,883,756	\$80,205,467
Indirect Effect	8,510.0	\$804,022,871	\$102,899,176	\$58,886,303
Induced Effect	15,128.7	\$1,263,005,564	\$153,933,856	\$126,094,738
Total Effect	42,811.7	\$3,390,351,995	\$447,716,777	\$265,186,508
Factor ↑ from 2011	2.57	2.56	2.58	2.43

Table 12: Total Economic Impact of All EB-5 Spending, 2012

Top ten impacted sectors by employment (National Model)

Sector	Description	Jobs Supported	Contribution to GDP
34	Construction of new nonresidential commercial and health care structures	14,195.6	\$849,221,598
413	Food services and drinking places	1,942.7	\$61,879,123
367	Legal services	1,402.0	\$188,716,652
356	Securities, commodity contracts, investments, and related activities	1,181.8	\$81,359,130
360	Real estate establishments	1,125.6	\$131,024,837
369	Architectural, engineering, and related services	989.6	\$72,648,935
319	Wholesale trade businesses	980.7	\$133,128,304
394	Offices of physicians, dentists, and other health practitioners	774.4	\$63,448,106
382	Employment services	759.0	\$26,047,980
397	Private hospitals	747.1	\$56,925,288

¹ Kay, David (2013). *Economic Impacts of the EB-5 Immigration Program, 2010-2011*. Charlotte, NC: IMPLAN Group, LLC.

A simple 3-year average of impact results (2010-2012) shows that EB-5 spending supports over 25,000 U.S. jobs each year and contributes \$2 billion annually to U.S. GDP. Likewise, EB-5 spending also adds \$264 million to federal tax revenue each year and \$161 million to state and local tax revenues (see Table 22). This is clearly a much larger impact than originally estimated by the 2010 USCIS report, and is primarily due to an increase in the number of investors participating in the program (see Table 23-24).

Economic Impact Projections

In addition to estimating impacts for 2010-2011, we also scaled up our results to show what impacts may look like if the current visa limit is reached (10,000) or increased (20,000). Table 22 and the following two charts show our results.

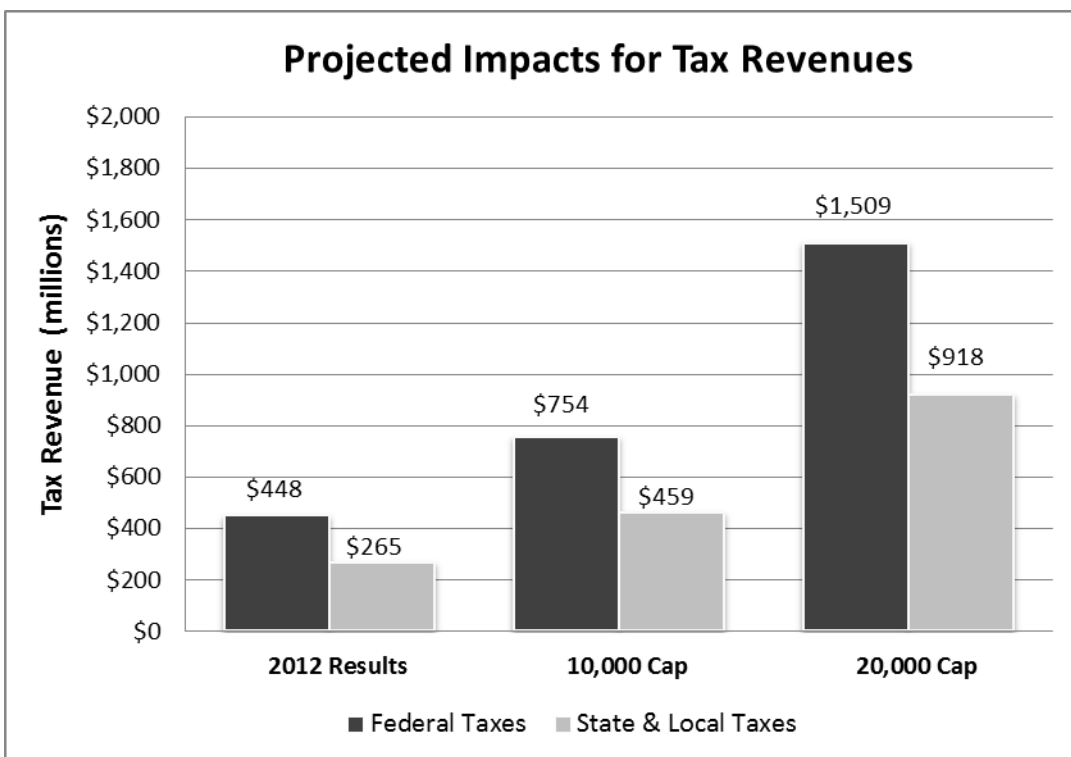
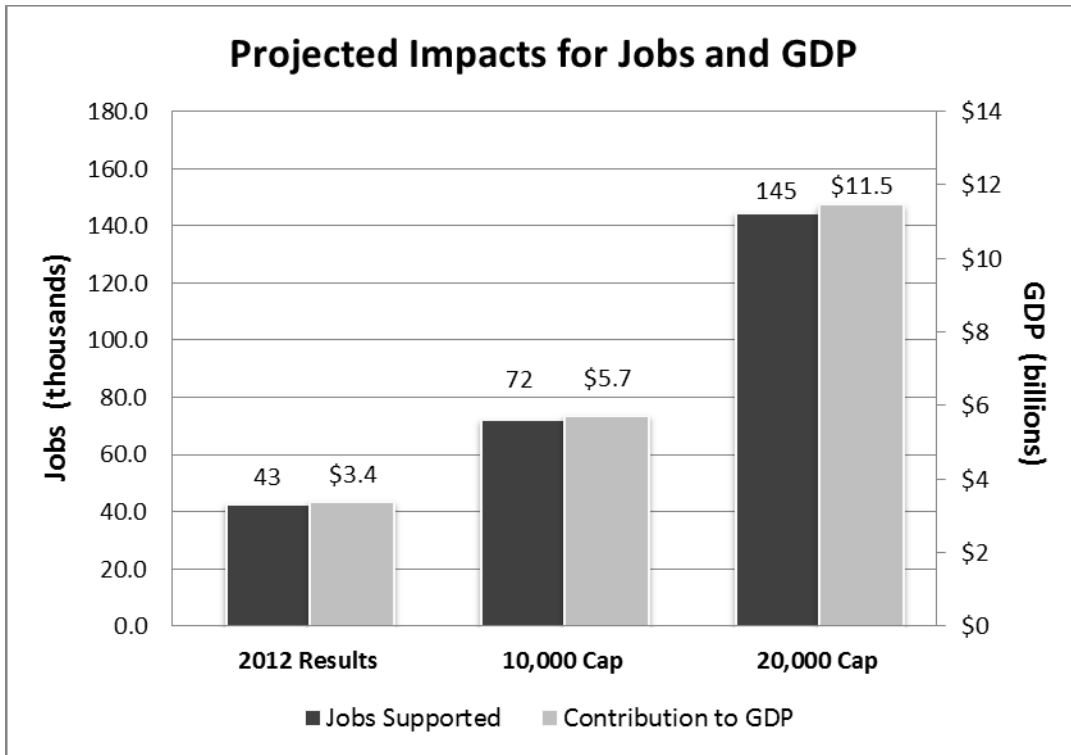
If the current regulatory environment and spending pattern remain unchanged, spending associated with EB-5 investor households would support over 72,000 U.S. jobs and contribute \$5.7 billion to U.S. GDP when the 10,000 visa limit is reached. The program would also support over \$754 million in federal tax revenues and \$459 million in state & local tax revenues. At the 20,000 visa limit, EB-5 investor spending would support over 144,000 U.S. jobs and contribute \$11.4 billion to GDP. Federal tax revenue would increase to \$1.5 billion and state & local tax revenue would increase to \$918 million.

Table 22: Projected Economic Impact of EB-5 Spending, 2012

Study Results from National Model

Results/Projection	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
2010-12 impact total	76,159.2	\$6,041,402,382	\$794,507,094	\$483,624,374
Impact/Year	25,386.4	\$2,013,800,794	\$264,835,698	\$161,208,124.67
Impact/Visa*	7.2	\$573,678	\$75,445	\$45,924
10,000 Cap	72,319.1	\$5,736,779,396	\$754,446,011	\$459,238,794
20,000 Cap	144,638.1	\$11,473,558,792	\$1,508,892,022	\$918,477,588
Projection ↓ from 2011	-12.9%	-13.1%	-12.6%	-15.5%

*Please note that impacts/visa is < 10 because there can be multiple visas per investor.



Introduction

The EB-5 Regional Center program is a federal immigration program that allows foreign investors to make targeted investments of at least \$500,000 in the U.S. economy in exchange for the opportunity to apply for permanent residency status. According to the U.S. Citizenship and Immigration Services (USCIS), a targeted investment includes those within a high-unemployment or rural area. In addition to making a targeted investment, the investor must also demonstrate that the \$500,000 investment supported 10 full-time jobs (including direct and indirect jobs) in order to gain permanent residency.² To ensure that they qualify as targeted investments, most investors choose to make their investment through a designated EB-5 Regional Center.³ Currently, there are over 350 Regional Centers throughout the United States, each authorized by the USCIS to invest capital from EB-5 investors in an approved sector and region. Many of these Regional Centers are represented nationally by a non-profit trade association known as the Association to Invest in USA or IIUSA.

In 2010, a USCIS-commissioned report attempted to estimate the economic impacts of the EB-5 program at a national level.⁴ The report used a sample of approved I-829 forms (from 2001-2006) weighted by the number of approved EB-5 visas to estimate direct investment for all EB-5 investors. The analysts then used IMPLAN to estimate the indirect and induced impacts of these investments. At that time the report estimated direct investment spending at \$42 million and found that this spending supported approximately 2,000 U.S. jobs annually and contributed \$117 million each year to GDP. The report also found that this spending generated \$17 million annually in federal tax revenue and \$10 million in state & local government tax revenue. However, the 2010 analysis was based on a sample that may not have been representative of the average EB-5 investor.⁵ In addition, the sample covered the period 2001-2006 and the EB-5 program has grown immensely since that time. Furthermore, the USCIS report was also limited to measuring the impact of investment expenditures only. It did not attempt to estimate the impact associated with household spending or other immigration expenses. Finally, the 2010 analysis was also limited to measuring economic impacts at a national level. It did not attempt to estimate the program's impact at a state level.

Because of these limitations and the availability of new sources of annual data, IIUSA has commissioned IMPLAN Group, LLC, makers of the IMPLAN system of software and data, to produce an annual reporting update to more fully estimate the ongoing impacts associated with the EB-5 Regional Center program. This report is the second in the update series. The initial report estimated economic impacts over the 2010-2011 period. This report estimates impacts for 2012.

IIUSA's new Regional Center database contains a complete series of approval notices and investment records for all designated Regional Centers, including approved I-526 and I-829 forms. In addition, we supplement the IIUSA database with the approved EB-5 visa statistics maintained by the Department of

² [U.S. Citizenship and Immigration Services](#).

³ According to *Table 7* of the [2012 Yearbook of Immigration Statistics](#), 95.1% of EB-5 investors granted permanent residency made targeted investments at a designated Regional Center.

⁴ IFC International (2010). *Study of the United States Immigrant Investor Pilot Program (EB-5)*.

⁵ USCIS comments to IFC International (2010). *Study of the United States Immigrant Investor Pilot Program (EB-5)*.

State. The EB-5 process begins when an EB-5 investor files form I-526 to demonstrate they have made the required investment. Once this form is approved by USCIS, the investor then applies for a temporary visa. If the visa is approved, the investor then has 2 years to file form I-829 and demonstrate that their investment supported 10 full-time jobs. Once form I-829 is approved, immigration restrictions are removed and the investor and their household become permanent residents.

Because our dataset contains a complete accounting of approved forms associated with the EB-5 process, our yearly report is more reliable and representative than analysis attempted previously. In addition, because the IIUSA database is updated annually, we can account for the continued growth in EB-5 investment activity. Our annual report also provides a more comprehensive picture of the program's impact by estimating expenditures for investment, household spending, and other immigration expenses. Lastly, we examine economic impacts at both the national and state levels in order to show the geographic distribution of EB-5 spending. The findings contained in this report are based on estimated impacts for the 2012 period.

Please note that this report does not consider impacts from the small number of EB-5 investors who make investments outside the Regional Center program. In addition, our report is based on a program-wide evaluation. As such, the methods employed may require some thoughtful adaptation before being applied to the case of an individual Regional Center.

Methodology and Data

Investments

For the period 2012, IIUSA provided data on the number of approved EB-5 investor applications per Regional Center (I-526 form), as well as the number of investments made by each Regional Center. The dataset also contained addresses and sector descriptions for each investment. In order to prepare this data for use in IMPLAN several estimation steps were required.

First, because the actual dollar amount per investment is not disclosed, we used the number of approved investor applications as a proxy for investment dollars. Since the vast majority of EB-5 Regional Center investors make targeted investments at the \$500,000 level, we assume each approved investor application represents a \$500,000 dollar investment. We then multiply the \$500,000 expenditure by the number of approved investor applications to estimate a total investment amount per Regional Center. This amount is then divided by the number of investment projects per Regional Center to estimate an average investment amount for each center. Since actual investment expenditure is not disclosed, we assign a center's average investment amount to each of its investments. This process is repeated for each Regional Center to estimate expenditure per investment project. It's important to note that this procedure produces a conservative estimate of investment spending because it only estimates investment directly associated with the EB-5 investor. Since information about investment pooling is not available to us, we do not attempt to estimate the entire finance pool that may become available once an EB-5 investor commits to a certain project.

Once investment expenditures are estimated, our next step is to allocate this to the NAICS descriptions associated with each investment project. These descriptions are broad, qualitative statements that do not contain a breakdown of spending per sector. As such, we adopt a proportional method of distribution when allocating investment spending per sector. In the case that only one NAICS sector is used to describe an investment, 100% of the investment expenditure is allocated to that NAICS sector. If more than one NAICS sectors are used to characterize an investment we simply divide expenditure proportionately among these sectors because we have no additional information regarding the actual spending pattern. This method was implemented for all investments, except for those involving construction spending. In the case that construction sectors were represented in the NAICS description, IIUSA recommended that half (50%) of the expenditure be proportionately allocated to the construction sectors and the other half (50%) proportionately allocated to the non-construction sectors. This process is repeated for each investment to estimate investment spending per sector.⁶

Given the nature of investment expenditure, it is reasonable to assume that not all investment will be used to pay for operational expenses. In fact, it is likely that a majority of investment spending may be used to pay for capital expenditures instead. Consequently, our next step is to allocate spending within each sector to operations and capital expenditures. In consultation with IIUSA, we assume that 25% of sector spending will be allocated to operations and 75% to capital expenditures. Again, this method is

⁶ If no NAICS description was given for a particular investment, commercial construction was assumed.

implemented across all sectors, except construction. In the case of construction spending, 100% is allocated to operations since this type of investment is primarily used to pay for construction operations.

After allocating sector spending to operations and capital expenditures, analyst judgment was used to map NAICS descriptions to IMPLAN's industry sectors and associated capital expenditure patterns. A NAICS to IMPLAN Sector Crosswalk is provided in the Appendix (see Appendix 2, Table A1). Operational and capital expenditures per sector are then summed to state and national levels to provide inputs for the IMPLAN models.

A nation-wide model, based on IMPLAN's 2011 SAM data, is used to estimate economic impacts for the country as a whole. State models are then used to estimate economic impacts at the state-level. Operational expenditures are modeled as *industry change events* within the model and capital expenditures are modeled using IMPLAN's *capital expenditure patterns*. Margins are not applied to investment spending in retail sectors because this spending represents investment, not consumption. As such, the spending level is already expressed in producer prices because the retail company spends the entire amount to operate the firm or purchase capital inputs. In this case, the retail firm does not pass margins onto associated wholesale or transportation sectors as it would if the spending originated from consumption.

For operational spending, the local purchase percentage (LPP) is set to 100% because we know this spending is undertaken within the model. The same is not true for capital expenditures, which may be imported from other states or countries. Since we don't know what percent of capital expenditures are actually provided by local suppliers, the LPP for capital expenditures is set to the SAM model value (regional purchase coefficient). This allows us to recognize the fact that some capital expenditure will be imported from outside the model.

Since state-level models represent smaller economies, a larger portion of expenditure leaks out of the model in the form of domestic or international imports. Because these leakages occur outside the model, the sum of state level impacts is substantially smaller than the sum of national level impacts. For example, the sum of employment impacts at the state-level is 29% smaller than the sum of employment impacts at the national level. Because the main purpose of this study is to estimate total impacts across the country, it's important for national and state-level results to be comparable. This means we need to capture impacts associated with domestic imports from states. In order to do so, we calculate the impact percentage represented by each state and multiply it by total impacts from the national model in order to scale up state level impacts to match results from the national model. By doing so, these new state-level results can be interpreted as economic impacts to each state plus the impacts that occur in the rest of the country because of domestic imports from that state.

Table 1 shows state-level investment that takes place through EB-5 Regional Centers in 2012. Table 2 shows nationwide investment by operational and capital expenditures categories used in the model. In 2012 there was approximately \$1.8 billion invested by EB-5 Regional Center investors. Over 85% of this

capital, or \$1.55 billion, was invested in the construction sector. Other popular sectors include: chemical manufacturing, mining, manufacturing, power generation, and motion picture and video production. All impact results, both national and state-level, are reported in the *Results and Discussion* section of the report.

A final consideration to mention is that EB-5 investment represents a very small percentage of the overall output generated by the investment industry. In 2011 the Securities, Commodity Contracts and Investments industry generated \$528 billion dollars in output. For 2012, EB-5 investments represented little more than 1/3rd of one percent of this output (0.34%).⁷ As such, we assume the level of EB-5 investment does not crowd out other U.S. investment, and make no attempt to further adjust the model.

Table 1: EB-5 Investments by State, 2012

State-level estimate

State	Operations	Capital Expenditure	Total Investment
AL	\$2,375,000	n/a	\$2,375,000
CA	\$397,444,219	\$23,475,321	\$420,919,540
CO	\$46,500,000	n/a	\$46,500,000
DC	\$35,434,524	\$9,428,571	\$44,863,095
FL	\$57,312,500	\$187,500	\$57,500,000
GA	\$5,714,286	n/a	\$5,714,286
HI	\$18,218,750	\$2,531,250	\$20,750,000
IA	\$125,000	\$375,000	\$500,000
ID	\$31,000,000	\$31,000,000	\$62,000,000
IL	\$115,785,714	n/a	\$115,785,714
KS	\$6,375,000	\$19,125,000	\$25,500,000
LA	\$15,500,000	n/a	\$15,500,000
MA	\$4,250,000	\$750,000	\$5,000,000
MD	\$17,800,493	\$4,714,286	\$22,514,778
MI	\$1,875,000	\$5,625,000	\$7,500,000
MS	\$19,100,000	\$15,300,000	\$34,400,000
NJ	\$3,086,207	n/a	\$3,086,207
NV	\$1,500,000	n/a	\$1,500,000
NY	\$333,804,957	\$22,781,250	\$356,586,207
OH	\$87,586,207	n/a	\$87,586,207
PA	\$168,514,727	\$2,845,905	\$171,360,632
SC	\$1,000,000	\$3,000,000	\$4,000,000
SD	\$1,125,000	\$3,375,000	\$4,500,000
TN	\$2,375,000	n/a	\$2,375,000
TX	\$65,464,286	\$4,875,000	\$70,339,286
UT	\$500,000	n/a	\$500,000
VA	\$7,685,714	\$10,200,000	\$17,885,714
VT	\$82,333,333	\$30,875,000	\$113,208,333
WA	\$39,750,000	n/a	\$39,750,000
WI	\$44,000,000	n/a	\$44,000,000
Total	\$1,613,535,917	\$190,464,083	\$1,804,000,000

⁷ [BEA Gross Output by Industry table](#).

Table 2: EB-5 Investments by Sector, 2012

National estimate

IMPLAN Sector	Operational Expenditure	IMPLAN Capital Expenditure Pattern	Capital Expenditure
12 Dairy cattle and milk production	\$125,000	BEA1120-Animal Production	\$375,000
126 Other basic organic chemical manufacturing	\$12,333,333	BEA3251-Basic chemical manufacturing	\$37,000,000
14 Animal production, except cattle and poultry and eggs	\$62,500	BEA1120-Animal Production	\$187,500
177 Copper rolling, drawing, extruding and alloying	\$177,083	BEA331B-Nonferrous metal production and processing	\$531,250
205 Construction machinery manufacturing	\$6,229,167	BEA3331-Agriculture, construction, and mining machinery	\$18,687,500
24 Gold, silver, and other metal ore mining	\$10,333,333	BEA2122-Metal ores mining	\$31,000,000
276 Automobile manufacturing	\$5,693,750	BEA3361-Motor vehicle manufacturing	\$17,081,250
278 Heavy duty truck manufacturing	\$1,000,000	BEA3361-Motor vehicle manufacturing	\$3,000,000
28 Drilling oil and gas wells	\$812,500	BEA2130-Support activities for mining	\$2,437,500
283 Motor vehicle parts manufacturing	\$5,321,348	BEA336A-Motor vehicle body, trailer, and parts manufacturing	\$15,964,045
31 Electric power generation, transmission, and distribution	\$5,084,821	BEA2211-Power generation and supply	\$15,254,464
335 Truck Transportation	\$562,500	BEA4840-Truck transportation	\$1,687,500
336 Transit and ground passenger transportation	\$771,552	BEA4850-Transit and ground passenger transportation	\$2,314,655
338 Scenic and sightseeing transportation and support activities for transportation	\$2,357,143	BEA48A0-Scenic and sightseeing transportation and support	\$7,071,429
34 Commercial Construction	\$1,539,446,698	N/A	\$0
340 Warehousing and storage	\$562,500	BEA4930-Warehousing and storage	\$1,687,500
346 Motion picture and video industries	\$7,770,833	BEA5120-Motion picture and sound recording industries	\$23,312,500
347 Sound recording industries	\$250,000	BEA5120-Motion picture and sound recording industries	\$750,000
359 Funds, trusts, and other financial vehicles	\$2,357,143	BEA5250-Funds, trusts, and other financial vehicles	\$7,071,429
37 Residential Construction	\$10,601,190	N/A	\$0
417 Commercial and industrial machinery and equipment repair and maintenance	\$16,854	BEA811A-Electronic, commercial, and household goods repair	\$50,562
59 Animal (except poultry) slaughtering, rendering, and processing	\$1,125,000	BEA3110-Food manufacturing	\$3,375,000
72 Wineries	\$541,667	BEA3121-Beverage manufacturing	\$1,625,000
Total	\$1,613,535,917	Total	\$190,464,083
Investment Total (2010-11)		\$1,804,000,000	

Household Spending

In addition to investment spending, we are also interested in estimating the impacts of spending associated with EB-5 households once they migrate to the U.S. However, because data is not available on household spending, an estimation technique is required to approximate these expenditures.

Table 3 shows the number of approved EB-5 Regional Center visas issued, as well as the average household size of EB-5 immigrants gaining permanent residency, for 2012.⁸ By dividing visa counts by average HH size we can estimate the number of EB-5 households immigrating to the United States. Based on information provided by IIUSA, we also assume that EB-5 investors meet the SEC's definition of an accredited investor. This gives us a basis from which to estimate spending per household. According to the SEC, an individual qualifies as an accredited investor if their annual income exceeding \$200,000 dollars.⁹ By assuming that each EB-5 investor has an annual *investment* income of \$200,000 dollars, and then subtracting 15% (\$30,000) for capital gains tax and another 10% (\$20,000) for savings, we estimate that each EB-5 household is left with \$150,000 per year for consumption. This results in an *average propensity to consume (APC)* of 88.2%, which is well below the 90% mark assumed in many macroeconomic models. It is also well below the actual APC observed in 2010 (91.8%) and 2011 (92.9%).¹⁰ As such, it seems a reasonably conservative estimate of household spending. At the national-level, we then multiply the number of EB-5 households in each period by \$150,000 dollars to get a total amount of household spending per year (see Table 3). This figure is then used as an input to our national model.

Since we've already made adjustments to account for taxes and savings, household spending is modeled as an *institutional spending pattern* (i.e. households with annual income exceeding \$150,000) because the model will spend 100% of the value entered. Also, since we don't know what percent of household purchases will be supplied locally, local purchase percentage (LPP) is set to the SAM model value (regional purchase coefficient) to account for the fact that some household purchases will leak out of the model as imports.

Furthermore, we don't need to set margins for retail spending because IMPLAN's *institutional spending patterns* are pre-margined. For each retail sector listed in the spending pattern, the model already allocates margins between producing, transportation, wholesale and retail sectors. Finally, appropriate deflators are applied to our estimates to account for inflation between event year (2012) and model year (2011).

A similar exercise is completed to estimate household spending at the state level. Based on information provided by IIUSA, we assume EB-5 settlement patterns mimic national immigration trends. This allows

⁸ For each period, average household size is calculated as the # of EB-5 individuals granted permanent residency divided by the total # of EB-5 investors granted permanent residency (including investors, spouses and children). Visa counts obtained from Tables 5 & 6 of the State Department's [Visa Office Report](#) (2012). Average HH Size obtained from Table 7 of the [2012 Yearbook of Immigration Statistics](#).

⁹ [U.S. Securities and Exchange Commission](#).

¹⁰ [BEA Personal Consumption Expenditure Table 2.1](#).

us to assign EB-5 households by state using the settlement pattern for all persons gaining legal permanent residency in 2012 (see Table 4).¹¹ Please note that Guam, Puerto Rico, and other U.S. territories are not part of our model region. As such, the data associated with these places is proportionately distributed across all other states so it does not interfere with our estimates.

Once this adjustment is made, percent of legal permanent residents is multiplied by total visa count to estimate the number of EB-5 immigrants settling in each state. This number is then divided by average household size to estimate the number of EB-5 households per state (see Table 3-4). The household estimates are then multiplied by \$150,000 to estimate total household spending per state (see Table 4). The estimates are then entered into our state models as *institutional spending patterns* for households with annual income exceeding \$150,000. Local purchase percentage (LPP) is set to the SAM model value (regional purchase coefficients) in each model and appropriate deflators applied.

Lastly, because these are state models, impact results are scaled up to account for leakage from domestic imports (as was the case with the state-level results for investment). To do this we follow the same estimation procedure. First, we calculate the impact percentage represented by each state. Then we multiply this percentage by total impacts from the national model in order to scale up state-level results to match. By so doing these new state-level results can be interpreted as economic impacts to each state plus the impacts that occur in the rest of the country because of domestic imports from that state.

Table 3: Visa and Household Variables, 2012

Variable	2012
Approved Visa Count	6,514
Average HH Size	3.03859
Household Count	2143.76
Household Spending	\$321,563,620

Sources: Visa count from U.S. Department of State | Avg HH size from U.S. Department of Homeland Security.

¹¹ Settlement patterns obtained from Table 4 of the [2012 Yearbook of Immigration Statistics](#).

Table 4: Estimated Household Expenditure, 2012

Estimated Household Expenditure by State

State	2012 Legal Permanent Residents (%) ¹	2012 Estimated HH Expenditure
Alabama	0.39%	\$1,245,142
Alaska	0.17%	\$540,379
Arizona	1.80%	\$5,783,865
Arkansas	0.28%	\$909,125
California	19.07%	\$61,325,797
Colorado	1.30%	\$4,191,992
Connecticut	1.20%	\$3,852,235
Delaware	0.23%	\$726,154
DC	0.28%	\$914,112
Florida	10.00%	\$32,158,085
Georgia	2.55%	\$8,183,987
Guam	0.00%	\$0
Hawaii	0.67%	\$2,146,278
Idaho	0.25%	\$794,729
Illinois	3.73%	\$11,998,933
Indiana	0.82%	\$2,643,446
Iowa	0.47%	\$1,496,375
Kansas	0.49%	\$1,590,198
Kentucky	0.52%	\$1,672,176
Louisiana	0.44%	\$1,426,242
Maine	0.16%	\$504,533
Maryland	2.43%	\$7,821,475
Massachusetts	3.05%	\$9,822,927
Michigan	1.71%	\$5,490,863
Minnesota	1.27%	\$4,089,753
Mississippi	0.17%	\$531,339
Missouri	0.65%	\$2,106,069
Montana	0.06%	\$194,699
Nebraska	0.44%	\$1,404,423
Nevada	1.01%	\$3,261,867
New Hampshire	0.25%	\$806,574
New Jersey	4.94%	\$15,869,363
New Mexico	0.37%	\$1,195,581
New York	14.50%	\$46,639,234
North Carolina	1.71%	\$5,488,682
North Dakota	0.12%	\$394,501
Ohio	1.36%	\$4,385,561
Oklahoma	0.46%	\$1,486,089
Oregon	0.77%	\$2,466,398
Pennsylvania	2.44%	\$7,840,489
Puerto Rico	0.00%	\$0
Rhode Island	0.38%	\$1,221,764
South Carolina	0.39%	\$1,261,039
South Dakota	0.16%	\$512,014
Tennessee	0.84%	\$2,710,151
Texas	9.27%	\$29,823,421
Utah	0.59%	\$1,886,941
Vermont	0.10%	\$311,276
Virginia	2.75%	\$8,836,384
Washington	2.25%	\$7,225,808
West Virginia	0.09%	\$280,729
Wisconsin	0.60%	\$1,923,410
Wyoming	0.05%	\$171,009
Other ²	0.00%	\$0
Unknown	0.00%	\$0
Total	100.00%	\$321,563,620
Adjustment Factor	0.012%	

¹Percent of residents in Guam, PR, Other, and Unknown proportionately distributed to other states.

²Includes U.S. territories and armed forces posts.

Source: U.S. Department of Homeland Security

Other EB-5 Spending

In addition to estimating economic impacts associated with investment and household spending, we are also interested in estimating impacts associated with moving and immigration expenses. These include impacts associated with purchases of moving services, plane tickets, new automobiles, government services, legal services, and investment services. Collectively, we have modeled these expenses as *Other EB-5 Spending*. We assume these expenses are one-off purchases paid for through savings. As such, they are not reflected in the *household spending pattern* and are modeled separately from our estimate of annual household expenditure. Table 5 shows our estimated total for each of these spending categories and the associated IMPLAN sectors used to model the impacts. Table 6 shows the major assumptions used to calculate these estimates. A description of our estimation technique for each of spending category is given below.

Table 5: Estimated Expenditures for Other EB-5 Spending, 2012

Total expenditures on flights, moving services, automobiles, and other fees

Expenditure	2012	IMPLAN Sector
Flight Expenditures	\$4,646,039	332 Air Transportation
Airport fees from foreign airlines	\$15,880	338 Support activities for transportation
Government taxes from foreign airlines	\$392,622	Federal Government (NonDefense) Spending Pattern
Moving Expenditures	\$23,161,701	335 Truck Transportation
Automobile Expenditures	\$62,383,342	276 Automobile Manufacturing
Investment Fees	\$82,984,000	356 Securities, commodity contracts, investments, and related activities
Attorney Fees	\$180,400,000	367 Legal Services
Government Immigration Fees	\$11,512,420	Federal Government (NonDefense) Spending Pattern
Total	\$365,496,004	

Table 6: Key assumptions, 2012

Per Investor	2012
Annual Household Expenditure	\$150,000
Automobile Cost*	\$29,100
Attorney Fee	\$50,000
Regional Center Fee	\$18,000
Broker Fee	\$5,000

*2013 Ford Explorer starting at \$29,100 (quote as of 4/12/2013).

Flight Expenditures

Although no data is available to illustrate the mode of transportation used by EB-5 immigrants to travel to the U.S., we think it's reasonable to assume they mostly do so by air transportation. To estimate flight expenditures we first examine the distribution of EB-5 visas by country of origin and choose a list of countries from major world regions where a majority of EB-5 immigrants are represented. In 2012 the list includes Brazil, South Africa, China, South Korea, India, Great Britain, and Russia.

After our country list is compiled, we first calculate the percent of visas issued to EB-5 immigrants from these countries. Next, we calculate the percent of visas issued to EB-5 immigrants from all other countries and then allocate this percentage proportionately across the percent of visas from our list of selected countries. This enables us to account for all visas issued without having to collect flight prices for every single country. This method does assume that all EB-5 immigrants travel from our list of selected countries. However, given the fact that spending on flights is a small portion of total EB-5 spending and the fact that our list of selected countries represents a majority of EB-5 immigrants from major world regions, it does not seem an unreasonable simplification. Finally, we multiply total visa counts across the adjusted percent of visas issued from our list of selected countries. This gives us an estimate of the number of EB-5 immigrants traveling from each of these countries (see Table 8 for 2012 estimates).

Next, we use our list of selected countries to look up prices for flights between the U.S. and another major city within these countries. When selecting routes, we try to simulate an actual consumer experience as much as possible. In consultation with IIUSA, we assume that EB-5 immigrants fly economy class during late summer. Using a well-known travel website, we then looked up flights that offer a high level of value and convenience. We compare prices, stops and layovers and select flights that offer the best combination of low price, limited stops, and shortest layover. Once routes are selected we record information on price, taxes & fees, base fare, carrier, number of stops, and length of layover. Because flight prices constantly change, we recorded information during mid-week in order to avoid higher weekend prices (see Table 7 for prices applied to 2012 estimates).

After compiling this information, we notice that several of our chosen routes are with foreign carriers. Since revenue to foreign airlines will not impact the U.S. economy, these revenues are ultimately dropped from our spending estimates. We also assume that only half of the taxes & fees will impact the U.S. economy since it is likely the other half may flow to the country of origin. For the portion of taxes & fees that does impact the U.S., we divide it further into government taxes and airport fees since they flow to different sectors in our model.

We also noticed that American Airlines and China Eastern Airlines offer competitively priced routes from Shanghai to Los Angeles. Because most EB-5 investors originate from mainland China, we don't want to over-estimate flight impacts by assuming they all Chinese immigrants travel on a U.S. carrier. As such, we allocate half of our Chinese visa count to American Airlines and the other half to China Eastern Airlines. By so doing, we ensure that only these revenues are counted toward the U.S. economy.

Our next step is to estimate the portion of the base fare that is likely to flow to the U.S. Although it's reasonable to assume that most of this revenue will impact the U.S., there is still some portion of the base fare that the airline company will pay to the foreign airport. The International Air Transport Association (IATA) estimates that 14.4% of global airline revenues are used to pay for airport infrastructure. This estimate is calculated using ticket revenues plus the portion of airport fees levied via passenger ticket in addition to the fare. It excludes passenger taxes levied by governments.¹² Since we don't know how much of this estimate is divided between the U.S. and foreign airport, we simply assume that half of it flows to the foreign airport. In practice, we add the base fare and U.S. airport fee together and reduce the total by 7.2% to account for the portion of the fare that is paid to the foreign airport. As such, the calculation can be interpreted as the portion of the base fare that is likely to impact the U.S. economy (see Table 7).

Once the "U.S. fare" is estimated we add it to "U.S. taxes" (not including the airport fee since it was already used to calculate the U.S. fare) and repeat the process for each selected country. We then multiply this total by our estimate of EB-5 immigrants from each selected country. The calculation produces an estimate of total international flight expenditure by selected country of origin. Summed together it gives us an estimate of total international flight expenditures. At this point, revenues to foreign airlines are dropped so we are left with only revenues to U.S. carriers. Finally, we add the U.S. taxes and fees generated by EB-5 immigrants traveling on foreign carriers (see Table 8).

After international flight expenditures are estimated, we turn our attention to the domestic leg of the journey. In cases where the destination state is easily reached via international flights no additional expenditure is estimated (i.e. California, New York, Illinois, Texas, etc.). However, in cases where a domestic flight may be required to reach the destination state we gather additional prices for domestic flights (see Appendix 2, Table A2). Prices are gathered for routes between large international airports and states not easily accessible directly via international flights. For example, an EB-5 immigrant may disembark from an international flight in Dallas/Ft. Worth but then embark on a domestic flight to Little Rock if Arkansas is the final destination. To ensure conservative estimates we choose routes from airports within close proximity to states. In our Arkansas example, it isn't unreasonable to think the connection between an international destination and Little Rock may be Dallas/Ft. Worth. In the case that two international airports are in reasonably close proximity to a state, the less expensive flight option is chosen.

Once domestic prices are gathered we then estimate visa counts per state by multiplying annual visa totals by the adjusted state-of-residence percentages used earlier for household spending. We then multiply these state-level visa counts by domestic flight prices to estimate domestic flight expenditures per state. These expenditures are then summed to a national total and added to our international flight expenditures to create a grand total that can be used in our national model. Please note that we do not attempt to model flight expenditures by state because we have no basis for knowing how these expenditures will actually be distributed across states. U.S. airline carriers are large companies with

¹² International Air Transportation Association (2013). [IATA Economic Briefing: Infrastructure Costs](#).

national operations. Without further information it is difficult to know how flight revenues will actually be distributed per state. As such, flight expenditures are only modeled at the national level. This logic will hold true for all other expenses in our *Other EB-5 Spending* category.

Table 7: International flight prices for 2012 EB-5 impacts

Departure: August 1st (prices as of 4/22/2013 @ 12:30pm)

Route	Price	Taxes & Fees	Base Fare	Economy Class			Airline	Stops	Layover (mins)
				Fare to U.S.	U.S. Taxes*	US Airport Fee			
RIO-JFK	\$1,031.54	\$65.34	\$966.20	\$900.81	\$28.17	\$4.50	AA	0	0
CPT-JFK	\$2,976.79	\$354.19	\$2,622.60	\$2,437.95	\$172.60	\$4.50	AA	1	110
PVG-LAX	\$1,639.69	\$188.49	\$1,451.20	\$1,350.89	\$89.75	\$4.50	AA	0	0
PVG-LAX	\$1,405.99	\$224.79	\$1,181.20	\$1,100.33	\$107.90	\$4.50	CEA	0	0
ICN-LAX	\$1,451.69	\$251.49	\$1,200.20	\$1,117.96	\$121.25	\$4.50	TAI	0	0
DEL-JFK	\$954.22	\$385.02	\$569.20	\$532.39	\$188.01	\$4.50	Air India	1	75
LHR-JFK	\$920.29	\$270.39	\$649.90	\$607.28	\$130.70	\$4.50	Aer Lingus	1	130
SVO-JFK	\$691.49	\$154.49	\$537.00	\$502.51	\$72.75	\$4.50	Aeroflot	0	0

*Half of the total for taxes & fees (minus \$4.50 U.S. airport fee).

Source: Travelocity

Table 8: EB-5 flight expenditures by country of origin, 2012

Country	Visa Count	Visa %	Adjusted Visa %	Adjusted Visa Count	Flight Expenses*
					Economy
Brazil	8	0.12%	1.02%	66.38	\$61,661.02
RSA	22	0.34%	1.23%	80.38	\$209,822.46
China (AA)	2,780	42.68%	43.57%	2,838.38	\$4,089,061.23
China(CEA)	2,780	42.68%	43.57%	2,838.38	\$0.00
South Korea	370	5.68%	6.58%	428.38	\$0.00
India	25	0.38%	1.28%	83.38	\$0.00
Great Britain	41	0.63%	1.53%	99.38	\$0.00
Russia	21	0.32%	1.22%	79.38	\$0.00
Sub total	6,047	92.83%			
Other Countries	467	7.17%			
Total	6,514	100.00%	100.00%	6,514.00	\$4,360,544.71
Adjustment		0.90%			
U.S. taxes from foreign airlines					\$392,622.08
U.S. airport fees from foreign airlines					\$15,879.94

*Expenditures on foreign airlines not included.

Source: Visa data from U.S. State Department.

Table 5 shows the IMPLAN sectors used to model flight expenditures, U.S. government taxes from foreign airlines, and U.S. airport fees from foreign airlines. As with previous estimates, local purchase percentage (LPP) is set to the SAM model value (regional purchase coefficients) and appropriate deflators applied.

Moving Service Expenditures

Another category of *Other EB-5 Spending* we are interested in estimating is spending on professional moving services. To do so we average prices quoted by seven (7) international moving companies for a full-service move between Shanghai and Los Angeles (see Table 9). Shanghai was chosen as the port of origin because most EB-5 immigrants originate from mainland China.¹³ Los Angeles was chosen as the most likely destination port. During our conversations with these moving companies we learned that they utilize local moving companies from the foreign country to help provide their service. Since we don't know what percent of revenue goes to these foreign companies, we adopt a conservative approach and simply assume that half of all revenues will not impact the U.S. economy. As such, we decrease our average moving quote by half and multiply it by our estimated number of EB-5 households to derive an estimate of total spending on international moving services.

Next, we turn our attention to the domestic leg of the move. If the destination state does not have access to a Pacific port it is likely the immigrant households will be charged for the additional mileage to the home state. To estimate the cost of this domestic leg we use Moving.com to look up average moving costs from Los Angeles to a major city in the home state. This process is repeated for all states not sharing a border with the Pacific Ocean (see Appendix 2, Table A3). Since these online calculators often over-estimate the cost of moving, we spot check these price estimates with an actual quote for a full-service move from Los Angeles to Birmingham, Alabama (\$5,895 for a 5-bedroom home, no packing required). Using this as a guide, we found that entering a value of 5 for the *number of rooms* yielded the most reasonable results. For example, the price estimate generated for a move between Los Angeles and Birmingham when "5" is entered for *Number of Rooms* and "none" is selected for *Packing Service* is listed at \$5,731, which is reasonably close to matching the actual quote.

Once domestic moving prices are obtained for each state, we multiply them by the estimated number of EB-5 households per state to derive an estimate of domestic moving expenditures. These estimates are then summed to a total and added to our international estimates to produce a grand total that is used in our national model (see Table 5). Again, we don't attempt to model these expenditures at a state-level. Since moving companies often have national operations, without further information it is difficult to know how revenues are distributed across states. As such, moving expenditures are only modeled at a national level. Table 5 shows the IMPLAN sector used to model these expenditures. As with previous estimates, local purchase percentage (LPP) is set to the SAM model value (regional purchase coefficients) and appropriate deflators applied.

¹³ Visa counts obtained from *Tables 5 & 6* of the State Department's [Visa Office Report](#) (2012).

Table 9: Price quotes for moving service from Shanghai to LA*

1 - 40' shipping container (quote as of April 12, 2013)

Company	Moving Quote	Declared Value**	Insurance (% of value)	Insurance Estimate	Total Cost
Schumacher Cargo Logistics	\$7,900	\$10,000	3.5%	\$350	\$8,250.00
International Sea and Air	\$8,625	\$10,000	3.0%	\$300	\$8,925.00
Prisma Cargo Solutions	\$8,945	\$10,000	3.0%	\$300	\$9,245.00
Cardinal International	\$6,550	\$10,000	3.0%	\$300	\$6,850.00
UniGroup Relocation	\$15,000	\$10,000	2.7%	\$270	\$15,270.00
Legends Intl Transport	\$6,995	\$10,000	3.0%	\$300	\$7,295.00
Southern Winds International	\$7,295	\$10,000	2.5%	\$250	\$7,545.00
Average Cost					\$9,054.29
Revenue to USA (1/2 of total)***					\$4,527.14

*Includes packing, unpacking, and door-to-door shipment. Does not include taxes.

**Based on recommendation from Schumacher Cargo Logistics.

***Discount for use of foreign moving company in Shanghai.

Automobile Expenditures

The next category of *Other EB-5 Spending* we are interested in estimating is spending on new automobiles. IIUSA suggested that EB-5 households are likely to buy a new automobile once they immigrate to the United States. Again, since we have no data documenting actual expenditures, we utilize an estimation technique. First, we assume each EB-5 household purchases one (1) new, mid-sized, mid-priced vehicle with seating capacity to accommodate an entire family. In consultation with IIUSA, the 2013 Ford Explorer (starting at \$29,100) is chosen as the vehicle best matching our consumers' preferences.¹⁴ We then multiply the total number of EB-5 households by the cost of this vehicle to estimate total automobile expenditures (see Tables 3 & 5-6). These totals are then used to estimate impacts in our national model. As with previous estimates, the local purchase percentage (LPP) is set to the SAM model value (regional purchase coefficients) and appropriate deflators applied. Again, these impacts are only modeled at the national level.

Automobile purchases are normally modeled through retail sector 320 (Retail Stores – Motor Vehicle and Parts). Typically, when modeling retail purchases, a large portion of consumer spending is not counted toward impact results because values are converted from purchaser prices to producer prices. This means impacts only accrue to the margin the retail store is able to keep. However, in this case we know which sector produces automobiles (276 Automobile Manufacturing). This means we can capture a fuller set of impacts along the entire value chain by margining the producing sector instead. By doing so the model is able to capture a more complete set of margins, including impacts to the producing, wholesale and transportation sectors in addition to the retail sector.

¹⁴ Price quoted as of April 12, 2013.

Investment and Legal Fees

The EB-5 program was recently highlighted in a Washington Post article where one investor reported spending an additional \$84,000 dollars on attorney fees and investment charges.¹⁵ IIUSA mentioned that many EB-5 investors face similar costs when undertaking the immigration process. For example, it is not uncommon for a Regional Center to charge \$30,000 dollars for their investment service or for an investor to pay at least \$50,000 dollars for an immigration attorney. Because these costs are substantial, we are interested in including them in the model. However, as with other immigration expenses, we don't have data on actual expenditures so an estimation technique is required. In consultation with IIUSA, we assume that each EB-5 household spends \$50,000 on attorney fees and \$5,000 on an investment broker. We also assume that only 60% of the regional center fee (\$18,000) impacts the U.S. economy since IIUSA mentioned the rest is likely to be sent overseas (see Table 6).

According to IIUSA, investment and legal fees are paid early in the application process, so we used the approved I-526 count to estimate revenue totals associated with each of these fees (see Tables 5-6 & 10). These totals are then used to estimate impacts in our national model. Table 5 shows the IMPLAN sectors used to model these expenses. As with previous estimates, local purchase percentage (LPP) is set to the SAM model value (regional purchase coefficients) and appropriate deflators applied. Again, these impacts are only modeled at the national level.

Federal Immigration Fees

The last category of immigration expense we consider in our analysis is spending on federal immigration fees. To enter the program, EB-5 investors must first fill out an application form (I-526) so their investment can be approved by the U.S. Citizenship and Immigration Services (USCIS). To do so each investor is required to pay a \$1,500 fee when submitting their application.¹⁶ Once USCIS approves the investment application, the investor and each household member may apply for a 2-year temporary residency permit from the U.S. Department of State (State). For each visa application State requires a \$405 application fee¹⁷ and USCIS requires a \$165 immigration fee.¹⁸ Once the temporary residency permit is approved, EB-5 investors have 2 years to demonstrate their investment supported 10 full-time jobs. They do so by filling out another form to document job creation and request permanent residency status (I-829). To submit this form each investor is required to pay a \$3,750 application fee and each household member is required to pay an additional \$85 fee for required biometric services.¹⁹

To calculate the government revenues associated with these fees we assume that all spending occurs in the year the data is reported. We then multiply annual counts by associated fees to derive a revenue estimate for each year. For I-526 and I-829 forms we multiply form counts by associated fee. For visa

¹⁵ Sullivan, Kevin (2013). [Foreign citizens making big investments in U.S. in exchange for green cards](#). Washington Post (March 21, 2013).

¹⁶ U.S. Citizenship and Immigration Services: [I-526 Form](#).

¹⁷ U.S. Department of State: [Visa Fee](#).

¹⁸ U.S. Citizenship and Immigration Services: [Immigration Fee](#).

¹⁹ U.S. Citizenship and Immigration Services: [I-829 Form](#).

application, immigration fee, and biometric fee we multiply visa counts by associated fee. Table 10 shows count data, fees, and revenue estimates associated with each form. Revenue estimates are then summed to a total that is used in the national model. These expenditures are modeled using IMPLAN's *Federal Government (Nondefense) Spending Pattern*. As with previous estimates, local purchase percentage (LPP) is set to the SAM model value (regional purchase coefficients) and appropriate deflators applied. Again, these impacts are only modeled at the national level.

Table 10: Immigration Fees, 2012

Type	Count	Fee	Revenue
I-526 Form	3,608	\$1,500	\$5,412,000
Visa Application	6,514	\$405	\$2,638,170
Immigration Fee	6,514	\$165	\$1,074,810
I-829 Form	489	\$3,750	\$1,833,750
Biometrics Fee	6,514	\$85	\$553,690
Total			\$11,512,420

Sources: USCIS and State Department.

The IMPLAN Modeling System

Input-output (I-O) models provide a means of examining inter-industry relationships within an economy. By describing the study area economy in terms of the flow of dollars from purchasers to producers within a region, I-O models can be used to estimate the economy-wide response of the economy to an initial economic impact, such as a change in employment or production.

A Social Accounting Matrix is an extended I-O table which includes not only the inter-industry transactions, but also industry-institution²⁰ transactions and inter-institution transactions. Thus, a SAM provides a fuller picture of the study area economy and the response of the economy to an impact. This study uses the IMPLAN software and data system to model the economic impacts associated with spending related to the EB-5 program.

Direct effects represent the change in final demand faced by industries directly impacted by an increase in consumer or investment spending. *Indirect effects* stem from inter-industry purchases as other industries respond to the new input demands of the directly-affected industries. *Induced effects* reflect changes in household spending as household income increases due to the increased production in the directly- and indirectly-affected industries. The *total effect* is the sum of the direct, indirect and induced effects; it represents the entire response in the study area economy required to meet the new demand created by EB-5 investors and their households.

²⁰ Institutions include households, government, inventory, capital, and exports. Institutional demand is also known as final demand.

Study Area and Accounting Period

In this analysis, the study area consists of the U.S. economy as a whole, as well as each state economy (including DC). Because IMPLAN models are based on 2011 data, but actual spending occurred in 2012, appropriate deflators were applied to account for inflation.

IMPLAN Definitions

Local Purchase Percentage (LPP) The local purchase percentage is the percent of direct spending that is purchased within the local study area.

Regional Purchase Coefficient (RPC) The regional purchase coefficient is the percent of indirect and induced spending that is purchased within the local study area.

Household (Institutional) Spending Pattern is the bundle of goods that an average household consumes over a year. Each good is associated with a coefficient that represents the proportion of that good to the entire bundle. The *Household Spending Pattern* is used to estimate economic impacts associated with the annual spending undertaken by EB-5 households once they immigrate to the U.S. The *Household Spending Pattern* is distinct from the overall level of household expenditure in that it represents a bundle of goods, not just the total spending level.

Average Propensity to Consume (APC) The average propensity to consume is the portion of disposable (post-tax) income that is allocated to consumption.

Gross Domestic Product (GDP) is calculated as the proportion of total revenue (output) that is paid to the components of value added, such as employee compensation, proprietor income, taxes on production, and profits. The contribution to GDP of a particular business or program (such as EB-5) would then be the total Value-Added associated with that business or program. This includes the direct, indirect, and induced Value-Added, as calculated with IMPLAN.

Tax Revenue is calculated as the proportion of value added paid to federal or state & local government. Total tax revenue is the sum of tax revenue generated by direct, indirect and induced spending.

Employment (# of jobs supported) is calculated as total revenue (output) divided by the output per worker for a given industry. Total employment is the sum of employment generated by direct, indirect and induced spending. Please note that IMPLAN's employment data follows the same definition as the Bureau of Economic Analysis' REA data and the Bureau of Labor Statistics' CEW data, which is full-time and part-time annual average. Thus, it adjusts for seasonality but does not indicate the number of hours worked per day. IMPLAN employment data also includes proprietors.

Results and Discussion

Economic Impacts of All EB-5 Spending

Based on the methodology discussed above we estimate *spending associated with EB-5 investors contributed \$3.39 billion to U.S. GDP and supported over 42,000 U.S. jobs during 2012*. This is more than a 2-fold increase from the average annual impact result reported in 2011, and includes impacts associated with investment spending, household spending, and other immigration expenses.²¹ During 2012 spending by EB-5 investors also contributed \$447 million to federal tax revenues and \$265 million to state and local tax revenues. These results are totals that include direct, indirect and induced effects (see Table 11).

Table 12 shows the top-10 industries impacted by all EB-5 spending. Given our estimate of \$1.55 billion in construction spending during 2012, it's not surprising that commercial construction tops the list at 14,195 jobs supported. In the next sections we will discuss impact results by spending category, including investments, household spending, and other immigration expenses.

Table 11: Economic Impact of All EB-5 Spending, 2012

Summary of National Model

Impact Type	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
Direct Effect	19,173.0	\$1,323,323,561	\$190,883,756	\$80,205,467
Indirect Effect	8,510.0	\$804,022,871	\$102,899,176	\$58,886,303
Induced Effect	15,128.7	\$1,263,005,564	\$153,933,856	\$126,094,738
Total Effect	42,811.7	\$3,390,351,995	\$447,716,777	\$265,186,508
Factor ↑ from 2011	2.57	2.56	2.58	2.43

²¹ Kay, David (2013). *Economic Impacts of the EB-5 Immigration Program, 2010-2011*. Charlotte, NC: IMPLAN Group, LLC.

Table 12: Total Economic Impact of All EB-5 Spending, 2012

Top ten impacted sectors by employment (National Model)

Sector	Description	Jobs Supported	Contribution to GDP
34	Construction of new nonresidential commercial and health care structures	14,195.6	\$849,221,598
413	Food services and drinking places	1,942.7	\$61,879,123
367	Legal services	1,402.0	\$188,716,652
356	Securities, commodity contracts, investments, and related activities	1,181.8	\$81,359,130
360	Real estate establishments	1,125.6	\$131,024,837
369	Architectural, engineering, and related services	989.6	\$72,648,935
319	Wholesale trade businesses	980.7	\$133,128,304
394	Offices of physicians, dentists, and other health practitioners	774.4	\$63,448,106
382	Employment services	759.0	\$26,047,980
397	Private hospitals	747.1	\$56,925,288

Economic Impacts of EB-5 Investments

In this section we will discuss economic impacts associated with investment spending. Since we analyzed investments at both national and state levels, we will divide our discussion accordingly.

National Impacts

Economic impacts associated with EB-5 investments during 2012 are summarized in Table 13.

Investment represents the largest component of EB-5 spending (\$1.8 billion in 2012). As such, it has the largest impact on the U.S. economy. A special characteristic of investment worth noting is that it represents a one-time infusion of capital. As such, operational expenditures do not need to be separated from capital or construction expenditures because they are all funded through a one-time infusion of capital. If investment spending doesn't result in increased revenues, the economic impacts are temporary. It would be interesting to estimate the additional revenues generated by investment spending and then model those revenues as a permanent impact to the U.S. economy. However, this exercise is beyond the scope of our current analysis.

According to our estimates, spending associated with EB-5 investments contributed \$2.5 billion to U.S. GDP and supported over 33,000 U.S. jobs during 2012. Investment spending also contributed \$339 million to federal tax revenues and \$189 million to state and local tax revenues. These results are totals that include direct, indirect and induced effects. For all indicators, this represents more than a 2-fold increase from the average annual impacts reported in 2011 (see Table 13).

Table 14 shows the top-10 industries impacted by EB-5 investment spending. Again, given our estimate of \$1.55 billion in construction spending during 2012, it is not surprising that commercial construction tops the list at 14,195 jobs supported.

Table 13: Economic Impact of EB-5 Investments, 2012

Summary of National Model

Impact Type	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
Direct Effect	14,998.1	\$940,409,473	\$141,782,466	\$47,241,422
Indirect Effect	6,435.1	\$611,916,796	\$78,966,590	\$44,784,431
Induced Effect	11,701.1	\$976,825,960	\$119,054,966	\$97,523,999
Total Effect	33,134.3	\$2,529,152,228	\$339,804,015	\$189,549,851
Factor ↑ from 2011	2.35	2.30	2.34	2.13

Table 14: Total Economic Impact of EB-5 Investments, 2012

Top ten impacted sectors by employment (National Model)

Sector	Description	Jobs Supported	Contribution to GDP
34	Construction of new nonresidential commercial and health care structures	14,195.6	\$849,221,598
413	Food services and drinking places	1,292.9	\$41,179,473
369	Architectural, engineering, and related services	950.7	\$69,794,883
360	Real estate establishments	754.8	\$87,859,512
319	Wholesale trade businesses	752.5	\$101,790,120
382	Employment services	530.6	\$18,209,376
394	Offices of physicians, dentists, and other health practitioners	502.5	\$41,176,754
397	Private hospitals	482.0	\$36,724,462
356	Securities, commodity contracts, investments, and related activities	431.7	\$29,720,064
329	Retail Stores - General merchandise	371.7	\$16,845,995

State-level Impacts

Table 15 contains impact results for our state-level models. These results are reported totals that include direct, indirect and induced effects. Because state models are scaled up to account for leakage from domestic imports, state-level results should be interpreted as economic impacts to each state, plus impacts to the rest of the country because of domestic imports from those states.

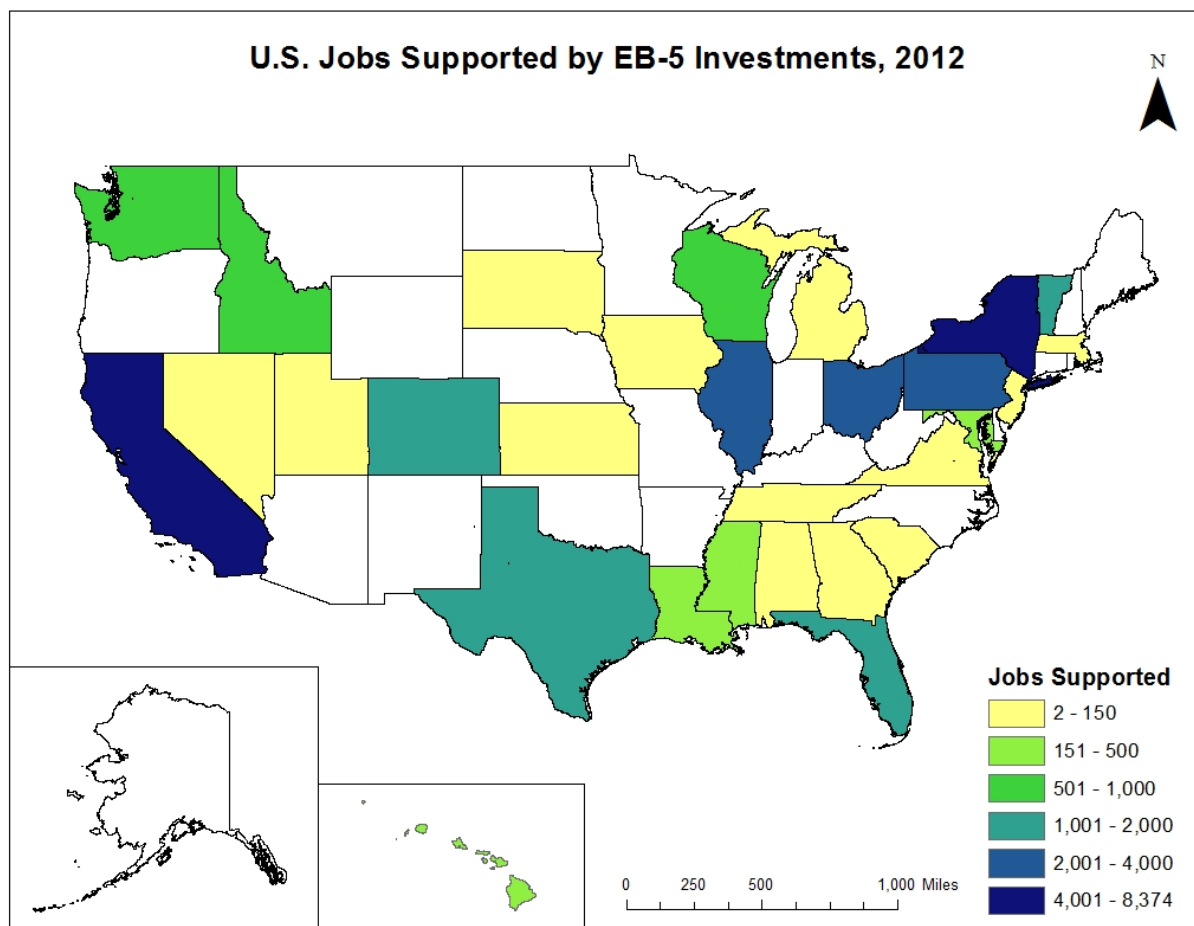
Pennsylvania, New York, California, and Illinois top the list of states with the largest level of investment (see Table 1). As such, it is no surprise that these states are associated with the largest investment impacts. Over 8,000 U.S. jobs were supported in California alone during 2012. To illustrate the

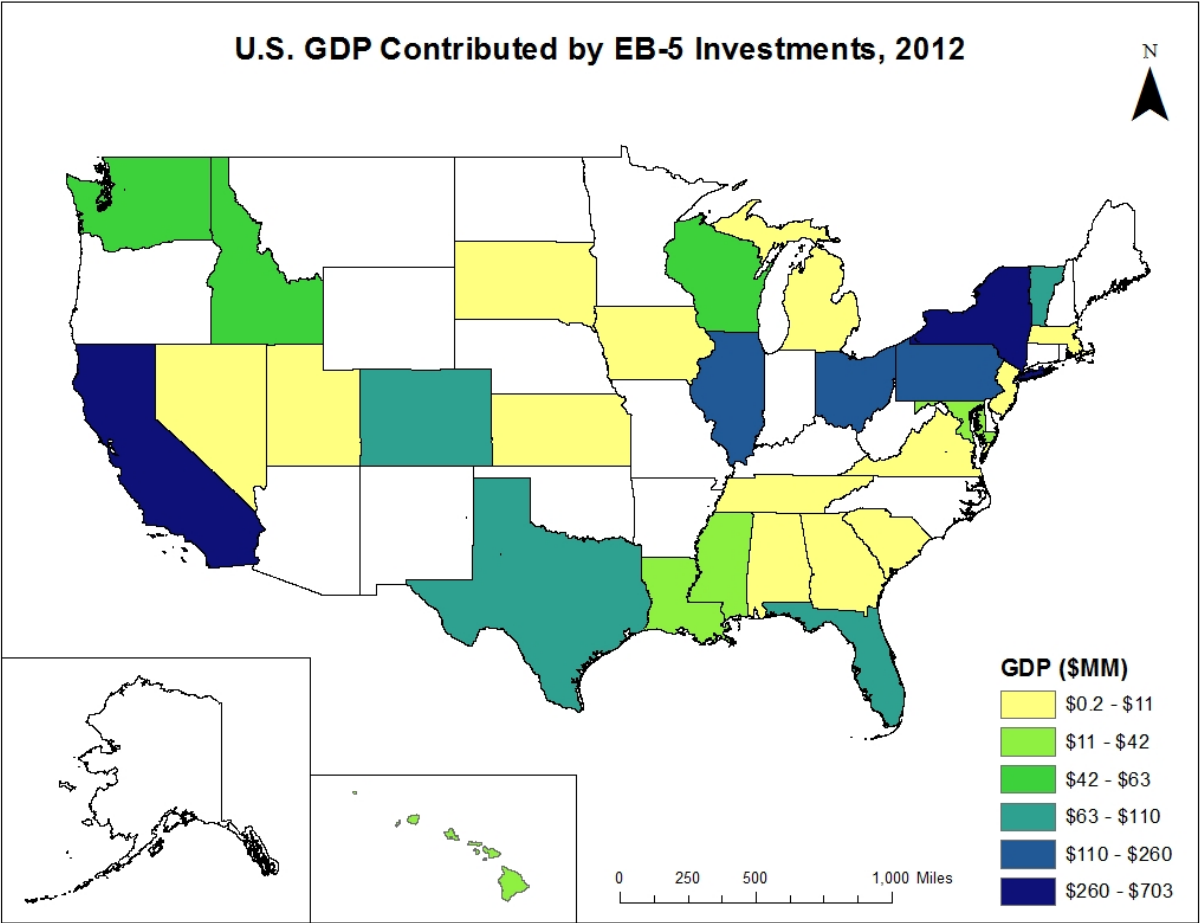
distribution of investment impacts across states we have provided the following 3 maps to visualize jobs supported, contribution to GDP, and federal tax revenue by state.

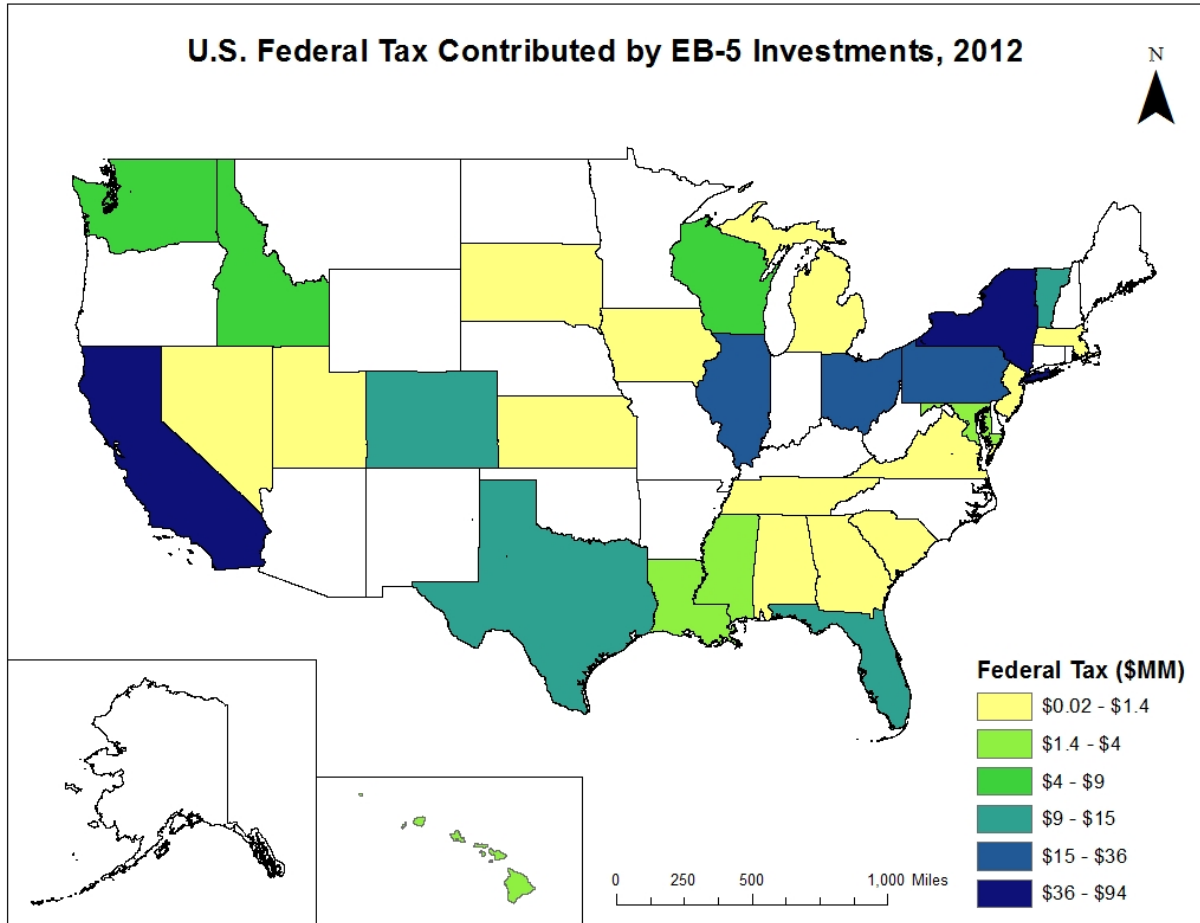
Table 15: Total Economic Impact of EB-5 Investments, 2012

State-level results scaled to match national model

State	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
AL	43.8	2,967,172	330,334	211,247
CA	8,374.3	703,157,033	93,640,511	56,426,025
CO	1,028.5	71,878,499	9,249,195	4,742,566
DC	463.8	41,958,456	3,541,586	3,214,412
FL	1,392.9	87,266,154	11,925,681	4,533,412
GA	130.0	8,239,097	1,011,050	511,370
HI	309.9	25,737,185	2,851,074	1,762,096
IA	1.9	200,177	19,868	14,510
ID	679.6	48,832,653	5,650,233	3,609,929
IL	2,408.6	186,495,309	25,771,170	12,284,450
KS	101.9	8,969,066	1,057,421	988,270
LA	317.6	21,152,410	2,559,070	1,262,252
MA	82.7	6,788,404	972,335	501,483
MD	364.3	27,966,453	3,835,625	2,261,388
MI	51.3	4,486,455	575,735	411,957
MS	375.1	20,499,187	2,399,681	1,482,664
NJ	57.2	4,820,268	727,827	333,919
NV	24.4	2,050,397	246,182	130,595
NY	6,032.2	520,407,131	75,914,893	45,983,305
OH	2,002.7	128,074,014	16,059,417	9,082,218
PA	3,594.2	259,461,188	35,806,066	18,043,983
SC	15.4	1,128,537	142,744	103,069
SD	27.5	1,845,878	221,359	142,788
TN	108.8	2,372,485	180,975	39,343
TX	1,467.6	109,728,049	14,061,364	6,112,127
UT	11.6	756,189	92,205	50,523
VA	133.3	10,754,667	1,390,990	876,040
VT	1,772.8	96,019,589	12,377,274	6,751,163
WA	794.2	62,834,442	8,772,028	3,332,858
WI	966.0	62,305,683	8,420,122	4,349,890
Total	33,134.3	\$2,529,152,228	\$339,804,015	\$189,549,851







Economic Impacts of EB-5 Household Spending

In this section we will discuss economic impacts associated with household spending. Since we analyzed this spending at both national and state levels, we will divide our discussion accordingly.

National Impacts

Economic impacts associated with EB-5 household spending during 2012 are summarized in Table 16. An important characteristic of household spending worth noting is that it is the only spending category in our analysis that represents a permanent impact to the U.S. economy. Because EB-5 households are expected to spend their income year after year, it is possible to calculate the Present Value of this income stream and use it as our estimate of household spending. Obviously, this would generate a much larger impact to the U.S. economy. However, because economic impact analysis is based on a fixed-input/fixed-price model, long-term projections must be undertaken with precaution. We prefer to adopt a more conservative approach that focuses exclusively on household spending impacts during the 2012 period.

According to our estimates, spending associated with EB-5 households contributed \$383 million to U.S. GDP and supported over 4,700 U.S. jobs during 2012. Household spending also contributed \$46 million to federal tax revenues and \$38 million to state and local tax revenues. These results are totals that include direct, indirect and induced effects. For all indicators, this represents more than a 3-fold increase from the average annual impacts reported in 2011 (see Table 16).

Table 17 shows the top-10 industries impacted by EB-5 household spending. Food services and drinking places top the list at 417 U.S. jobs supported. Offices of doctors & dentists and real estate establishments almost tie for second place at 185 U.S. jobs supported.

Table 16: Economic Impact of EB-5 Household Spending, 2012

Summary of National Model

Impact Type	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
Direct Effect	2,254.0	\$168,474,133	\$20,550,980	\$19,038,676
Indirect Effect	1,034.1	\$96,904,936	\$11,905,558	\$7,261,917
Induced Effect	1,419.2	\$118,498,570	\$14,442,120	\$11,831,080
Total Effect	4,707.2	\$383,877,639	\$46,898,658	\$38,131,673
Factor ↑ from 2011	3.14	3.20	3.20	3.20

Table 17: Total Economic Impact of EB-5 Household Spending, 2012

Top ten impacted sectors by employment (National Model)

Sector	Description	Jobs Supported	Contribution to GDP
413	Food services and drinking places	417.2	\$13,289,406
360	Real estate establishments	186.4	\$21,691,977
394	Offices of physicians, dentists, and other health practitioners	185.5	\$15,198,629
397	Private hospitals	182.3	\$13,891,932
329	Retail Stores - General merchandise	141.7	\$6,420,298
398	Nursing and residential care facilities	139.5	\$5,516,242
324	Retail Stores - Food and beverage	137.2	\$5,505,854
319	Wholesale trade businesses	117.1	\$16,005,881
356	Securities, commodity contracts, investments, and related activities	112.4	\$7,738,406
382	Employment services	99.4	\$3,410,531

State-level Impacts

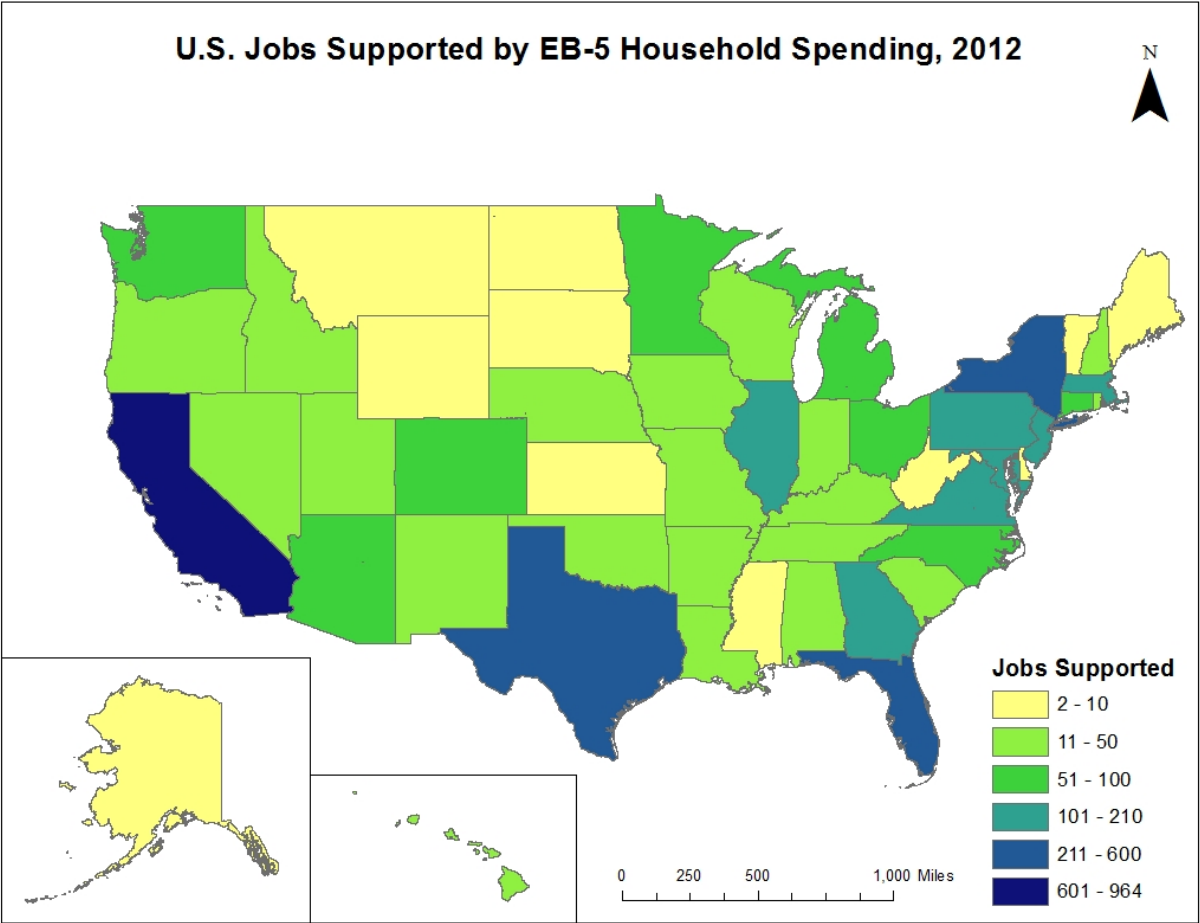
Table 18 contains impact results for our state-level models. These results are totals that include direct, indirect and induced effects. Because state models are scaled up to account for leakage from domestic imports, state-level results should be interpreted as economic impacts to each state, plus impacts to the rest of the country because of domestic imports from those states.

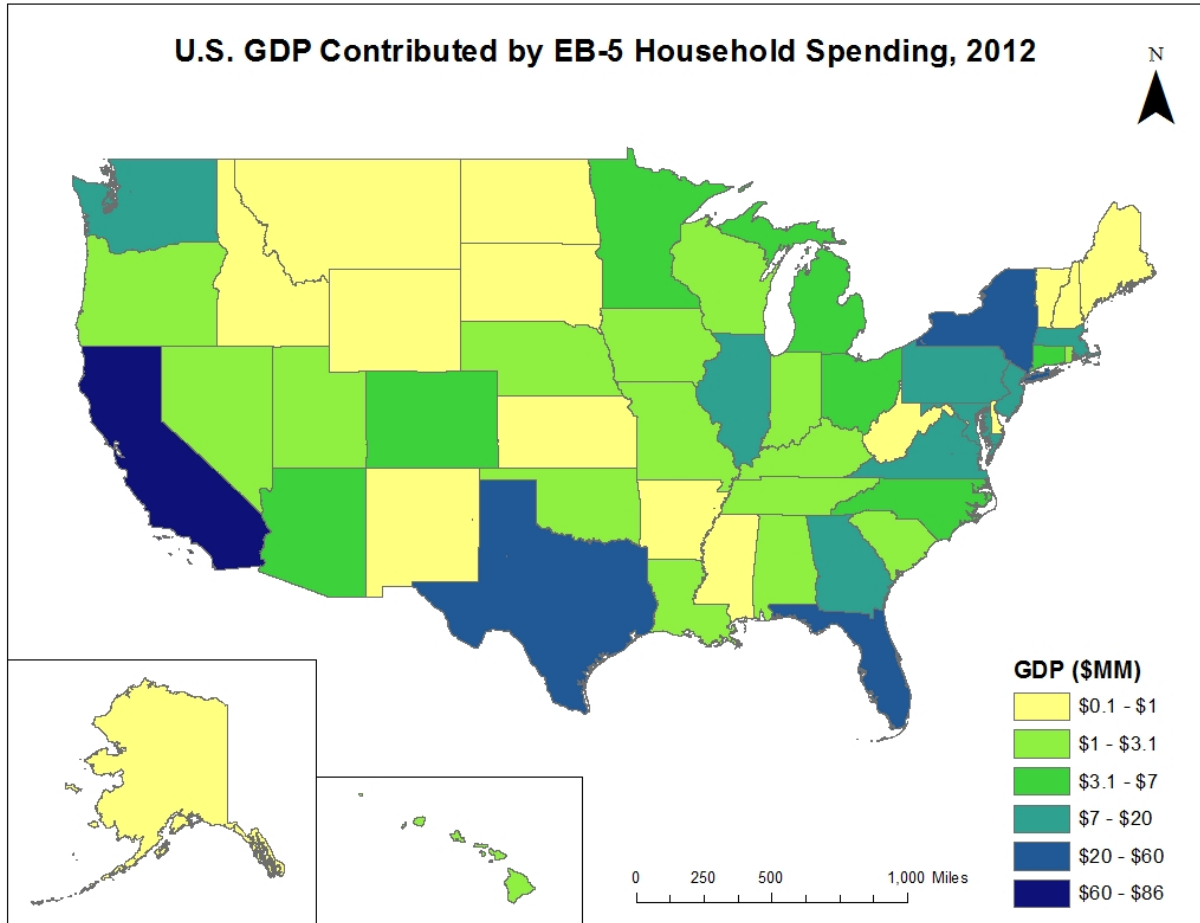
California, New York, Florida, Texas, New Jersey, and Illinois top the list of states with the largest levels of EB-5 household spending (see Table 4). As such, it is no surprise that these states are associated with the largest household spending impacts. During 2012 over 2,500 jobs were supported in California, Florida, New York, and Texas alone. To illustrate the distribution of household spending impacts across states we have provided the following 3 maps to visualize jobs supported, contribution to GDP, and federal tax revenue by state.

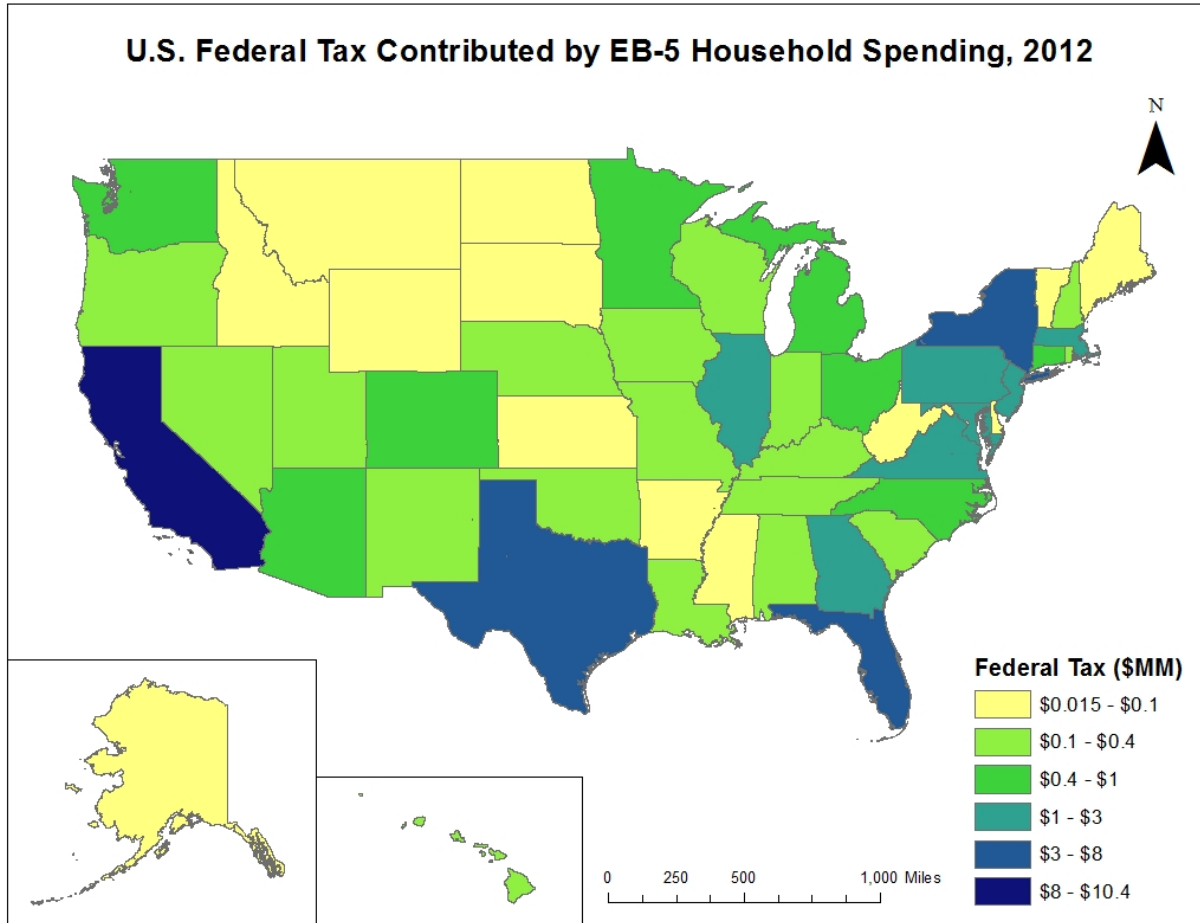
Table 18: Total Economic Impact of EB-5 HH Spending, 2012

State-level results scaled to match national model

State	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
AK	5.6	490,172.1	46,754.9	56,217.8
AL	15.7	1,036,976.5	114,699.9	102,464.1
AR	11.8	756,625.1	84,670.1	77,784.7
AZ	89.1	6,680,643.2	754,341.6	648,407.6
CA	964.2	85,840,636.2	10,416,700.2	8,934,374.3
CO	64.1	5,031,498.6	593,430.5	473,049.0
CT	50.0	4,512,194.1	624,284.3	451,814.1
DC	7.7	794,799.0	60,453.7	101,266.4
DE	9.7	722,823.1	83,408.1	73,690.4
FL	542.5	39,744,276.8	4,914,001.2	3,392,394.2
GA	122.9	9,217,363.4	1,080,164.1	815,891.6
HI	28.6	2,123,353.3	213,141.7	209,824.9
IA	20.7	1,313,342.3	153,308.3	133,270.5
ID	11.5	703,683.3	80,587.1	70,722.3
IL	185.1	14,993,656.3	1,854,905.0	1,441,546.3
IN	37.2	2,461,294.3	283,011.4	250,986.4
KS	9.1	610,942.1	69,783.8	62,210.0
KY	22.2	1,433,774.5	160,572.6	142,232.1
LA	19.5	1,335,889.0	142,811.3	130,846.0
MA	136.8	12,206,266.4	1,597,221.6	1,199,890.5
MD	102.8	8,287,156.3	1,014,594.2	869,047.7
ME	7.4	501,726.7	56,720.7	51,531.7
MI	83.6	5,720,944.0	677,732.4	562,853.0
MN	65.6	4,897,537.4	610,360.6	481,981.8
MO	32.0	2,275,956.7	265,373.1	215,078.7
MS	6.7	421,035.1	43,913.7	43,340.5
MT	2.8	175,617.3	20,254.7	18,299.6
NC	79.7	5,576,691.4	633,400.7	543,464.9
ND	5.0	341,125.4	37,048.6	40,276.2
NE	20.4	1,301,995.1	151,137.7	126,914.4
NH	10.9	816,877.1	101,948.0	80,838.3
NJ	208.8	18,590,662.7	2,467,639.7	1,877,750.3
NM	15.1	985,945.3	104,991.9	103,136.9
NV	39.9	3,077,948.8	352,017.5	287,435.8
NY	599.3	57,017,846.7	7,333,776.0	6,562,641.0
OH	69.1	4,839,945.7	552,714.0	486,921.4
OK	20.1	1,405,667.3	156,239.8	134,464.1
OR	38.0	2,625,583.9	327,922.0	270,425.1
PA	118.0	9,016,303.3	1,120,577.3	894,550.4
RI	17.1	1,306,326.9	158,183.0	125,900.5
SC	16.7	1,112,195.3	131,343.1	98,367.9
SD	7.3	455,235.0	52,340.4	42,492.5
TN	40.3	2,931,845.8	337,113.8	256,864.1
TX	466.6	36,817,866.4	4,311,585.3	3,172,826.6
UT	32.5	2,178,920.1	243,096.7	211,324.4
VA	111.1	8,536,183.1	1,003,468.5	837,631.5
VT	4.3	282,736.8	33,095.9	28,436.8
WA	98.4	8,069,202.7	996,080.8	705,960.0
WI	29.0	1,969,203.5	238,338.3	197,653.8
WV	3.2	205,622.4	23,025.7	22,240.5
WY	1.7	125,525.4	14,372.7	12,139.7
Total	4,707.2	\$383,877,639	\$46,898,658	\$38,131,673







Economic Impacts of Other EB-5 Spending

Economic impacts associated with spending on other immigration services are summarized in Table 19. These expenditures include spending on flights, moving services, automobiles, investment services, legal services, and government fees during 2012. Because we have no basis for modeling these impacts at a state-level, only national impacts are estimated. According to our estimates, spending associated with these services contributed \$477 million to U.S. GDP and supported nearly 5,000 U.S. jobs during 2012. Spending on these services also contributed \$61 million to federal tax revenues and \$37 million to state and local tax revenues. These results are totals that include direct, indirect and induced effects. For all indicators, this represents more than a 4-fold increase from the average annual impacts reported in 2011 (see Table 19).

Table 20 breaks out total impacts by spending type, including investor/legal fees, moving expenses, and government fees. The moving expense category includes impacts associated with spending on flights, moving services, and automobiles. It's interesting to note that in 2012 over 3,800 U.S. jobs were supported from investment and legal fees paid by EB-5 investors.

Table 21 shows the top-10 industries impacted by spending on these services. Given the large investment and attorney fees incurred by EB-5 investors during the immigration process, it is not surprising that the legal and investment service industries top the list with 1,117 and 637 U.S. jobs supported, respectively. Again, these results are totals that include direct, indirect and induced effects (see Table 19).

Table 19: Economic Impact of Other EB-5 Spending, 2012

Summary of National Model

Impact Type	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
Direct Effect	1,920.7	\$214,410,273	\$28,547,031	\$13,924,518
Indirect Effect	1,040.5	\$95,170,859	\$12,023,200	\$6,837,548
Induced Effect	2,008.1	\$167,656,400	\$20,433,770	\$16,737,199
Total Effect	4,969.3	\$477,237,532	\$61,004,000	\$37,499,265
Factor ↑ from 2011	4.54	4.60	4.56	4.52

Table 20: Total Economic Impact of Other EB-5 Spending, 2012

by Spending Type (National Model)

Impact Type	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
Investor/Legal Fees	3,882.3	\$377,126,225	\$47,677,295	\$27,955,153
Moving Expenses	941.0	\$80,292,579	\$10,467,536	\$8,371,842
Government Fees	145.9	\$19,818,729	\$2,859,170	\$1,172,269
Total	4,969.3	\$477,237,532	\$61,004,000	\$37,499,265

Table 21: Total Economic Impact of Other EB-5 Spending, 2012

Top ten impacted sectors by employment (National Model)

Sector	Description	Jobs Supported	Contribution to GDP
367	Legal services	1,117.5	\$150,424,685
356	Securities, commodity contracts, investments, and related activities	637.7	\$43,899,748
413	Food services and drinking places	232.6	\$7,409,058
360	Real estate establishments	184.5	\$21,470,653
335	Transport by truck	170.3	\$10,724,885
320	Retail Stores - Motor vehicle and parts	169.0	\$11,406,840
382	Employment services	129.0	\$4,426,931
319	Wholesale trade businesses	111.1	\$15,327,677
394	Offices of physicians, dentists, and other health practitioners	86.3	\$7,071,685
397	Private hospitals	82.8	\$6,307,970

Projection and Conclusion

Study Comparison

When the 2010 USCIS report was commissioned to analyze the economic impacts of the EB-5 program, it was estimated (for the period 2001-2006) that the program supported approximately 2,000 U.S. jobs annually, contributed \$117 million each year to GDP, and generated \$17 million annually in federal tax revenue. It was also estimated that the program created an additional \$10 million each year in state & local government tax revenue.

However, a simple 3-year average of impact results (2010-2012) shows that EB-5 spending supports over 25,000 U.S. jobs each year and contributes \$2 billion annually to U.S. GDP. Likewise, EB-5 spending also adds \$264 million to federal tax revenue each year and \$161 million to state and local tax revenues (see Table 22, please note that impacts/visa is less than 10 because there can be multiple visas per investor). This is clearly a much larger impact than the previous estimate, but it is not unreasonable given the conservative assumptions adopted in this study. Furthermore, if the sample used in the USCIS study was not representative, it is possible that results were biased. It is also possible that the original sample included some EB-5 investors who made non-targeted investments at the \$1 million dollar threshold. Although this is a small group compared to the majority of EB-5 investors, it could contribute to minor differences in outcomes between the two studies. However, it is difficult to determine whether this is the case because we don't have access to the original sample. It is also difficult to determine the direction and magnitude of any bias in the original sample because the previous analysts were never able to compare their sample against a population of EB-5 investor data.²² It is assumed that the results in this study are more reliable and accurate since they are based on a complete series of investor data.

Assuming the results from the original study were not under or over-estimated to a large extent, we can look at recent approval trends to get a sense of what portion of our results may be attributable to increased investment activity and what portion may be attributable to the additional spending categories we estimated. Table 23 shows the recent growth of approved I-526 forms, as well as approved Regional Center visas. From this table it seems clear that an increase in investment activity may accounts for a large part of the increase in our economic impact results. For example, between 2006 and 2012 the number of approved I-526 forms grew by a factor of 10, and the number of approved Regional Center visas grew by a factor of 95.²³ This level of growth implies a much greater level of investment activity, which, in turn, will have much larger impact on the U.S. economy.

However, our results are also higher because we included additional spending categories, such as household spending and other immigration expenses. The original study only estimated impacts for investment spending. Thus, a direct comparison between results will not yield an accurate measure of investment growth. In order to know exactly what percent of the difference is due to increased investment spending some additional analysis is required.

²² IFC International (2010). *Study of the United States Immigrant Investor Pilot Program (EB-5)*.

²³ [I-526 counts obtained from USCIS \(FY2012, 4th Quarter\)](#).

Table 24 illustrates the difference in annual impact results between the two studies and decomposes the difference into the portion attributable to investment spending and the portion attributable to other spending categories (i.e. household spending and other immigration expenses). For instance, the USCIS study estimated annual investment spending at \$42 million, while our study estimates annual investment spending at \$1.1 billion. However, if household spending and other immigration expenses are also included then our estimate of total spending is \$1.5 billion. The column(s) labeled *Increase Factor* shows the increase between the two studies for investment spending alone and for all spending combined. The final column then compares the % difference in these increase rates to determine what percent of the difference is attributable to increased investment activity and what percent is attributable to other spending categories. Based on this methodology, we can see that 29% of the difference is due to the inclusion of additional spending categories (i.e. household spending and other immigration expenses). This means that 71% of the difference is attributable to an increase in investment activity, which is directly linked to the increased number of investors who have been participating in the program in recent years.

This same exercise is repeated for our economic impact results, including GDP, tax revenues, and employment. With regards to GDP estimates, 72% is due to an increase in investment activity, while 28% of the difference is due to the other spending categories. For federal tax revenue, 74% is due to an increase in investment activity, while 26% of the difference is attributable to other spending categories. For state & local tax revenue, 68% is due to an increase in investment activity, while 32% of the difference is attributable to other spending categories. Finally, with regards to employment, 75% is due to an increase in investment activity, while 25% of the difference is attributable to other spending categories. In summary it appears that roughly three-quarters of the difference in study results are due to an increase in investment activity. This seems to be the main story of the EB-5 Regional Center program in recent years. The program is increasing its impact on the U.S. economy because more and more investors are participating in the program.

Projections

Because investment activity has increased rapidly in recent years, we also thought it useful to project what economic impacts may be if the program meets or exceeds its current 10,000 visa limit. To do so, we simply divide our 3-year total impact results by the number of visas issued over 2010-2012 (10,531) to obtain a measure of impacts per visa.²⁴ This estimate is then multiplied by the 10,000 visa cap to get a sense of what impact results may be at this level. The exercise is repeated for a 20,000 visa limit as well (see Table 22). It's important to note that using linear techniques to project economic impact results is a valid method since the underlying production functions are also linear. However, this assumes that inflation and investor spending patterns will be similar to current levels when the visa limit is reached. The technique also assumes that the structure of the economy will be similar and the program's regulations will be the same when the limit is reached. In the short-run, these are probably reasonable

²⁴ Visa counts obtained from Tables 5 & 6 of the State Department's [Visa Office Report](#) (2010-2012).

assumptions since the current visa cap could be reached within the next year or two (6,514 visas were issued in 2012). However, in the long-run, these assumptions are likely to be less valid. For example, if Congress were to change the minimum investment threshold, then a linear projection technique would not make sense. In this case, it would be better to re-estimate the impacts entirely.

With those caveats in mind, Table 22 and the following two charts show the results of our projections. If current conditions remain unchanged, spending associated with EB-5 investor households would support over 72,000 U.S. jobs and contribute \$5.7 billion to U.S. GDP when the 10,000 visa limit is reached. The program would also support over \$754 million in federal tax revenues and \$459 million in state & local tax revenues. At the 20,000 visa limit, EB-5 investor spending would support over 144,000 U.S. jobs and contribute \$11.4 billion to GDP. Federal tax revenue would increase to \$1.5 billion and state & local tax revenue would increase to \$918 million.

It's interesting to note that our 2012 projections represent a 13-15% decrease from the projection level reported in our 2010-2011 report. The reason for this decrease stems from the fact that the level of investment has remained fairly constant over both periods (nearly \$2 billion in investment spending for each period), while the number of approved visas has increased substantially over both periods (4,017 approved visas in 2010-11 and 6,514 approved visas in 2012). The increase in approved visas relative to investment spending caused impacts/visa to drop by 13-15 percent. This, in turn, caused the decrease in our 2012 projection results. We anticipate that as the program approaches the 10,000 visa limit, impacts/visa results will stabilize. We also anticipate that annual average results will stabilize as the report is updated each year to incorporate additional time periods. Needless to say, in either period, spending associated with EB-5 investor households represents a significant contribution to the U.S. economy and tax base.

Conclusion

This study represents an updated, careful, and comprehensive approach to analyzing economic impacts associated with the EB-5 Regional Center program. Because IIUSA has provided access to a complete database of investment records, the report also provides more reliable and detailed results than has been possible before now. Most importantly though, the study demonstrates that the EB-5 Regional Center program contributes substantially to the U.S. economy and that this contribution has been increasing considerably in recent years.

Table 22: Projected Economic Impact of EB-5 Spending, 2012

Study Results from National Model

Results/Projection	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
2010-12 impact total	76,159.2	\$6,041,402,382	\$794,507,094	\$483,624,374
Impact/Year	25,386.4	\$2,013,800,794	\$264,835,698	\$161,208,124.67
Impact/Visa*	7.2	\$573,678	\$75,445	\$45,924
10,000 Cap	72,319.1	\$5,736,779,396	\$754,446,011	\$459,238,794
20,000 Cap	144,638.1	\$11,473,558,792	\$1,508,892,022	\$918,477,588
Projection ↓ from 2011	-12.9%	-13.1%	-12.6%	-15.5%

*Please note that impacts/visa is < 10 because there can be multiple visas per investor.

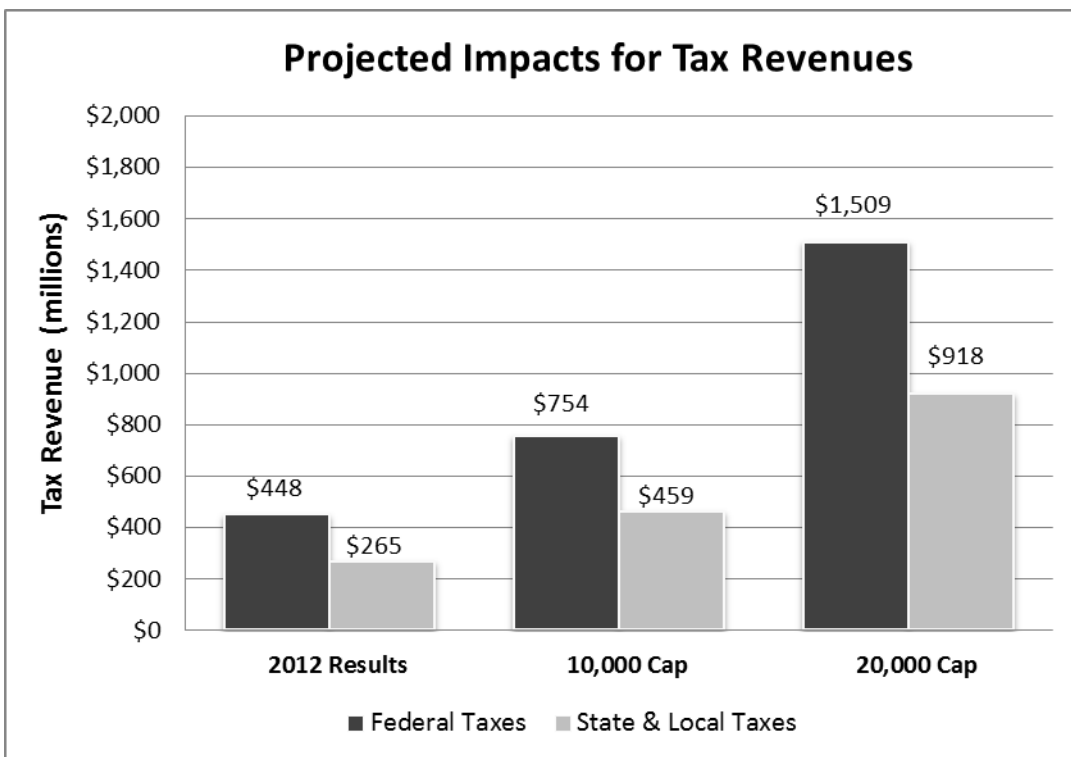
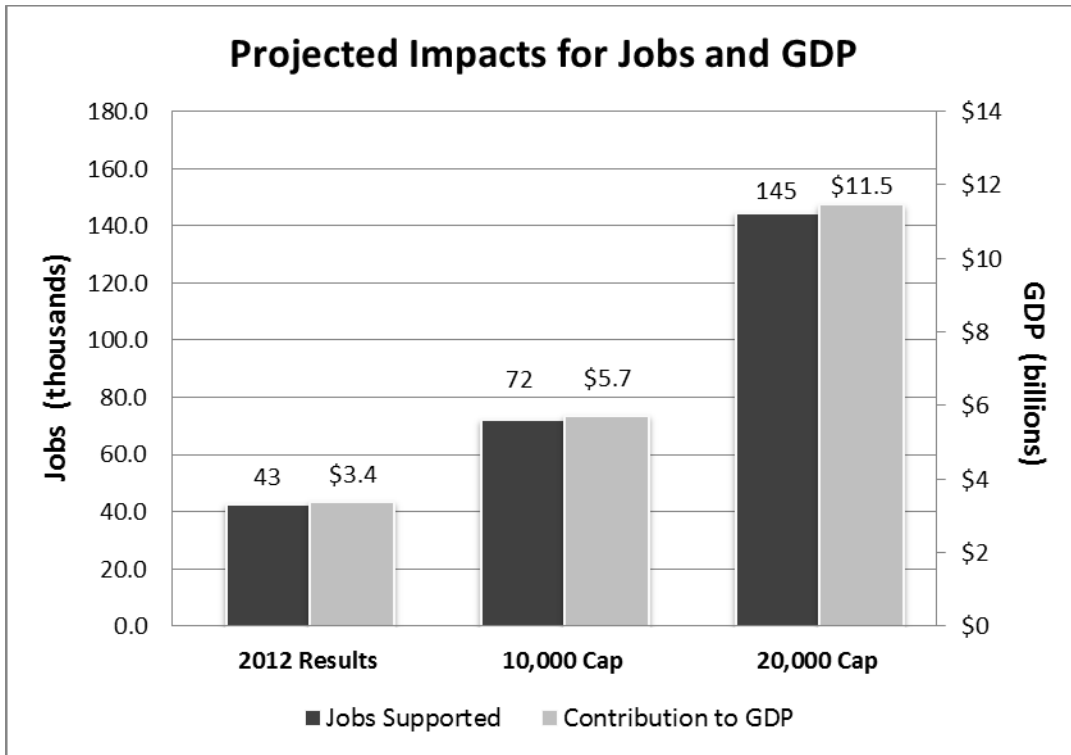
Table 23: Factor increase in approved forms

Year	Approved I-526s		Approved Visas	
	Count	Increase	Count	Increase
2006	336	-	68	-
2010	1,369	4.07	1,322	19.44
2011	1,563	1.14	2,695	2.04
2012	3,677	2.35	6,514	2.42
2006-2012		10.94		95.79

Source: USCIS and U.S. State Department.

Table 24: Increase in EB-5 Regional Center Investment Activity

Annual Impact	USCIS Study (2001-2006)	MIG Study (2010-2012)		Increase Factor		Due to ↑ Investment
		Investments	All Spending	Investments	All	
Initial Spending	\$41,657,457	\$1,184,166,667	\$1,533,017,927	28.43	36.80	70.5%
GDP	\$117,000,000	\$1,577,489,769	\$2,013,800,794	13.48	17.21	72.3%
Federal Tax	\$17,000,000	\$210,171,117	\$264,835,698	12.36	15.58	74.0%
State/Local Tax	\$10,000,000	\$122,518,630	\$161,208,125	12.25	16.12	68.4%
Jobs Supported	2,000	20,434	25,386	10.22	12.69	75.8%



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Appendix 1: Real Estate Purchases

Another major expense an EB-5 household may incur when immigrating to the U.S. is the purchase of a new home. Although housing purchases represent large transactions, they are essentially asset swaps that do not generate economic impacts beyond those associated with real estate or mortgage finance charges. In addition, the operational costs associated with home ownership are already included in the household spending pattern discussed previously. As such, we don't typically estimate economic impacts for housing purchases. However, we can estimate the total value of homes purchased by EB-5 households (see Table H1).

To estimate the total value of home purchases we multiply our estimated household count by the homeownership rate in each state.²⁵ This produces an estimate of the number of homes purchased. In consultation with IIUSA, we assume \$500,000 as the average purchase price paid by EB-5 households. We then multiply our estimated home purchases by \$500,000 to derive total value by state. This exercise is repeated for each year and results are presented in the following table. Using this method, we estimate that 1,380 homes are purchased by EB-5 households in 2012. The total value of these purchases is estimated at \$690 million dollars (see Table H1). California, New York, Florida and Texas top the list with the highest number of home purchases.

²⁵ [American FactFinder](#) (U.S. Census): 1-year estimates from the American Community Survey for 2012.

Table H1: Estimated Home Purchases by EB-5 Households, 2012

State	Home Ownership (%)	Home Purchases	Housing Expenditures (\$)
Alabama	68.8%	5.71	\$2,855,525
Alaska	63.4%	2.28	\$1,142,001
Arizona	62.6%	24.14	\$12,068,999
Arkansas	66.2%	4.01	\$2,006,135
California	54.0%	220.77	\$110,386,434
Colorado	64.0%	17.89	\$8,942,917
Connecticut	66.9%	17.18	\$8,590,484
Delaware	70.8%	3.43	\$1,713,724
DC	41.5%	2.53	\$1,264,522
Florida	65.6%	140.64	\$70,319,012
Georgia	63.7%	34.75	\$17,377,332
Hawaii	56.9%	9.79	\$4,893,515
Idaho	68.4%	3.53	\$1,764,299
Illinois	66.6%	55.52	\$27,757,533
Indiana	69.4%	12.67	\$6,335,460
Iowa	71.9%	6.62	\$3,311,977
Kansas	66.4%	7.10	\$3,551,443
Kentucky	67.0%	7.32	\$3,662,066
Louisiana	65.7%	6.79	\$3,394,456
Maine	71.4%	2.24	\$1,118,381
Maryland	66.5%	32.43	\$16,216,525
Massachusetts	62.2%	46.56	\$23,280,337
Michigan	71.1%	26.14	\$13,068,255
Minnesota	71.4%	18.59	\$9,297,373
Mississippi	68.2%	2.39	\$1,195,514
Missouri	67.5%	9.42	\$4,710,573
Montana	67.1%	0.86	\$430,285
Nebraska	66.3%	5.14	\$2,570,093
Nevada	54.9%	15.42	\$7,708,880
New Hampshire	70.9%	3.50	\$1,750,266
New Jersey	65.1%	71.62	\$35,811,863
New Mexico	67.7%	4.28	\$2,140,090
New York	53.7%	203.35	\$101,673,531
North Carolina	65.4%	23.78	\$11,892,143
North Dakota	65.0%	1.74	\$871,848
Ohio	66.3%	19.41	\$9,706,708
Oklahoma	66.4%	6.10	\$3,051,436
Oregon	61.6%	11.33	\$5,664,495
Pennsylvania	68.9%	31.36	\$15,680,978
Rhode Island	60.0%	5.47	\$2,732,679
South Carolina	68.1%	5.61	\$2,803,709
South Dakota	67.1%	2.13	\$1,063,282
Tennessee	66.7%	12.58	\$6,287,551
Texas	62.3%	141.16	\$70,582,097
Utah	69.6%	8.33	\$4,163,849
Vermont	71.0%	1.29	\$646,417
Virginia	66.2%	42.41	\$21,207,321
Washington	62.3%	32.42	\$16,209,897
West Virginia	72.0%	1.29	\$645,677
Wisconsin	67.3%	8.63	\$4,314,850
Wyoming	69.0%	0.79	\$393,322
Total		1380.46	\$690,228,057

Source: U.S. Department of Homeland Security | American Community Survey.

Appendix 2: Additional Tables

Table A1: NAICS to IMPLAN Sector Crosswalk, 2012

NAICS Description	IMPLAN Sector	IMPLAN Capital Expenditure Pattern
Dairy Cattle and Milk Production	12 Dairy Cattle & Milk Production	BEA1120-Animal production
Aquaculture	14 Animal production, except cattle and poultry and eggs	BEA1120-Animal Production
Mining	24 Gold, silver, and other metal ore mining	BEA2122-Metal ores mining
Drilling Oil and Gas Wells	28 Drilling oil and gas wells	BEA2130-Support activities for mining
Utilities	31 Electric power generation, transmission, and distribution or 32 Natural Gas Distribution	BEA2211-Power generation and supply or BEA2212-Natural Gas Distribution
Commerical Construction, Real Estate Development, Office, Redevelopment Authority, Commercial Mixed-Use	34 Commercial Construction	N/A
Residential Construction/Residential Mixed-Use	37 Residential Construction	N/A
Animal Production	59 Animal (except poultry) slaughtering, rendering, and processing	BEA3110-Food manufacturing
Winery	72 Wineries	BEA3121-Beverage manufacturing
Ethanol or Other Organic Chemicals Manufacturing	126 Other basic organic chemical manufacturing	BEA3251-Basic chemical manufacturing
Copper Rolling, Drawing, and Extruding	177 Copper rolling, drawing, extruding and alloying	BEA331B-Nonferrous metal production and processing
Construction Machinery Manufacturing	205 Construction machinery manufacturing	BEA3331-Agriculture, construction, and mining machinery
Manufacturing/Investment Vehicle	276 Automobile manufacturing	BEA3361-Motor vehicle manufacturing
Transportation Equipment Manufacturing	278 Heavy duty truck manufacturing	BEA3361-Motor vehicle manufacturing
Auto Parts Manufacturing	283 Motor vehicle parts manufacturing	BEA336A-Motor vehicle body, trailer, and parts manufacturing
Transportation	335 Truck Transportation	BEA4840-Truck transportation
Commuter Rail Systems	336 Transit and ground passenger transportation	BEA4850-Transit and ground passenger transportation
Transportation NAICS Code 484	338 Scenic and sightseeing transportation and support activities for transportation	BEA48A0-Scenic and sightseeing transportation and support
Warehouse	340 Warehousing and storage	BEA4930-Warehousing and storage
Motion Picture and Video Production	346 Motion picture and video industries	BEA5120-Motion picture and sound recording industries
Sound Recording Studios	347 Sound recording industries	BEA5120-Motion picture and sound recording industries
NAICIS Code 525990	359 Funds, trusts, and other financial vehicles	BEA5250-Funds, trusts, and other financial vehicles
Manufacturer	417 Commercial and industrial machinery and equipment repair and maintenance	BEA811A-Electronic, commercial, and household goods repair

Table A2: Domestic flight prices from travelocity, 2013

Departure: August 1st (prices as of 4/12/2013 @ 2pm)

Route	Economy Class			
	Price	Airline	Stops	Layover (mins)
DFW-BHM	\$201.90	American	0	0
LAX-ANC	\$223.50	Alaska Airlines	0	0
LAX-PHX	\$78.90	Delta	0	0
DFW-LIT	\$108.90	US Airways	0	0
California*	n/a	-	0	0
LAX-DEN	\$128.90	Fronter	0	0
JFK-BDL	\$716.79	Delta	1	59
JFK-ILM	\$239.30	US Airways	1	59
DC*	n/a	-	0	0
Florida*	n/a	-	0	0
Georgia*	n/a	-	0	0
Guam*	n/a	-	0	0
LAX-HNL	\$375.50	Delta	0	0
LAX-BOI	\$189.80	Alaska Airlines	1	0
Illinois*	n/a	-	0	0
ORD-IND	\$175.90	US Airways	0	0
ORD-DSM	\$121.90	United	0	0
ORD-MCI	\$244.90	United	0	0
ORD-SDF	\$128.90	American	0	0
ORD-MSY	\$105.90	Spirit	0	0
JFK-PWM	\$150.90	JetBlue	0	0
Maryland*	n/a	-	0	0
Massachusetts*	n/a	-	0	0
ORD-DTW	\$101.90	Delta	0	0
ORD-MSP	\$83.90	Spirit	0	0
DFW-JAN	\$167.90	American	0	0
ORD-MCI	\$244.90	American	0	0
SEA-BIL	\$148.90	Alaska Airlines	0	0
ORD-OMA	\$260.90	United	0	0
LAX-LAS	\$64.90	Spirit	0	0
JFK-MHT	\$243.79	American	1	100
New Jersey*	n/a	-	0	0
LAX-ABQ	\$182.90	United	0	0
New York*	n/a	-	0	0
ATL-CLT	\$99.90	US Airways	0	0
ORD-FAR	\$395.80	Delta	1	40
ORD-CVG	\$472.90	Delta	0	0
DFW-TUL	\$88.90	American	0	0
SEA-PDX	\$82.90	Alaska Airlines	0	0
Pennsylvania*	n/a	-	0	0
Puerto Rico*	n/a	-	0	0
DCA-PVD	\$122.80	US Airways	1	45
ATL-CAE	\$163.30	US Airways	1	36
ORD-FSD	\$429.90	United	0	0
ORD-BNA	\$183.90	United	0	0
Texas*	n/a	-	0	0
LAX-SLC	\$122.90	Delta	0	0
JFK-BTV	\$111.90	JetBlue	0	0
Virginia*	n/a	-	0	0
Washington*	n/a	-	0	0
DCA-CRW	\$258.90	US Airways	0	0
ORD-MKE	\$81.90	United	0	0
LAX-CYS	\$220.90	Fronter	1	58
Other*	n/a	-	0	0
Unknown*	n/a	-	0	0
Total				

*If large int'l airport present in state then domestic flight unnecessary.

Table A3: Prices for domestic moving service, 2013

August 1st (estimates obtained from Moving.com on 4/24/13)

City	State	Price
Birmingham	AL	\$5,731.00
Anchorage	AK	\$0.00
Phoenix	AZ	\$3,167.00
Little Rock	AR	\$5,078.00
Los Angeles	CA	\$0.00
Denver	CO	\$4,075.00
Hartford	CT	\$6,830.00
Wilmington	DE	\$6,500.00
DC	DC	\$6,544.00
Miami	FL	\$6,516.00
Atlanta	GA	\$5,886.00
Guam		n/a
Honolulu	HI	\$0.00
Boise	ID	\$3,765.00
Chicago	IL	\$5,615.00
Indianapolis	IN	\$5,713.00
Des Moines	IA	\$5,095.00
Kansas City	KS	\$4,944.00
Louisville	KY	\$5,732.00
New Orleans	LA	\$5,413.00
Portland	ME	\$6,974.00
Baltimore	MD	\$6,527.00
Boston	MA	\$6,870.00
Detroit	MI	\$5,919.00
Minneapolis	MN	\$5,281.00
Jackson	MS	\$5,430.00
Kansas City	MO	\$4,944.00
Billings	MT	\$4,357.00
Omaha	NE	\$4,943.00
Las Vegas	NV	\$2,870.00
Manchester	NH	\$6,867.00
Newark	NJ	\$6,801.00
Albuquerque	NM	\$3,762.00
New York	NY	\$6,876.00
Charlotte	NC	\$6,196.00
Fargo	ND	\$5,124.00
Cincinnati	OH	\$5,738.00
Tulsa	OK	\$4,768.00
Portland	OR	\$0.00
Philadelphia	PA	\$6,537.00
Puerto Rico		n/a
Providence	RI	\$6,836.00
Columbia	SC	\$6,172.00
Sioux Falls	SD	\$4,958.00
Nashville	TN	\$5,548.00
Dallas	TX	\$4,789.00
Salt Lake City	UT	\$3,560.00
Burlington	VT	\$6,647.00
Fairfax	VA	\$6,385.00
Seattle	WA	\$0.00
Charleston	WV	\$6,035.00
Milwaukee	WI	\$5,575.00
Cheyenne	WY	\$4,152.00
Other		n/a
Unknown		n/a
Average		\$4,981.27