

ECONOMIC IMPACTS OF THE EB-5 IMMIGRATION PROGRAM 2010-2011



AN ECONOMIC DEVELOPMENT PROGRAM FOR THE 21ST CENTURY



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Creating Jobs Through Investments

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Executive Summary

Economic Impacts of EB-5 Spending

According to our estimates, **spending associated with EB-5 investors contributed \$2.65 billion to U.S. GDP and supported over 33,000 U.S. jobs during 2010-2011.** The results can be interpreted as a 2-year national impact for all EB-5 spending, including investments, households, and other immigration expenses. Spending by EB-5 investors also contributed \$347 million to federal tax revenues and \$218 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 EB-5 spending. Given our estimate of \$868 million in construction spending during 2010-2011, it's not surprising that commercial construction tops the list at 8,106 jobs supported.

Table 11
Economic Impact of All EB-5 Spending, 2010-2011

Summary of National Model (2011 dollars reported)

Impact Type	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
Direct Effect	14,347.1	\$1,005,527,372	\$142,727,764	\$71,557,335
Indirect Effect	7,277.4	\$683,142,214	\$86,769,617	\$50,797,702
Induced Effect	11,723.0	\$962,380,800	\$117,292,930	\$96,082,826
Total Effect	33,347.5	\$2,651,050,387	\$346,790,317	\$218,437,866

Table 12
Total Economic Impact of All EB-5 Spending, 2010-2011

Top ten impacted sectors by employment (National Model | 2011 dollars reported)

Sector	Description	Jobs Supported	Contribution to GDP
34	Construction of new nonresidential commercial and health care structures	8,106.3	\$476,839,529
413	Food services and drinking places	1,749.1	\$54,781,111
319	Wholesale trade businesses	1,134.9	\$149,251,826
360	Real estate establishments	905.7	\$103,658,075
356	Securities, commodity contracts, investments, and related activities	682.4	\$46,194,810
367	Legal services	675.0	\$89,334,920
382	Employment services	656.1	\$22,141,784
369	Architectural, engineering, and related services	627.0	\$45,258,748
394	Offices of physicians, dentists, and other health practitioners	583.7	\$47,023,892
397	Private hospitals	572.1	\$42,861,889

A simple average of the 2-year impact shows that EB-5 spending supports over 16,000 U.S. jobs each year and contributes \$1.3 billion to U.S. GDP. Likewise, investor spending adds \$173 million in federal tax revenue annually and \$109 million in state and local tax revenue (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.

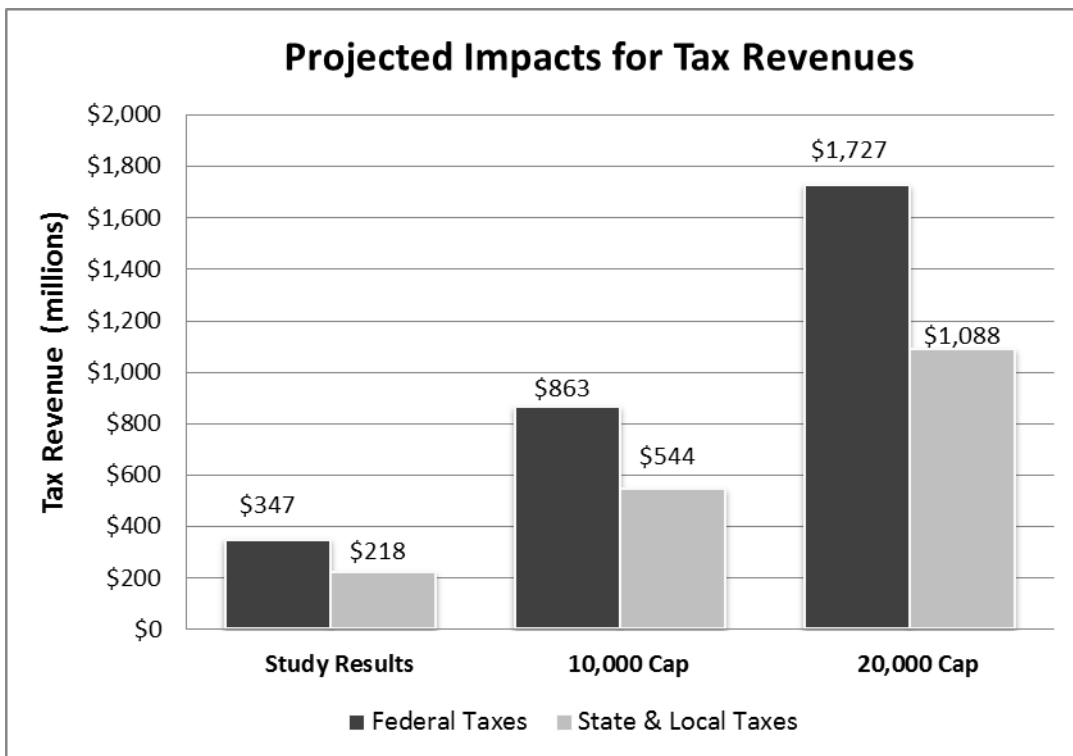
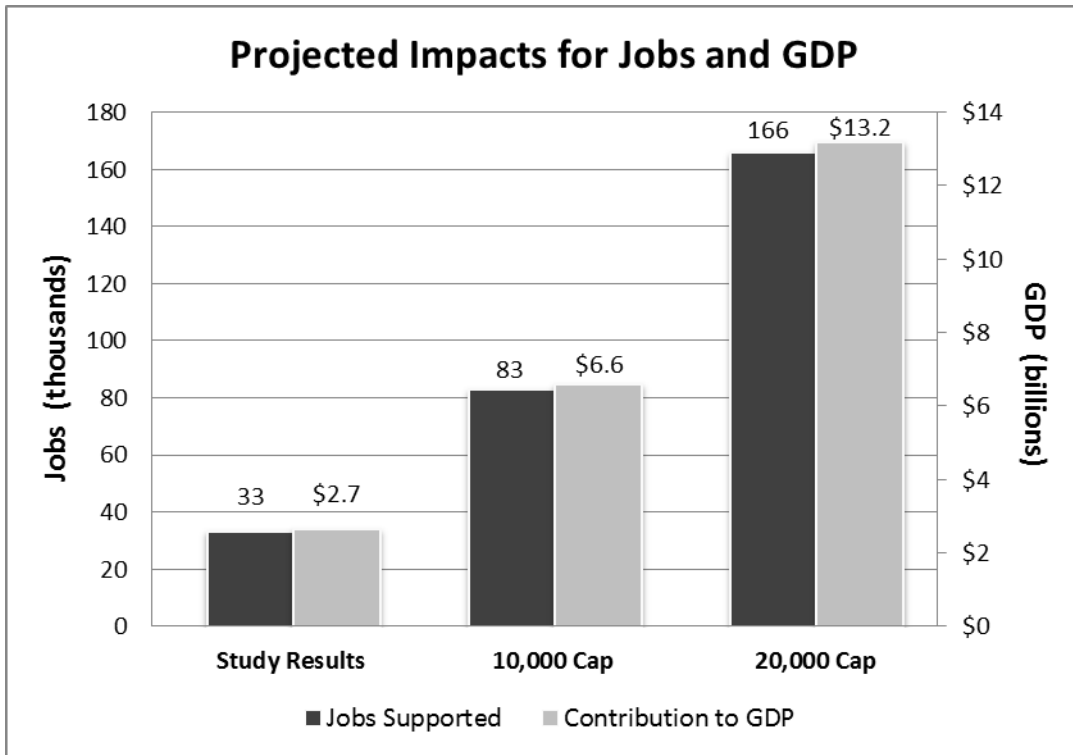
If current regulatory and economic environments remain unchanged, economic impact results would increase almost 2.5 times at the 10,000 visa cap. In this scenario, EB-5 spending would support over 83,000 U.S. jobs and contribute \$6.6 billion to U.S. GDP. Federal tax revenues would increase to \$863 million and state & local tax revenues would increase to \$544 million. At the 20,000 visa cap impact results would increase almost 5-fold from current levels. EB-5 spending would then support over 166,000 U.S. jobs and contribute 13.2 billion to GDP. Federal tax revenue would increase to \$1.7 billion and state & local tax revenue would increase to \$1.1 billion.

Table 22

Projected Economic Impact of EB-5 Spending, 2010-2011

Study Results from National Model (2011 dollars reported)

Projection	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
Study Results	33,347.5	\$2,651,050,387	\$346,790,317	\$218,437,866
Impact/Year	16,673.8	\$1,325,525,194	\$173,395,159	\$109,218,933
Impact/Visa	8.3	\$659,958	\$86,331	\$54,378
10,000 Cap	83,015.9	\$6,599,577,762	\$863,306,739	\$543,783,585
20,000 Cap	166,031.9	\$13,199,155,524	\$1,726,613,478	\$1,087,567,170



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.¹ To ensure that they qualify as targeted investments, most investors choose to make their investment through a designated EB-5 Regional Center.² Currently, there are over 200 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.³ 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.⁴ 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, IIUSA has commissioned this report to more fully estimate the economic impacts associated with the EB-5 Regional Center program. IIUSA's new Regional Center database contains a complete population of approval notices and investment records for all designated Regional Centers. Because this dataset is complete, our impact results should be more reliable and representative than previous results. In addition, by updating the time period to include investment records from 2010-2011 we can account for the recent growth in EB-5 investment activity. Furthermore, this report will attempt to provide a more comprehensive picture of the program's impact by estimating expenditures for investment, household spending, and other immigration expenses. Lastly, the report will examine economic impacts at both the national and state levels in order to show the geographic distribution of

¹ [U.S. Citizenship and Immigration Services](#).

² According to *Table 7* of the [2011 Yearbook of Immigration Statistics](#), 88.1% of EB-5 investors granted permanent residency made targeted investments at a designated Regional Center.

³ IFC International (2010). *Study of the United States Immigrant Investor Pilot Program (EB-5)*.

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

EB-5 spending. This report does not consider impacts from the small number of EB-5 investors (11.9%) who make investments outside the Regional Center program. The findings contained in this report are based on estimated impacts over a 2-year period (2010-2011).

Methodology and Data

Investments

For the period 2010-2011, 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 investments 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 for all investments.

Once investment expenditure is estimated, our next step is to allocate this to the NAICS descriptions associated with each investment. These descriptions are broad, qualitative statements and 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.⁵

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 implemented across all sectors, except construction. In the case of construction spending, 100% is

⁵ Only about half the investments associated with the Philadelphia Industrial Development Corporation and the Pennsylvania Department of Community and Economic Development listed a NAICS sector. In most cases, if a sector was given it was listed as commercial construction. If no sector was listed, commercial construction was assumed.

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 sectors 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 33% 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 from 2010-2011. Table 2 shows nationwide investment by operational and capital expenditures categories used in the model. Because investment data is aggregated for 2010-2011, all expenditures are modeled in 2011 dollars. From 2010-2011 there was a total of \$1.75 billion invested by EB-5 Regional Center investors.

Over half (53%) of this capital, or \$934 million, was invested in the construction sector. Other popular sectors include: power generation, food processing, manufacturing, motion picture and video production, amusements, hotels, and food service. 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. From 2010-2011 the Securities, Commodity Contracts and Investments industry generated over a trillion dollars in output (\$1.073 trillion). Over the same period, EB-5 investments represented little more than 1/10th of one percent of this output (0.16%).⁶ 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, 2010-2011

State-level estimate

State	Operations	Capital Expenditure	Total Investment
AL	\$542,500	\$1,627,500	\$2,170,000
CA	\$78,672,500	\$236,017,500	\$314,690,000
DC	\$2,508,375	\$7,525,125	\$10,033,500
FL	\$2,625,000	\$7,875,000	\$10,500,000
GA	\$1,437,500	\$4,312,500	\$5,750,000
HI	\$207,500	\$622,500	\$830,000
IA	\$125,000	\$375,000	\$500,000
ID	\$125,000	\$375,000	\$500,000
IL	\$7,850,000	\$23,550,000	\$31,400,000
KS	\$6,375,000	\$19,125,000	\$25,500,000
LA	\$3,875,000	\$11,625,000	\$15,500,000
MD	\$3,127,875	\$9,383,625	\$12,511,500
MI	\$1,187,500	\$3,562,500	\$4,750,000
MS	\$2,593,750	\$7,781,250	\$10,375,000
NJ	\$1,398,750	\$4,196,250	\$5,595,000
NY	\$81,773,750	\$245,321,250	\$327,095,000
OH	\$5,773,750	\$17,321,250	\$23,095,000
PA	\$122,715,000	\$368,145,000	\$490,860,000
SC	\$417,500	\$1,252,500	\$1,670,000
SD	\$69,250,000	\$207,750,000	\$277,000,000
TX	\$1,625,000	\$4,875,000	\$6,500,000
VA	\$156,250	\$468,750	\$625,000
VT	\$12,262,500	\$36,787,500	\$49,050,000
WA	\$20,625,000	\$61,875,000	\$82,500,000
WI	\$9,875,000	\$29,625,000	\$39,500,000
Total	\$437,125,000	\$1,311,375,000	\$1,748,500,000

⁶ [BEA Gross Output by Industry table](#).

Table 2: EB-5 Investments by Sector, 2010-11

National estimate

IMPLAN Sector	Operational Expenditure	IMPLAN Capital Expenditure Pattern	Capital Expenditure
12 Dairy Cattle & Milk Production	\$125,000	BEA1120-Animal production	\$375,000
26 Gravel Mining	\$62,500	BEA2123-Nonmetallic mineral mining and quarrying	\$187,500
31 Electric power generation, transmission, and distribution	\$13,850,000	BEA2211-Power generation and supply	\$41,550,000
32 Natural Gas Distribution	\$13,850,000	BEA2212-Natural Gas Distribution	\$41,550,000
34 Commercial Construction	\$867,866,654	N/A	\$0
35 Industrial Construction	\$33,578,173	N/A	\$0
36 Other Nonresidential Construction	\$18,166,818	N/A	\$0
37 Residential Construction	\$11,895,833	N/A	\$0
39 Repair and Maintenance	\$2,734,375	N/A	\$0
59 Animal (except poultry) slaughtering, rendering, and processing	\$13,850,000	BEA3110-Food manufacturing	\$41,550,000
60 Poultry processing	\$13,850,000	BEA3110-Food manufacturing	\$41,550,000
72 Wineries	\$583,333	BEA3121-Beverage manufacturing	\$1,750,000
105 Paper Mills	\$118,750	BEA3221-Pulp, paper, and paperboard mills	\$356,250
111 Sanitary paper product manufacturing	\$118,750	BEA3222-Converted paper product manufacturing	\$356,250
126 Other basic organic chemical manufacturing	\$8,118,750	BEA3251-Basic chemical manufacturing	\$24,356,250
205 Construction machinery manufacturing	\$1,166,667	BEA3331-Agriculture, construction, and mining machinery	\$3,500,000
207 Other industrial machinery manufacturing	\$118,750	BEA3332-Industrial machinery manufacturing	\$356,250
278 Heavy duty truck manufacturing	\$208,750	BEA3361-Motor vehicle manufacturing	\$626,250
283 Motor vehicle parts manufacturing	\$1,656,250	BEA336A-Motor vehicle body, trailer, and parts manufacturing	\$4,968,750
317 All other miscellaneous manufacturing	\$15,520,705	BEA3399-Other miscellaneous manufacturing	\$46,562,115
329 Retail - General merchandise	\$3,801,082	BEA4A00-Retail trade	\$11,403,245
335 Truck Transportation	\$708,300	BEA4840-Truck transportation	\$2,124,900
336 Transit and ground passenger transportation	\$1,399,159	BEA4850-Transit and ground passenger transportation	\$4,197,476
340 Warehousing and storage	\$78,125	BEA4930-Warehousing and storage	\$234,375
346 Motion picture and video industries	\$47,752,788	BEA5120-Motion picture and sound recording industries	\$143,258,365
360 Real Estate	\$416,667	BEA5310-Real estate (and owner occupied dwellings)	\$1,250,000
381 Management of companies and enterprises	\$34,570	BEA5500-Management of companies and enterprises	\$103,709
390 Waste management and remediation services	\$118,750	BEA5620-Waste management and remediation services	\$356,250
392 Junior colleges, colleges, universities, and professional schools	\$875,000	BEA6100-Educational services	\$2,625,000
395 Home Health Care Services	\$576,257	BEA6210-Ambulatory health care services	\$1,728,771
397 Hospitals	\$1,250,000	BEA6220-Hospitals	\$3,750,000
398 Nursing and residential care facilities	\$2,325,840	BEA6230-Nursing and residential care facilities	\$6,977,521
404 Promoters of performing arts and sports and agents for public figures	\$6,086,538	BEA71A0-Performing arts, spectator sports, museums, zoos	\$18,259,615
407 Fitness and recreational sports centers	\$3,043,269	BEA7130-Amusements, gambling, and recreation	\$9,129,808
409 Amusement parks, arcades, and gambling industries	\$15,975,000	BEA7130-Amusements, gambling, and recreation	\$47,925,000
410 Other amusement and recreation industries	\$9,576,563	BEA7130-Amusements, gambling, and recreation	\$28,729,688
411 Hotels and motels, including casino hotels	\$11,749,866	BEA7210-Accommodation	\$35,249,599
413 Food services and drinking places	\$14,598,558	BEA7220-Food services and drinking places	\$43,795,673
Total	\$1,137,806,390	Total	\$610,693,610
Investment Total (2010-11)			\$1,748,500,000

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, between 2010 and 2011.⁷ By dividing visa counts by average HH size we can estimate the number of EB-5 households immigrating to the U.S. in each period. 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.⁸ 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%).⁹ 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 (2010 & 2011) and model year (2011). These events are then analyzed as one activity in the model so that impact results will match the 2-year period covered by the investment data.

⁷ 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](#) (2010 & 2011). Average HH Size obtained from Table 7 of the [2011 Yearbook of Immigration Statistics](#).

⁸ [U.S. Securities and Exchange Commission](#).

⁹ [BEA Personal Consumption Expenditure Table 2.1](#).

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 us to assign EB-5 households by state using the settlement pattern for all persons gaining legal permanent residency in 2010 and 2011 (see Table 4).¹⁰ 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. This exercise is repeated for each period to estimate household spending per state for 2010 and 2011 (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. The estimates are then analyzed as one activity so that state-level results match the 2-year period covered by investment data.

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, 2010-2011

Variable	2010	2011
Approved Visa Count	1,322	2,695
Average HH Size	2.96911	3.06888
Household Count	445.25	878.17
Household Spending	\$66,787,691	\$131,725,581

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

¹⁰ Settlement patterns obtained from Table 4 of the [2011 Yearbook of Immigration Statistics](#).

Table 4: Estimated Household Expenditure, 2010-2011

Estimated Household Expenditure by State

State	2010 Legal Permanent Residents (%) ¹	2011 Legal Permanent Residents (%) ¹	2010 Estimated HH Expenditure	2011 Estimated HH Expenditure
Alabama	0.37%	0.39%	\$248,818	\$518,726
Alaska	0.18%	0.18%	\$118,334	\$237,920
Arizona	1.76%	1.93%	\$1,177,841	\$2,536,705
Arkansas	0.27%	0.28%	\$181,174	\$371,253
California	20.01%	19.84%	\$13,361,722	\$26,134,541
Colorado	1.21%	1.29%	\$809,255	\$1,695,033
Connecticut	1.19%	1.20%	\$792,152	\$1,574,723
Delaware	0.22%	0.23%	\$150,042	\$306,881
DC	0.29%	0.27%	\$194,818	\$352,649
Florida	10.30%	10.30%	\$6,881,050	\$13,562,540
Georgia	2.40%	2.55%	\$1,599,978	\$3,365,479
Guam	0.00%	0.00%	\$0	\$0
Hawaii	0.69%	0.70%	\$460,015	\$919,717
Idaho	0.26%	0.26%	\$172,975	\$337,517
Illinois	3.65%	3.62%	\$2,437,591	\$4,768,266
Indiana	0.83%	0.79%	\$556,229	\$1,039,531
Iowa	0.42%	0.45%	\$281,167	\$588,307
Kansas	0.54%	0.49%	\$361,623	\$645,609
Kentucky	0.49%	0.52%	\$325,047	\$684,927
Louisiana	0.44%	0.41%	\$290,904	\$538,943
Maine	0.14%	0.15%	\$95,658	\$196,742
Maryland	2.55%	2.44%	\$1,703,559	\$3,212,053
Massachusetts	2.99%	3.05%	\$1,999,439	\$4,013,043
Michigan	1.80%	1.74%	\$1,199,364	\$2,290,380
Minnesota	1.20%	1.18%	\$804,067	\$1,551,405
Mississippi	0.18%	0.17%	\$118,718	\$221,424
Missouri	0.70%	0.67%	\$467,318	\$888,957
Montana	0.06%	0.06%	\$38,519	\$78,169
Nebraska	0.44%	0.44%	\$291,096	\$577,268
Nevada	1.05%	1.00%	\$701,255	\$1,310,786
New Hampshire	0.26%	0.24%	\$172,975	\$322,137
New Jersey	5.47%	5.24%	\$3,655,383	\$6,904,323
New Mexico	0.35%	0.37%	\$235,238	\$482,013
New York	14.21%	13.99%	\$9,489,653	\$18,424,172
North Carolina	1.56%	1.67%	\$1,041,335	\$2,194,133
North Dakota	0.12%	0.10%	\$77,017	\$132,370
Ohio	1.32%	1.32%	\$879,462	\$1,733,482
Oklahoma	0.46%	0.44%	\$305,637	\$573,299
Oregon	0.78%	0.74%	\$521,510	\$969,081
Pennsylvania	2.33%	2.40%	\$1,554,946	\$3,164,797
Puerto Rico	0.00%	0.00%	\$0	\$0
Rhode Island	0.40%	0.36%	\$267,203	\$471,346
South Carolina	0.44%	0.41%	\$291,160	\$537,702
South Dakota	0.11%	0.14%	\$72,469	\$180,618
Tennessee	0.80%	0.79%	\$531,695	\$1,041,639
Texas	8.43%	8.91%	\$5,630,268	\$11,733,335
Utah	0.60%	0.62%	\$399,033	\$811,810
Vermont	0.10%	0.10%	\$64,782	\$131,750
Virginia	2.76%	2.63%	\$1,841,730	\$3,458,750
Washington	2.15%	2.25%	\$1,436,632	\$2,965,356
West Virginia	0.08%	0.09%	\$55,942	\$117,734
Wisconsin	0.61%	0.60%	\$405,695	\$789,361
Wyoming	0.06%	0.05%	\$38,198	\$66,882
Other ²	0.00%	0.00%	\$0	\$0
Unknown	0.00%	0.00%	\$0	\$0
Total	100.00%	100.00%	\$66,787,691	\$131,725,581
Adjustment Factor	0.014%	0.011%		

¹Percent of residents in Guam, PR, Other, and Unknown n 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, 2010-2011

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

Expenditure	2010	2011	IMPLAN Sector
Flight Expenditures	\$1,013,798	\$2,114,712	332 Air Transportation
Airport fees from foreign airlines	\$3,260	\$5,603	338 Support activities for transportation
Government taxes from foreign airlines	\$72,701	\$133,826	Federal Government (NonDefense) Spending Pattern
Moving Expenditures	\$4,048,176	\$7,977,060	335 Truck Transportation
Automobile Expenditures	\$12,956,812	\$25,554,763	276 Automobile Manufacturing
Investment Fees	\$10,240,779	\$20,197,922	356 Securities, commodity contracts, investments, and related activities
Attorney Fees	\$22,262,564	\$43,908,527	367 Legal Services
Government Immigration Fees	\$865,910	\$9,624,475	Federal Government (NonDefense) Spending Pattern
Total	\$51,463,999	\$109,516,887	

Table 6
Key assumptions, 2010-2011

Per Investor	2010	2011
Annual Household Expenditure	\$150,000	\$150,000
Automobile Cost*	\$29,100	\$29,100
Attorney Fee	\$50,000	\$50,000
Regional Center Fee	\$18,000	\$18,000
Broker Fee	\$5,000	\$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 2011 the list includes Brazil, South Africa, China, Kuwait, Vietnam, Great Britain, and Russia. In 2010 the same countries are represented with the exception of Kuwait. In this case, Iran is included instead because of a higher visa count.

After our country lists are 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 2011 estimates; see Appendix 2, Table A2 for 2010 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 2011 estimates; see Appendix 2, Table A3 for prices applied to 2010 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.¹¹ 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).

Once 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 A4). 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

¹¹ International Air Transportation Association (2013). [IATA Economic Briefing: Infrastructure Costs](#).

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. This exercise is repeated for 2010 and 2011. 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 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 2011 EB-5 impacts

Departure: August 1st (prices as of 4/10/2013 @ 12:30pm)

Route	Economy Class						Airline	Stops	Layover (mins)
	Price	Taxes & Fees	Base Fare	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
KWI-JFK	\$858.89	\$228.79	\$630.10	\$588.91	\$109.90	\$4.50	AA	1	100
SGN-LAX	\$1,986.69	\$143.49	\$1,843.20	\$1,714.67	\$67.25	\$4.50	AA	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 total for taxes & fees (minus US airport fee).

Source: Travelocity

Table 8

EB-5 flight expenditures by country of origin, 2011

Country	Visa Count	Visa %	Adjusted Visa %	Adjusted Visa Count	Flight Expense*
					Economy
Brazil	8	0.30%	1.89%	50.88	\$47,261.84
RSA	8	0.30%	1.89%	50.88	\$132,811.42
China (AA)	1,058	39.24%	40.83%	1,100.38	\$1,585,238.30
China (CEA)	1,058	39.24%	40.83%	1,100.38	\$0.00
Kuwait	150	5.57%	7.16%	192.88	\$134,781.78
Vietnam	12	0.45%	2.04%	54.88	\$97,782.34
Great Britain	36	1.34%	2.93%	78.88	\$0.00
Russia	23	0.85%	2.44%	65.88	\$0.00
Sub total	2,352	87.27%			
Other Countries	343	12.73%			
Total	2,695	100.00%	100.00%	2,695.00	\$1,997,875.68
Adjustment Factor		1.59%			
US taxes from foreign airlines					\$133,825.61
US airport fees from foreign airlines					\$5,603.06

*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. The estimates are then modeled as one activity so that results will match the 2-year period covered by the initial investment data.

Moving Service Expenditures

The next category of *Other EB-5 Spending* to be estimated 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.¹² 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 A5). 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). This exercise is repeated for both years. 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

¹² Visa counts obtained from *Tables 5 & 6* of the State Department's [Visa Office Report](#) (2010 & 2011).

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. The estimates are then modeled as one activity so that results will match the 2-year period covered by the initial investment data.

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* to be estimated 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.¹³ We then multiply the total number of EB-5 households by the cost of this vehicle to estimate total automobile expenditures (see Table 3 & 6). This exercise is repeated for each year (see Table 5). 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

¹³ Price quoted as of April 12, 2013.

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. Finally, our estimates from both years are combined into one activity so that results match the 2-year investment period.

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.¹⁴ 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).

To estimate totals we multiply each of these fees by the number of EB-5 household in each year (see Table 3 & 5-6). 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.¹⁵ 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 fee¹⁶ and USCIS requires a \$165 immigration fee.¹⁷ 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

¹⁴ Sullivan, Kevin (2013). [Foreign citizens making big investments in U.S. in exchange for green cards](#). Washington Post (March 21, 2013).

¹⁵ U.S. Citizenship and Immigration Services: [I-526 Form](#).

¹⁶ U.S. Department of State: [Visa Fee](#).

¹⁷ U.S. Citizenship and Immigration Services: [Immigration Fee](#).

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.¹⁸

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 application, immigration fee, and biometric fee we multiply visa counts by associated fee. Table 10 shows count data, fees, and revenue estimates for each year. Revenue estimates are then summed to totals that are 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, 2010-2011

Type	2010 Count	2011 Count	Fee	2010 Revenue	2011 Revenue
I-526 Form	n/a	3,497	\$1,500	n/a	\$5,245,500
Visa Application	1,322	2,695	\$405	\$535,410	\$1,091,475
Immigration Fee	1,322	2,695	\$165	\$218,130	\$444,675
I-829 Form	n/a	697	\$3,750	n/a	\$2,613,750
Biometrics Fee	1,322	2,695	\$85	\$112,370	\$229,075
Total				\$865,910	\$9,624,475

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-institution¹⁹ 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

¹⁸ U.S. Citizenship and Immigration Services: [I-829 Form](#).

¹⁹ Institutions include households, government, inventory, capital, and exports. Institutional demand is also known as final demand.

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.

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 from 2010-11, 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 \$2.65 billion to U.S. GDP and supported over 33,000 U.S. jobs during 2010-2011*. The results can be interpreted as a 2-year national impact for all EB-5 spending, including investments, households, and other immigration expenses. Spending by EB-5 investors also contributed \$347 million to federal tax revenues and \$218 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 EB-5 spending. Given our estimate of \$868 million in construction spending during 2010-2011, it's not surprising that commercial construction tops the list at 8,106 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, 2010-2011
Summary of National Model (2011 dollars reported)

Impact Type	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
Direct Effect	14,347.1	\$1,005,527,372	\$142,727,764	\$71,557,335
Indirect Effect	7,277.4	\$683,142,214	\$86,769,617	\$50,797,702
Induced Effect	11,723.0	\$962,380,800	\$117,292,930	\$96,082,826
Total Effect	33,347.5	\$2,651,050,387	\$346,790,317	\$218,437,866

Table 12**Total Economic Impact of All EB-5 Spending, 2010-2011**

Top ten impacted sectors by employment (National Model | 2011 dollars reported)

Sector	Description	Jobs Supported	Contribution to GDP
34	Construction of new nonresidential commercial and health care structures	8,106.3	\$476,839,529
413	Food services and drinking places	1,749.1	\$54,781,111
319	Wholesale trade businesses	1,134.9	\$149,251,826
360	Real estate establishments	905.7	\$103,658,075
356	Securities, commodity contracts, investments, and related activities	682.4	\$46,194,810
367	Legal services	675.0	\$89,334,920
382	Employment services	656.1	\$22,141,784
369	Architectural, engineering, and related services	627.0	\$45,258,748
394	Offices of physicians, dentists, and other health practitioners	583.7	\$47,023,892
397	Private hospitals	572.1	\$42,861,889

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 2010-2011 are summarized in Table 11. Investment represents the largest component of EB-5 spending (\$1.75 billion over 2010-11). 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 didn't result in increased revenues, economic impacts would be 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 outside the scope of our current analysis.

According to our estimates, spending associated with EB-5 investments contributed \$2.2 billion to U.S. GDP and supported over 28,000 U.S. jobs during 2010-2011. Investment spending also contributed \$291 million to federal tax revenues and \$178 million to state and local tax revenues. These results are totals that include direct, indirect and induced effects (see Table 13).

Table 14 shows top-10 industries impacted by EB-5 investment spending. Again, given our estimate of \$868 million in construction spending during 2010-2011, it is not surprising that commercial construction tops the list at 8,106 jobs supported.

Table 13**Economic Impact of EB-5 Investments, 2010-2011**

Summary of National Model (2011 dollars reported)

Impact Type	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
Direct Effect	12,080.5	\$807,482,540	\$117,331,322	\$53,434,195
Indirect Effect	6,161.4	\$581,103,682	\$74,080,168	\$43,230,027
Induced Effect	9,924.6	\$814,730,858	\$99,297,846	\$81,341,813
Total Effect	28,166.5	\$2,203,317,080	\$290,709,337	\$178,006,038

Table 14**Total Economic Impact of EB-5 Investments, 2010-2011**

Top ten impacted sectors by employment (National Model | 2011 dollars reported)

Sector	Description	Jobs Supported	Contribution to GDP
34	Construction of new nonresidential commercial and health care structures	8,106.3	\$476,839,529
413	Food services and drinking places	1,380.9	\$43,247,326
319	Wholesale trade businesses	1,004.5	\$131,636,675
360	Real estate establishments	707.6	\$80,993,136
369	Architectural, engineering, and related services	605.7	\$43,724,922
382	Employment services	535.6	\$18,073,561
394	Offices of physicians, dentists, and other health practitioners	426.3	\$34,349,370
397	Private hospitals	418.2	\$31,333,866
329	Retail Stores - General merchandise	381.1	\$16,983,832
356	Securities, commodity contracts, investments, and related activities	370.7	\$25,093,011

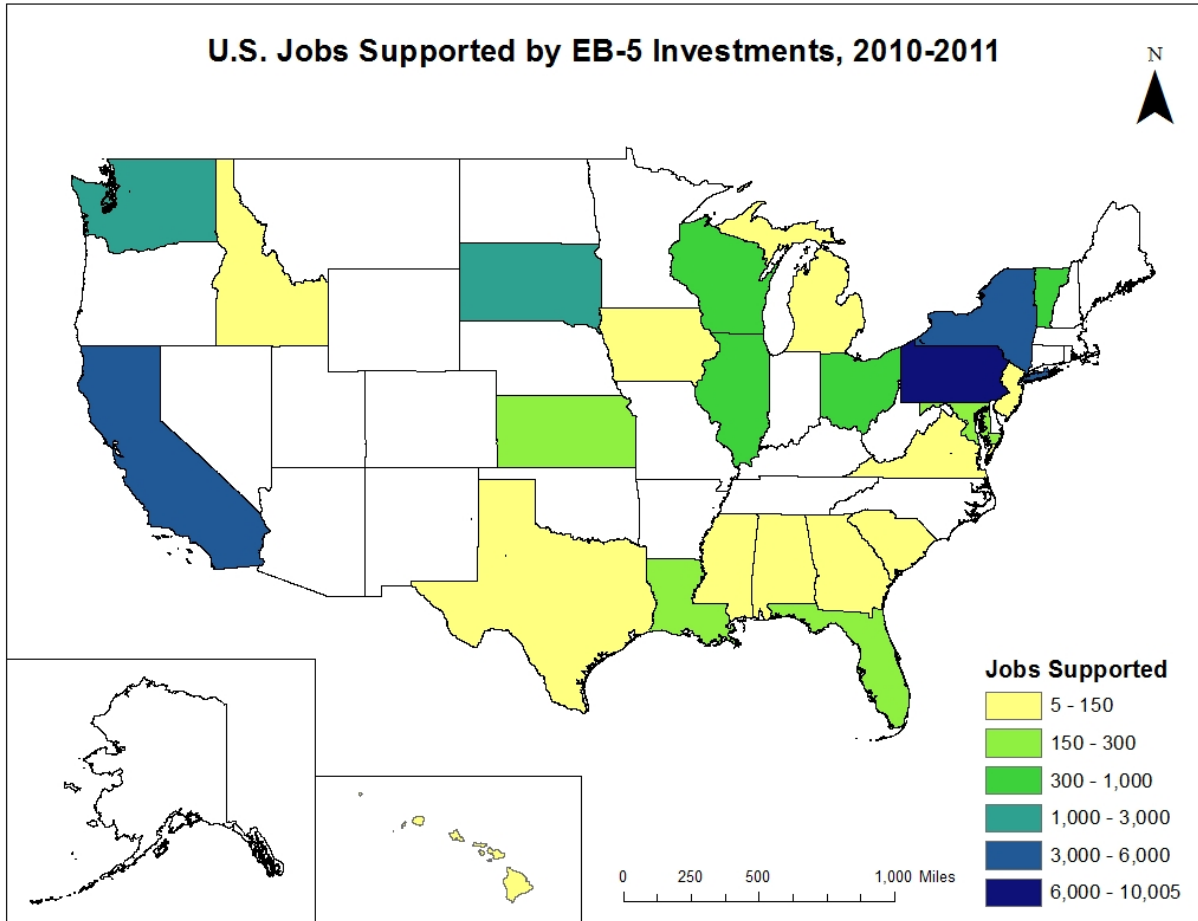
State-level Impacts

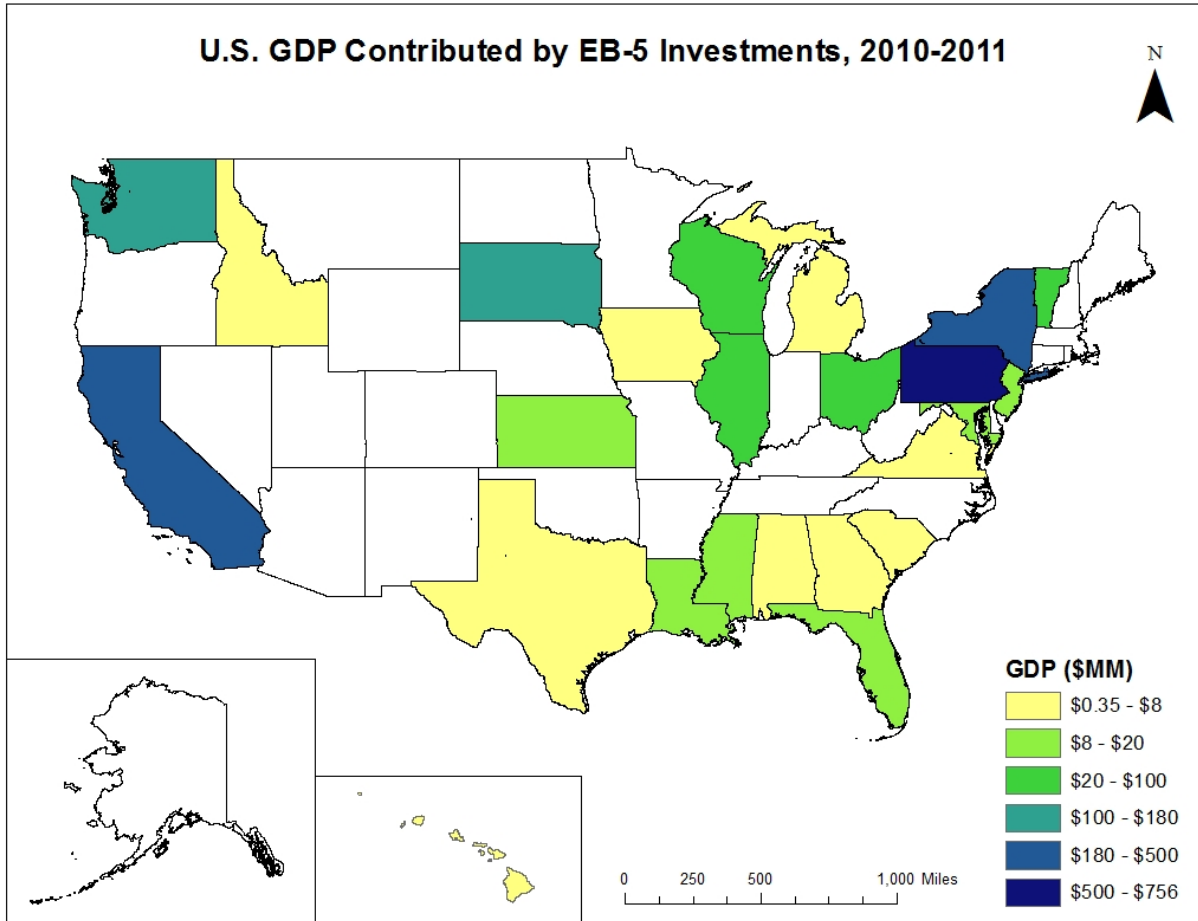
Table 15 contains impact results for our state-level models. These results are also reported as 2-year totals and include direct, indirect and induced effects. Because state models are scaled up to account for leakage from domestic imports, state-level results should be interpreted as economic impacts to each state, plus impacts to the rest of the country because of domestic imports from those states.

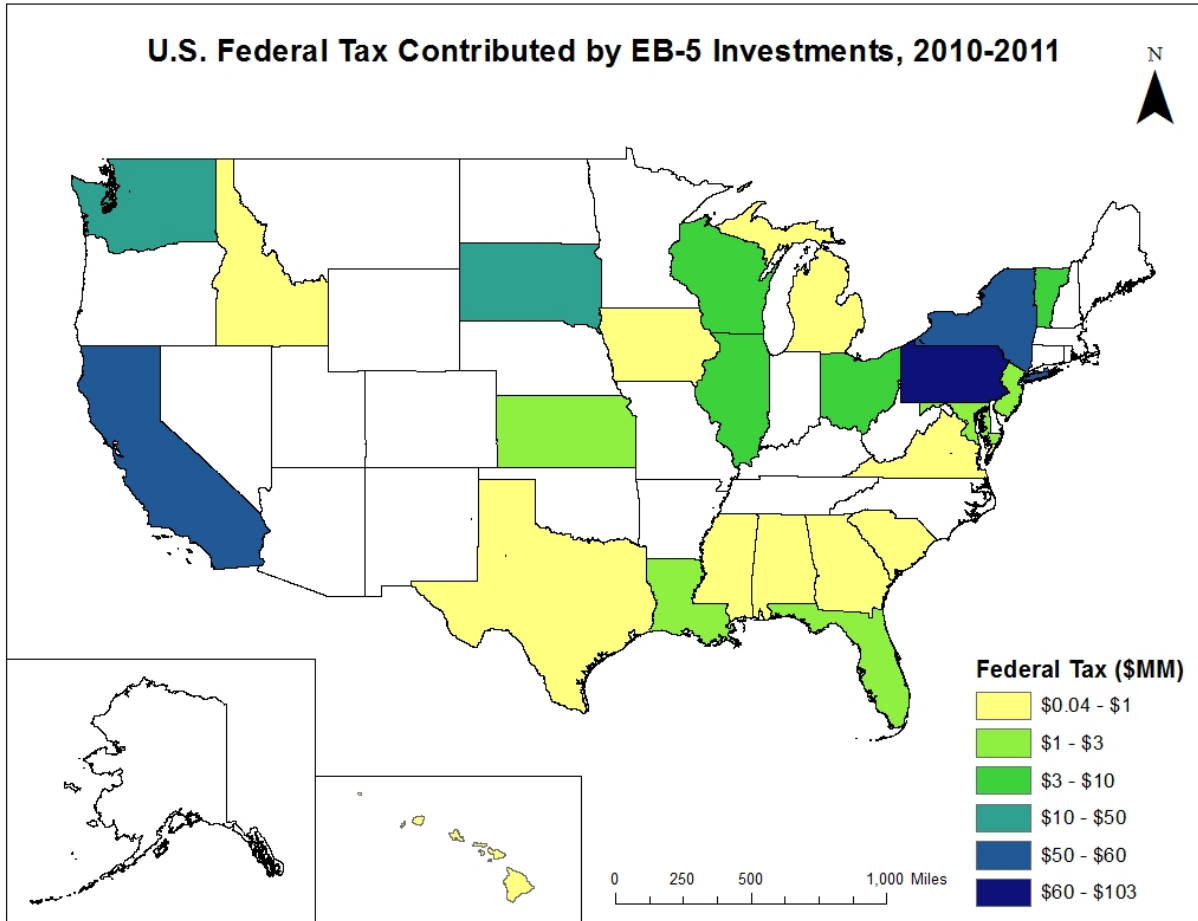
Pennsylvania, New York, California, South Dakota and Washington top the list of states with the largest level of investment (see Table 1). As such, it is no surprise that these states are associated with the largest investment impacts. Over 10,000 U.S. jobs were supported in Pennsylvania alone during 2010-2011. 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, 2010-2011
State-level results scaled to match national model (2011 dollars reported)

State	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
AL	18.3	\$1,314,502	\$149,775	\$110,758
CA	4,935.3	\$458,202,353	\$57,745,123	\$40,977,123
DC	101.8	\$8,341,163	\$654,518	\$886,687
FL	230.1	\$15,011,057	\$1,990,332	\$858,822
GA	92.3	\$6,425,834	\$776,916	\$474,864
HI	12.4	\$922,338	\$100,436	\$65,975
IA	5.2	\$353,040	\$38,168	\$34,745
ID	6.9	\$398,722	\$47,282	\$44,505
IL	571.5	\$44,974,886	\$6,074,788	\$3,003,828
KS	175.5	\$12,866,461	\$1,503,126	\$1,447,185
LA	259.0	\$14,475,019	\$1,614,759	\$1,569,628
MD	217.9	\$17,901,625	\$2,425,263	\$1,224,550
MI	41.4	\$3,348,885	\$422,471	\$308,252
MS	148.0	\$8,165,708	\$886,142	\$1,090,281
NJ	100.1	\$8,802,270	\$1,316,157	\$535,513
NY	4,989.7	\$426,841,151	\$59,618,668	\$40,980,789
OH	473.4	\$32,156,267	\$3,858,486	\$2,331,388
PA	10,007.8	\$756,038,644	\$103,305,090	\$45,895,397
SC	13.7	\$915,517	\$112,722	\$80,191
SD	2,737.1	\$171,391,088	\$19,668,645	\$20,326,018
TX	56.5	\$5,366,407	\$632,353	\$477,951
VA	12.4	\$867,600	\$114,235	\$49,689
VT	745.5	\$40,221,970	\$4,906,880	\$4,848,204
WA	1,596.3	\$130,610,085	\$18,177,370	\$6,059,555
WI	618.4	\$37,404,489	\$4,569,631	\$4,324,140
Total	28,166.5	\$2,203,317,080	\$290,709,337	\$178,006,038







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 2010-2011 are summarized in Table 16. An important characteristic of household spending worth noting is that it's the only spending component 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 Net 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 over the 2-year period.

According to our estimates, spending associated with EB-5 households contributed \$240 million to U.S. GDP and supported almost 3,000 U.S. jobs during 2010-2011. Household spending also contributed \$29 million to federal tax revenues and \$24 million to state and local tax revenues. These results are totals that include direct, indirect and induced effects (see Table 16).

Table 17 shows top-10 industries impacted by EB-5 household spending. Food services and drinking places top the list at 266 U.S. jobs supported. Offices of doctors & dentists and real estate establishments both tie for second place at 119 U.S. jobs supported.

Table 16
Economic Impact of EB-5 Household Spending, 2010-2011
Summary of National Model (2011 dollars reported)

Impact Type	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
Direct Effect	1,434.0	\$105,427,959	\$12,861,245	\$11,889,901
Indirect Effect	656.9	\$60,500,014	\$7,432,962	\$4,533,105
Induced Effect	902.6	\$74,101,086	\$9,031,138	\$7,398,368
Total Effect	2,993.5	\$240,029,060	\$29,325,343	\$23,821,375

Table 17**Total Economic Impact of EB-5 Household Spending, 2010-2011**

Top ten impacted sectors by employment (National Model | 2011 dollars reported)

Sector	Description	Jobs Supported	Contribution to GDP
413	Food services and drinking places	265.6	\$8,317,462
394	Offices of physicians, dentists, and other health practitioners	118.8	\$9,571,259
360	Real estate establishments	118.7	\$13,586,894
397	Private hospitals	116.9	\$8,760,795
329	Retail Stores - General merchandise	89.6	\$3,991,329
398	Nursing and residential care facilities	89.3	\$3,474,343
324	Retail Stores - Food and beverage	86.7	\$3,422,842
319	Wholesale trade businesses	73.7	\$9,911,012
356	Securities, commodity contracts, investments, and related activities	71.3	\$4,823,243
382	Employment services	63.2	\$2,134,044

State-level Impacts

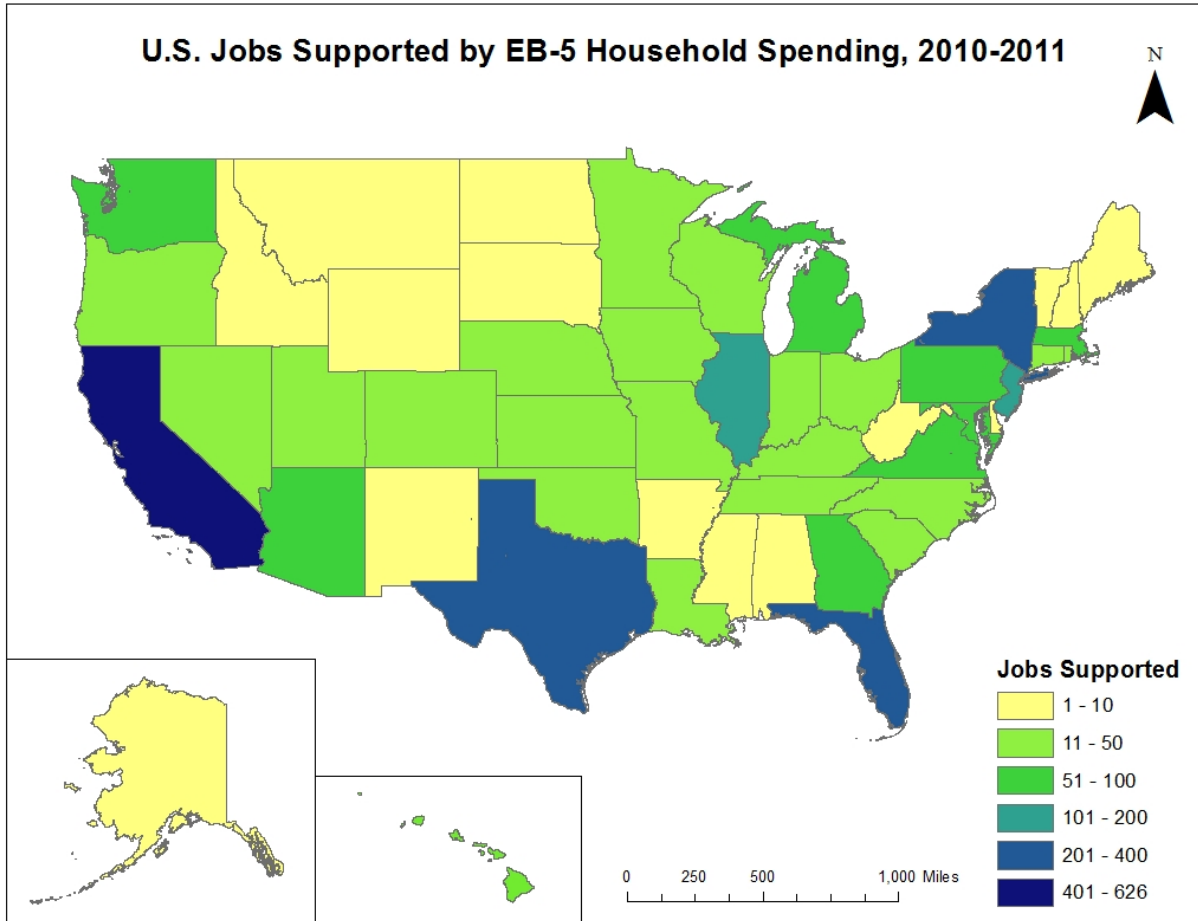
Table 18 contains impact results for our state-level models. These results are also reported as 2-year totals and include direct, indirect and induced effects. Because state models are scaled up to account for leakage from domestic imports, state-level results should be interpreted as economic impacts to each state, plus impacts to the rest of the country because of domestic imports from those states.

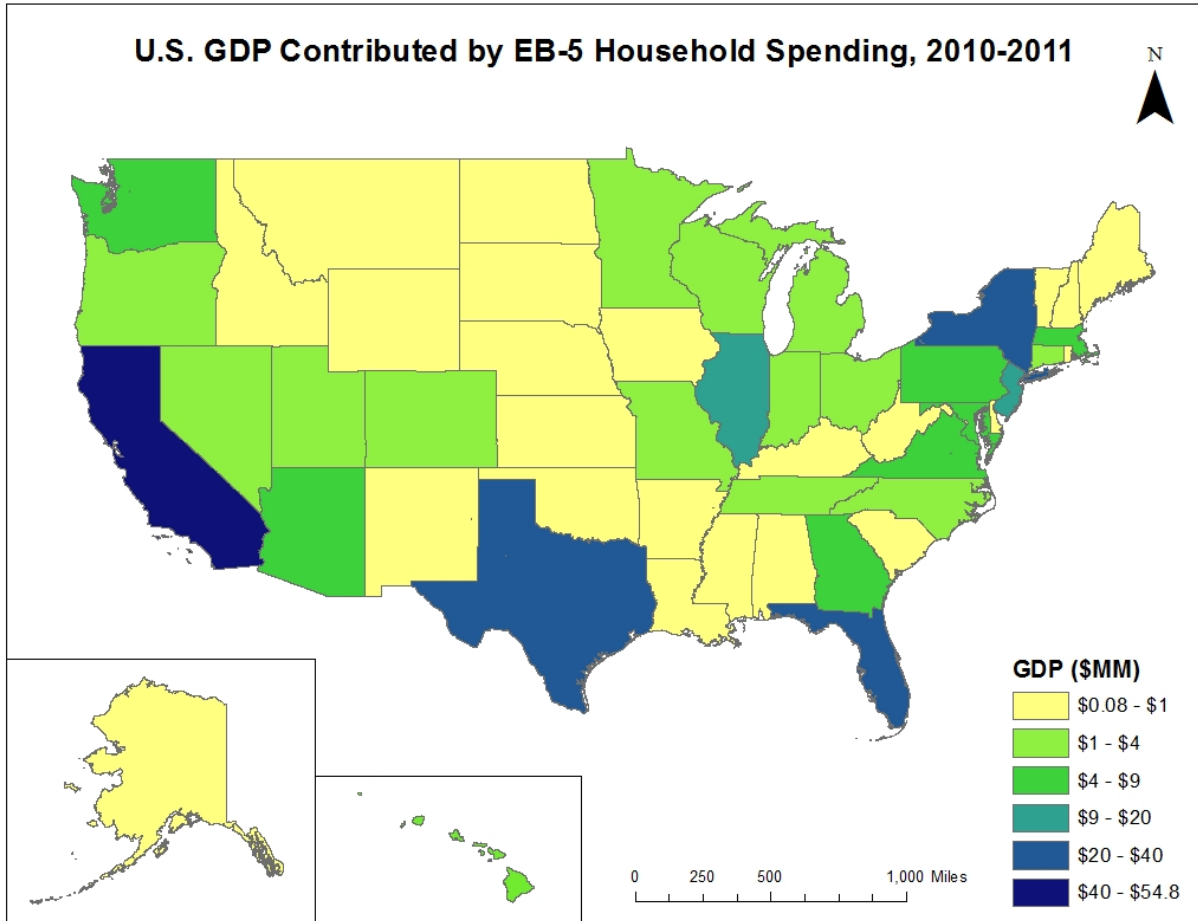
California, New York, Florida, Texas, New Jersey, and Illinois top the list of states with the largest levels of EB-5 household spending (see Table 4). As such, it is no surprise that these states are associated with the largest household spending impacts. During the 2-year period over 1,200 jobs were supported in California, Florida 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, 2010-2011

State-level results scaled to match national model (2011 dollars reported)

State	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
AK	3.9	\$327,839	\$31,270	\$37,555
AL	9.9	\$648,228	\$71,682	\$63,955
AR	7.3	\$455,674	\$50,982	\$46,841
AZ	59.0	\$4,350,971	\$491,206	\$421,662
CA	626.0	\$54,796,345	\$6,648,221	\$5,703,936
CO	39.4	\$3,047,283	\$359,303	\$286,152
CT	31.7	\$2,813,865	\$389,246	\$281,342
DC	4.7	\$483,955	\$36,811	\$61,600
DE	6.4	\$461,617	\$53,259	\$46,999
FL	355.7	\$25,636,847	\$3,169,026	\$2,184,931
GA	76.8	\$5,669,498	\$664,164	\$501,162
HI	19.0	\$1,385,234	\$139,018	\$136,687
IA	12.5	\$773,852	\$90,313	\$78,420
ID	7.6	\$458,642	\$52,512	\$46,025
IL	114.6	\$9,137,928	\$1,130,231	\$877,477
IN	23.1	\$1,508,353	\$173,402	\$153,603
KS	14.4	\$945,367	\$107,963	\$96,252
KY	13.8	\$878,356	\$98,340	\$87,006
LA	11.7	\$788,974	\$84,327	\$77,155
MA	86.4	\$7,581,857	\$991,893	\$744,390
MD	66.6	\$5,286,957	\$647,123	\$553,727
ME	4.4	\$295,060	\$33,351	\$30,263
MI	54.9	\$3,690,377	\$437,122	\$362,534
MN	39.0	\$2,861,914	\$356,603	\$281,308
MO	21.2	\$1,487,430	\$173,393	\$140,359
MS	4.4	\$273,476	\$28,517	\$28,110
MT	1.8	\$106,770	\$12,312	\$11,110
NC	48.5	\$3,332,479	\$378,407	\$324,377
ND	2.8	\$183,782	\$19,959	\$21,668
NE	13.0	\$816,761	\$94,790	\$79,483
NH	6.8	\$508,910	\$63,499	\$50,279
NJ	143.4	\$12,556,905	\$1,666,508	\$1,266,380
NM	9.3	\$599,960	\$63,879	\$62,672
NV	25.4	\$1,926,486	\$220,289	\$179,589
NY	370.1	\$34,634,626	\$4,453,851	\$3,982,314
OH	42.6	\$2,926,109	\$334,092	\$293,974
OK	12.3	\$843,618	\$93,749	\$80,578
OR	23.7	\$1,610,505	\$201,081	\$165,645
PA	73.2	\$5,507,552	\$684,376	\$545,724
RI	10.7	\$802,107	\$97,115	\$77,188
SC	11.3	\$741,687	\$87,550	\$65,497
SD	3.7	\$228,019	\$26,212	\$21,250
TN	24.2	\$1,727,162	\$198,540	\$151,057
TX	280.1	\$21,733,450	\$2,544,585	\$1,870,033
UT	21.1	\$1,385,834	\$154,583	\$134,404
VA	68.8	\$5,196,054	\$610,666	\$509,181
VT	2.8	\$181,138	\$21,200	\$18,190
WA	61.8	\$4,984,426	\$615,173	\$435,396
WI	18.5	\$1,241,496	\$150,238	\$124,435
WV	2.1	\$129,077	\$14,452	\$13,941
WY	1.0	\$78,249	\$8,958	\$7,555
Total	2,993.5	\$240,029,060	\$29,325,343	\$23,821,375





U.S. Federal Tax Contributed by EB-5 Household Spending, 2010-2011

Federal Tax (\$MM)

- \$0.009 - \$0.1
- \$0.1 - \$0.4
- \$0.4 - \$1
- \$1 - \$2
- \$2 - \$5
- \$5 - \$6.6

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 from 2010-2011. 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 \$208 million to U.S. GDP and supported over 2,100 U.S. jobs during 2010-2011. Spending on these services also contributed \$27 million to federal tax revenues and \$17 million to state and local tax revenues.

Table 20 breaks out total impacts by spending type, including investor/legal fees, government fees, and moving expenses. The moving expense category includes impacts associated with spending on flights, moving services, and automobiles. It's interesting to note that from 2010-2011 almost 1,500 U.S. jobs were supported from investment and legal fees paid by EB-5 investors.

Table 21 shows 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 432 and 240 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, 2010-2011

Summary of National Model (2011 dollars reported)

Impact Type	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
Direct Effect	832.6	\$92,616,873	\$12,535,201	\$6,233,239
Indirect Effect	459.1	\$41,538,518	\$5,256,488	\$3,034,569
Induced Effect	895.9	\$73,548,856	\$8,963,947	\$7,342,646
Total Effect	2,187.5	\$207,704,247	\$26,755,637	\$16,610,454

Table 20

Total Economic Impact of Other EB-5 Spending, 2010-2011

by Spending Type (National Model | 2011 dollars reported)

Spending Type	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
Investor/Legal Fees	1,471.3	\$140,895,962	\$17,797,754	\$10,445,672
Government Fees	134.4	\$17,937,935	\$2,587,829	\$1,061,013
Moving Expenses	581.9	\$48,870,351	\$6,370,053	\$5,103,768
Total	2,187.5	\$207,704,247	\$26,755,637	\$16,610,454

Table 21

Total Economic Impact of Other EB-5 Spending, 2010-2011

Top ten impacted sectors by employment (National Model | 2011 dollars reported)

Sector	Description	Jobs Supported	Contribution to GDP
367	Legal services	432.2	\$57,206,706
356	Securities, commodity contracts, investments, and related activities	240.5	\$16,278,556
413	Food services and drinking places	102.7	\$3,216,323
335	Transport by truck	100.8	\$6,242,946
320	Retail Stores - Motor vehicle and parts	98.1	\$6,523,693
360	Real estate establishments	79.3	\$9,078,044
382	Employment services	57.3	\$1,934,178
319	Wholesale trade businesses	56.7	\$7,704,139
394	Offices of physicians, dentists, and other health practitioners	38.5	\$3,103,263
397	Private hospitals	36.9	\$2,767,228

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 average of our 2-year impact results shows that EB-5 spending supports over 16,000 U.S. jobs each year and contributes \$1.3 billion to U.S. GDP. Likewise, EB-5 spending also adds \$173 million to federal tax revenue each year and \$109 million to state and local tax revenues (see Table 22). 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.²⁰ It is assumed that the results in this study are more reliable and accurate since they are based on a population 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 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 increased by a factor of 10, and the number of approved Regional Center visas increased by a factor of 95.²¹ 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.

²⁰ IFC International (2010). *Study of the United States Immigrant Investor Pilot Program (EB-5)*.

²¹ [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 \$874 million. However, if household spending and other immigration expenses are also included then our estimate of total spending is \$1.05 billion. The column(s) labeled *Growth 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 growth 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 22% of the difference between investment spending is due to the inclusion of additional spending categories (i.e. household spending and other immigration expenses). This means that 78% 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, 23% of the difference is due to the other spending categories, while 77% is due to an increase in investment activity. For federal tax revenue, 22% of the difference is attributable to other spending categories, while 78% is due to an increase in investment activity. For state & local tax revenue, 26% of the difference is attributable to other spending categories, while 74% is due to an increase in investment activity. Finally, with regards to employment, 21% of the difference is attributable to other spending categories, while 79% is due to an increase in investment activity. In summary it appears that roughly three-quarters of the difference in study results is 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 total impact results by the number of visas issued over 2010-2011 (4,017) to obtain a measure of impacts per visa.²² 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 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 assumptions since the current visa cap could be reached within the next year or two (6,514 visas were issued in 2012).

²² Visa counts obtained from *Tables 5 & 6* of the State Department's [Visa Office Report](#) (2010 & 2011).

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, impact results would increase almost 2.5 times at the 10,000 visa cap. In this scenario, EB-5 spending would support over 83,000 U.S. jobs and contribute \$6.6 billion to U.S. GDP. Federal tax revenues would increase to \$863 million and state & local tax revenues would increase to \$544 million. At the 20,000 visa cap impact results would increase almost 5-fold from current levels. EB-5 spending would then support over 166,000 U.S. jobs and contribute \$13.2 billion to GDP. Federal tax revenue would increase to \$1.7 billion and state & local tax revenue would increase to \$1.1 billion. Needless to say, this would represent 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, 2010-2011

Study Results from National Model (2011 dollars reported)

Projection	Jobs Supported	Contribution to GDP	Tax Revenue	
			Federal	State & Local
Study Results	33,347.5	\$2,651,050,387	\$346,790,317	\$218,437,866
Impact/Year	16,673.8	\$1,325,525,194	\$173,395,159	\$109,218,933
Impact/Visa	8.3	\$659,958	\$86,331	\$54,378
10,000 Cap	83,015.9	\$6,599,577,762	\$863,306,739	\$543,783,585
20,000 Cap	166,031.9	\$13,199,155,524	\$1,726,613,478	\$1,087,567,170

Table 23

EB-5 Regional Center Program Growth

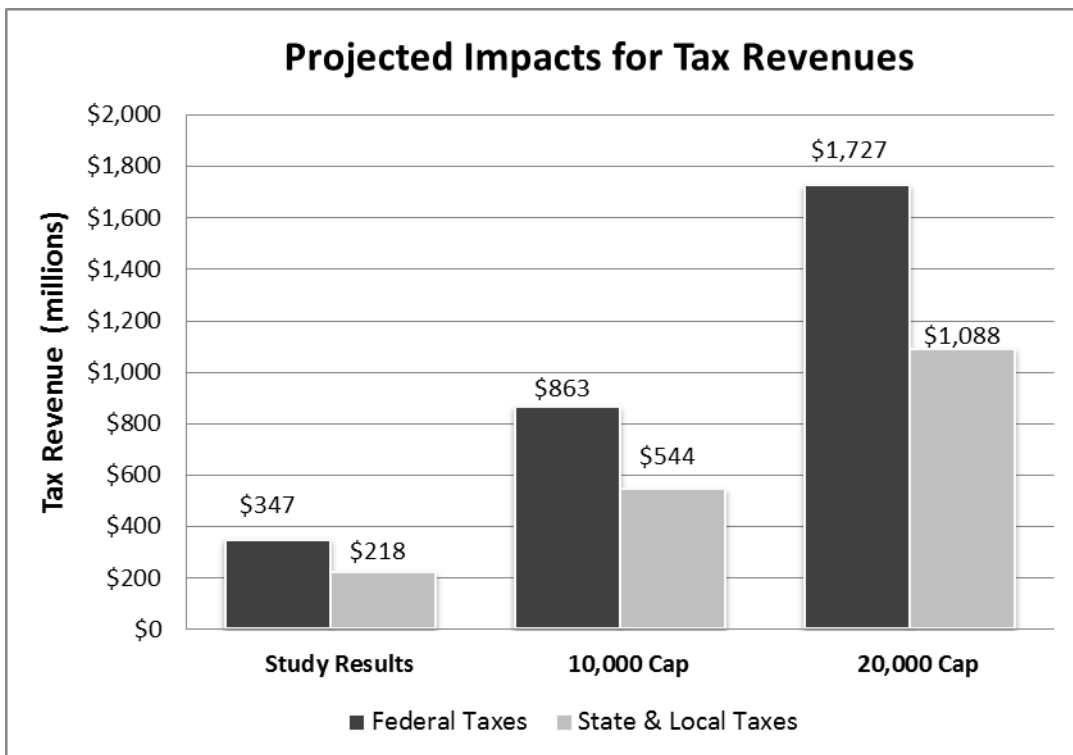
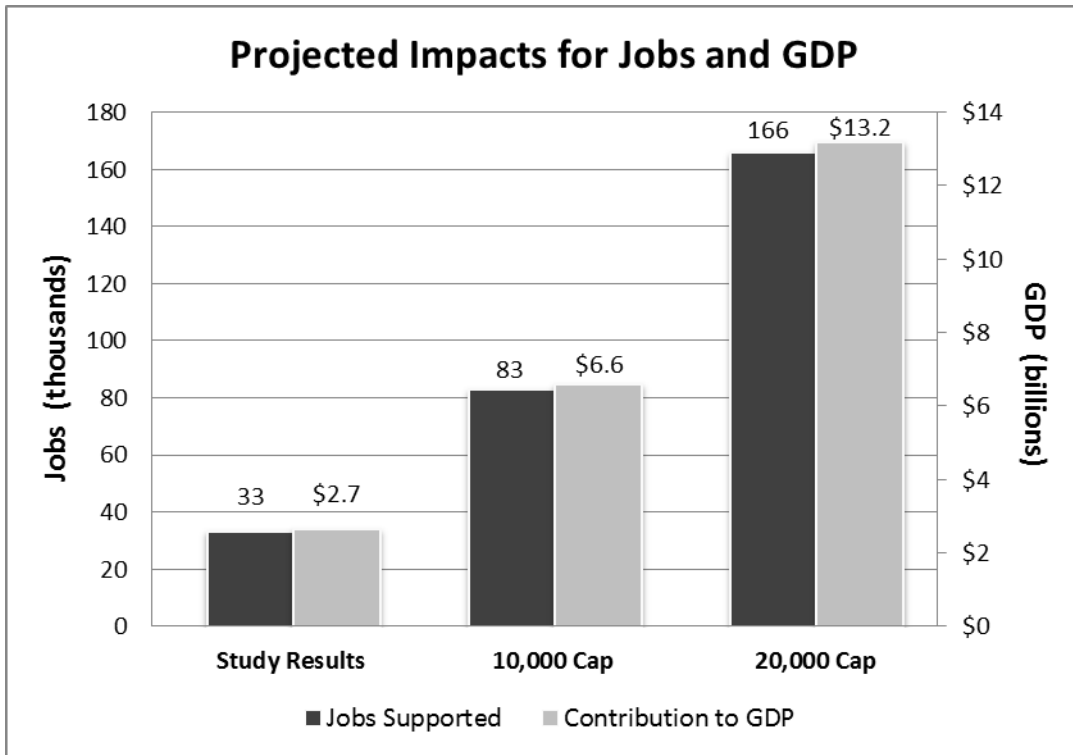
Year	Approved I-526s		Approved Visas	
	Count	Growth	Count	Growth
2006	336	-	68	-
2010	1,369	3.07	1,322	18.44
2011	1,563	0.14	2,695	1.04
2012	3,677	1.35	6,514	1.42
2006-2012		9.94		94.79

Source: USCIS and U.S. State Department.

Table 24

EB-5 Regional Center Program: Growth

Annual Impact	USCIS Study (2001-2006)	MIG Study (2010-2011)		Growth Factor		Due to ↑ Investment
		Investments	All Spending	Investments	All	
Initial Spending	\$41,657,457	\$874,250,000	\$1,053,997,079	19.99	24.30	78.4%
GDP	\$117,000,000	\$1,101,658,540	\$1,325,525,194	8.42	10.33	77.3%
Federal Tax	\$17,000,000	\$145,354,669	\$173,395,159	7.55	9.20	78.2%
State/Local Tax	\$10,000,000	\$89,003,019	\$109,218,933	7.90	9.92	74.4%
Jobs Supported	2,000	14,083	16,674	6.04	7.34	78.6%



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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 also asset swaps and 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.²³ 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 822 homes are purchased by EB-5 households from 2010-2011. The total value of these purchases is estimated at \$411 million dollars (see Table H1). California, New York, Florida and Texas top the list with the highest number of home purchases.

²³ [American FactFinder](#) (U.S. Census): 1-year estimates from the American Community Survey for 2010 & 2011.

Table H1: Estimated Home Purchases by EB-5 Households, 2010-2011

State	Home Ownership (%)		Home Purchases		Housing Expenditures (\$)	
	2010	2011	2010	2011	2010	2011
Alabama	70.1%	69.9%	1.16	2.42	\$581,406	\$1,208,631
Alaska	63.9%	63.1%	0.50	1.00	\$252,051	\$500,425
Arizona	65.2%	63.7%	5.12	10.77	\$2,559,841	\$5,386,271
Arkansas	67.4%	66.6%	0.81	1.65	\$407,038	\$824,182
California	55.6%	54.9%	49.53	95.65	\$24,763,725	\$47,826,210
Colorado	65.9%	64.4%	3.56	7.28	\$1,777,664	\$3,638,671
Connecticut	68.0%	67.4%	3.59	7.08	\$1,795,545	\$3,537,878
Delaware	73.0%	71.6%	0.73	1.46	\$365,103	\$732,423
DC	42.5%	41.2%	0.55	0.97	\$275,992	\$484,304
Florida	68.1%	66.7%	31.24	60.31	\$15,619,983	\$30,154,047
Georgia	66.2%	64.6%	7.06	14.49	\$3,530,618	\$7,246,997
Hawaii	58.0%	56.8%	1.78	3.48	\$889,363	\$1,741,331
Idaho	69.6%	68.7%	0.80	1.55	\$401,301	\$772,913
Illinois	67.7%	67.3%	11.00	21.39	\$5,500,830	\$10,696,810
Indiana	70.3%	69.7%	2.61	4.83	\$1,303,430	\$2,415,176
Iowa	72.4%	72.4%	1.36	2.84	\$678,551	\$1,419,781
Kansas	68.1%	67.8%	1.64	2.92	\$820,885	\$1,459,076
Kentucky	68.6%	68.9%	1.49	3.15	\$743,273	\$1,573,049
Louisiana	67.6%	66.4%	1.31	2.39	\$655,504	\$1,192,860
Maine	72.7%	71.0%	0.46	0.93	\$231,810	\$465,622
Maryland	67.0%	67.3%	7.61	14.41	\$3,804,614	\$7,205,705
Massachusetts	62.2%	62.1%	8.29	16.61	\$4,145,504	\$8,306,999
Michigan	72.8%	71.7%	5.82	10.95	\$2,910,457	\$5,474,009
Minnesota	73.0%	72.8%	3.91	7.53	\$1,956,562	\$3,764,744
Mississippi	69.8%	69.8%	0.55	1.03	\$276,218	\$515,180
Missouri	69.0%	68.0%	2.15	4.03	\$1,074,831	\$2,014,970
Montana	69.7%	67.9%	0.18	0.35	\$89,491	\$176,921
Nebraska	67.4%	66.9%	1.31	2.57	\$653,996	\$1,287,308
Nevada	57.2%	56.3%	2.67	4.92	\$1,337,059	\$2,459,908
New Hampshire	71.7%	71.5%	0.83	1.54	\$413,409	\$767,760
New Jersey	66.4%	65.0%	16.18	29.92	\$8,090,581	\$14,959,366
New Mexico	67.9%	68.2%	1.06	2.19	\$532,423	\$1,095,775
New York	54.3%	53.6%	34.35	65.84	\$17,176,273	\$32,917,854
North Carolina	67.2%	66.5%	4.67	9.73	\$2,332,590	\$4,863,660
North Dakota	66.9%	65.7%	0.34	0.58	\$171,748	\$289,890
Ohio	68.4%	67.0%	4.01	7.74	\$2,005,174	\$3,871,444
Oklahoma	67.8%	67.0%	1.38	2.56	\$690,740	\$1,280,368
Oregon	62.5%	60.8%	2.17	3.93	\$1,086,480	\$1,964,004
Pennsylvania	70.1%	69.5%	7.27	14.66	\$3,633,390	\$7,331,780
Rhode Island	60.8%	60.6%	1.08	1.90	\$541,531	\$952,119
South Carolina	68.7%	69.2%	1.33	2.48	\$666,757	\$1,240,300
South Dakota	68.0%	68.5%	0.33	0.82	\$164,263	\$412,411
Tennessee	68.1%	67.3%	2.41	4.67	\$1,206,948	\$2,336,744
Texas	63.6%	62.9%	23.87	49.20	\$11,936,168	\$24,600,892
Utah	69.9%	69.4%	1.86	3.76	\$929,746	\$1,877,988
Vermont	70.4%	71.3%	0.30	0.63	\$152,022	\$313,125
Virginia	67.7%	67.3%	8.31	15.52	\$4,156,171	\$7,759,129
Washington	63.1%	62.8%	6.04	12.41	\$3,021,716	\$6,207,478
West Virginia	74.6%	72.3%	0.28	0.57	\$139,109	\$283,740
Wisconsin	68.7%	67.9%	1.86	3.57	\$929,041	\$1,786,586
Wyoming	69.7%	70.6%	0.18	0.31	\$88,747	\$157,395
Total			278.94	543.50	\$139,467,670	\$271,752,208
Grand Total (2010-2011)			822.44		\$411,219,878	

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

Appendix 2: Additional Tables

Table A1: NAICS to IMPLAN Sector Crosswalk

NAICS Description	IMPLAN Sector	IMPLAN Capital Expenditure Pattern
Dairy Cattle and Milk Production	12 Dairy Cattle & Milk Production	BEA1120-Animal production
Mining	26 Gravel Mining	BEA2123-Nonmetallic mineral mining and quarrying
Utilities	31 Electric power generation, transmission, and distribution or 32 Natural Gas Distribution	BEA2211-Power generation and supply or BEA2212-Natural Gas Distribution
Commercial Construction, Real Estate Development, Office, Redevelopment Authority, Commercial Mixed-Use	34 Commercial Construction	N/A
Industrial Construction	35 Industrial Construction	N/A
Power Line Construction	36 Other Nonresidential Construction	N/A
Residential Construction/Residential Mixed-Use	37 Residential Construction	N/A
Remodelling of existing office or warehouse structures	39 Repair and Maintenance	N/A
Animal Production	59 Animal (except poultry) slaughtering, rendering, and processing	BEA3110-Food manufacturing
Poultry Production	60 Poultry processing	BEA3110-Food manufacturing
Winery	72 Wineries	BEA3121-Beverage manufacturing
Paper Mill Manufacturing	105 Paper Mills	BEA3221-Pulp, paper, and paperboard mills
Converted Paper Products Manufacturing	111 Sanitary paper product manufacturing	BEA3222-Converted paper product manufacturing
Ethanol or Other Organic Chemicals Manufacturing	126 Other basic organic chemical manufacturing	BEA3251-Basic chemical manufacturing
Construction Machinery Manufacturing	205 Construction machinery manufacturing	BEA3331-Agriculture, construction, and mining machinery
Paper Manufacturing Machinery	207 Other industrial machinery manufacturing	BEA3332-Industrial machinery 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
Manufacturing	317 All other miscellaneous manufacturing	BEA3399-Other miscellaneous manufacturing
Retail	329 Retail - General merchandise	BEA4A00-Retail trade
Transportation	335 Truck Transportation	BEA4840-Truck transportation
Commuter Rail Systems	336 Transit and ground passenger transportation	BEA4850-Transit and ground passenger transportation
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
Real Estate Consulting/Property Management	360 Real Estate	BEA5310-Real estate (and owner occupied dwellings)
Management of Companies	381 Management of companies and enterprises	BEA5500-Management of companies and enterprises
Solid Waste Collection	390 Waste management and remediation services	BEA5620-Waste management and remediation services
Educational Service	392 Junior colleges, colleges, universities, and professional schools	BEA6100-Educational services
Home Care/Living Assistance for the Elderly	395 Home Health Care Services	BEA6210-Ambulatory health care services
Hospital	397 Hospitals	BEA6220-Hospitals
Health Care/Nursing and Residential Care Facility	398 Nursing and residential care facilities	BEA6230-Nursing and residential care facilities
Promoter of Sports	404 Promoters of performing arts and sports and agents for public figures	BEA71A0-Performing arts, spectator sports, museums, zoos
Health Clubs	407 Fitness and recreational sports centers	BEA7130-Amusements, gambling, and recreation
Gambling, Gaming	409 Amusement parks, arcades, and gambling industries	BEA7130-Amusements, gambling, and recreation
Ski area related tourism	410 Other amusement and recreation industries	BEA7130-Amusements, gambling, and recreation
Hotel, Accommodation, Hospitality	411 Hotels and motels, including casino hotels	BEA7210-Accommodation
Food Service	413 Food services and drinking places	BEA7220-Food services and drinking places

Table A2

EB-5 flight expenditures by country of origin, 2010

Country	Visa Count	Visa %	Adjusted Visa %	Adjusted Visa Count	Flight Expense*
					Economy
Brazil	15	1.13%	5.57%	73.63	\$68,396.12
RSA	34	2.57%	7.01%	92.63	\$241,801.62
China (AA)	299	22.62%	27.05%	357.63	\$515,206.95
China (CEA)	299	22.62%	27.05%	357.63	\$0.00
Iran	52	3.93%	8.37%	110.63	\$0.00
Vietnam	15	1.13%	5.57%	73.63	\$131,193.17
Great Britain	112	8.47%	12.91%	170.63	\$0.00
Russia	27	2.04%	6.48%	85.63	\$0.00
Sub total	853	64.52%			
Other Countries	469	35.48%			
Total	1,322	100.00%	100.00%	1,322.00	\$956,597.86
Adjustment Factor		4.43%			
US taxes from foreign airlines					\$72,700.58
US airport fees from foreign airlines					\$3,260.25

*Expenditures on foreign airlines not included.

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

Table A3

International flight prices for 2010 EB-5 impacts

Departure: August 1st (prices as of 4/10/2013 @ 12:30pm)

Route	Economy Class						Airline	Stops	Layover (mins)
	Price	Taxes & Fees	Base Fare	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
IKA-IAD	\$874.19	\$109.99	\$764.20	\$713.35	\$50.50	\$4.50	Emirates	1	125
SGN-LAX	\$1,986.69	\$143.49	\$1,843.20	\$1,714.67	\$67.25	\$4.50	AA	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 total for taxes & fees (minus US airport fee).

Source: Travelocity

Table A4: 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	Frointer	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	Frointer	1	58
Other*	n/a	-	0	0
Unknown*	n/a	-	0	0

*Large int'l airport present in state, domestic flight unnecessary.

Table A5: Prices for domestic moving service, 2013

Estimates obtained from Moving.com (4/24/13)

Los Angeles to:	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

*Full service move, not including packing charges or taxes.

Memorandum

From: Hart, Hodges, Western Washington University and Eric Thompson, University of Nebraska-Lincoln

To: Scott Lindall, Jenny Thorvaldson, David Kay, MIG, Inc.

Copied To: David Anderson and Peter Joseph, IIUSA

Purpose: Comments on report "Economic Impacts of the EB-5 Immigration Program, 2010-2011"

Date: June 3, 2013

We found this to be a very well written report and well executed economic impact analysis. Appropriate and creative methodologies were used both in estimating direct economic impacts and in estimating indirect and induced impacts utilizing the IMPLAN model. This is what we had expected but we felt we should begin our remarks by confirming the quality of the report.

Thank you very much. We appreciate the great feedback.

Both general comments and specific comments are provided below:

General Comments

1) The report may want to make a more specific comparison with the 2010 IFC report. Currently, the report makes such comparisons in most detail in the conclusion. However, it may make sense to provide some specific percentages, perhaps in a table, of the sources of differences in program impacts in the current report versus the 2010 report. What percentage of the differences was due to the increase in activity? What percentage is due to better coverage/capture of activity in the current study? What percentage are due to the introduction of Household Spending impacts and Investment and Legal fees impacts in the current study? What percentage is due to other methodological differences? The comparison also should be discussed more completely in the introduction to the report as well as in the conclusion.

This is a really good suggestion. Unfortunately, when USCIS commented on the original study, they mentioned that the data collected was a small sample of convenience that was not intended to be representative of the average EB-5 investor. The agency cautioned against using the results as any kind of benchmark for projection or policy-making. If this is the case, it is probable that previous 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. It is assumed that the results in this study are more reliable and accurate since they are based on a population of investor data.

Leaving the issue of bias aside, if we assume the original results are not under or over-estimated to a great extent, we can compare how much of the difference is due to increased investment activity or to the introduction of new spending categories. Our results indicate that approximately ¾ of the difference is due to increased investment activity and the other ¼ is due to the additional spending categories. We have included a more in-depth discussion in the report.

2) Is it a key assumption of the report (and the IFC report) that EB-5 investment does not crowd out U.S. investment? If so, that assumption should be stated explicitly and then arguments should be presented in its favor. We think a strong case can be made for that assumption – we just feel it should be stated explicitly.

Good idea, we will add the following idea to the report:

EB-5 investment represents a very small percentage of the overall output generated by the investment industry. From 2010-2011 the *Securities, Commodity Contracts and Investments* industry generated over a trillion dollars in output (\$1.073 trillion). Over the same period, EB-5 investments represented little more than 1/10th of one percent of this output (0.16%). As such, we assume that EB-5 investment does not crowd out other U.S. investment.

3) Could the author(s) provide a bit more detail about the methodology for tax revenue estimates – discussion would only need to be at a high level. Currently, it is a bit of a “black box.”

Thanks for the suggestion. We will add a brief definition describing the way IMPLAN calculates tax revenues in the *IMPLAN definitions* section.

4) I realize that IMPLAN is cautious about reporting specific multipliers. But, is there any way to report these generally in this case? Obviously, the authors from MIG would have used appropriate multipliers. But, providing some information about the magnitude of multipliers in this report would: 1) build confidence among readers, and 2) provide an opportunity to show readers the magnitude of “reasonable” multipliers. In other words, for some readers this report could be a “teachable moment.”

Good suggestion. We didn't use multipliers in the sense of multiplying expenditures by a set of industry multipliers, such as with RIMS II, but rather the EB-5 program will have a unique set of multipliers associated with its impact results (i.e., calculated as total effect/direct effect). For IIUSA's membership, we thought including multipliers may have added a little bit too much complexity. Since program specific multipliers are sensitive to changes in underlying data and can be easily misread, we thought it more appropriate to report results in levels. However, we would be happy to provide multipliers for the EB-5 presentation at AUBER.

5) The impacts from Investments (Category 1) and Other EB-5 Spending (Category 3) are one-time events. But, the impact from Household Spending (Category 2) by a new immigrant family lasts for a lifetime, i.e., well beyond the 2010-2011 period. Is there any way to acknowledge or make this distinction in the report? Perhaps a Present Value for the Household spending? Or, simply emphasize how

conservative the current methodology is being by focusing on Household Spending only in 2010-2011? Or, maybe you should add the cost of buying a house too (see comment 6 below).

Another good suggestion. Since impact analysis is based on a fixed-input, fixed-price model, we do prefer to error on the side of caution when it comes to using direct impacts that have been projected far into the future. We have added some language in the results section acknowledging the on-going impact of household spending and can further acknowledge how conservative our methodology is by focusing exclusively on HH expenditures during a two-year period. Also, we would be more than happy to provide a PV-based impact of household spending for the AUBER conference.

6) We applaud the authors for choosing to avoid adding in the cost of purchasing a house in the impact analysis, given that this is already covered implicitly in the Household Spending impacts. It seems like the same logic would apply to automobile purchases, yet these are added in separately. If there is a compelling reason for this different treatment, the authors should state it explicitly in the report.

Good question. Our assumption is that these purchases are one-time occurrences paid for through savings (i.e. flight, moving service, automobile, investment & legal service, and government fees). As such, they will not be reflected in the average household spending pattern and should be estimated separately. But we can definitely state this more explicitly in the methodology section.

We did not include housing purchases because these are asset swaps that don't generate economic impacts. One could estimate the impacts generated by the real estate and mortgage fees associated with housing purchases, but this would be a small impact and also seemed a bit of a stretch since housing transactions are not typically considered events that generate economic impacts.

7) In places in the report like Page 8, 4th paragraph – why not use the multi-regional model feature now available from IMPLAN to capture spillover benefits in other states? More populous states would probably capture a larger share of the state impacts if the multi-regional modeling feature was used,

We agree that MRIO is more attractive intellectually. The reason we didn't use MRIO was primarily because of constraints on our time and resources. Analyzing state-level impacts with MRIO would require processing not only 51 state models, but also 50 state-pair models for each of the state models. The endeavor was simply too large for our current budget.

8) We were momentarily confused with the initial references to 'household spending' as they related to the immigrating EB-5 household, not generic household spending that is part of induced spending.

Thank you. We will add a brief definition of the household spending pattern and try to differentiate between the two concepts within the definition.

9) A last general comment points to the potential for future research that might complement the current report. In particular, there is a need to classify, document, and standardize approaches to estimating the direct economic impact of EB-5 program projects. The current study considers this issue only for the case when the direct impact is estimated via the direct investment in the project.

A very good suggestion for future research.

More Specific Comments

1) Footnote 5: Isn't it the # of EB-5 individuals granted permanent residency divided by the # of EB-5 investors granted permanent residency?

Great catch. Thank you very much. We will make the correction.

2) Page 11, 2nd paragraph – Can't you get this type of data for high income households – like average propensity to consumer – for high income households (separately) in the Consumer Expenditure Survey?

Great suggestion. Since sending the draft for review, we've actually included the Average Propensity to Consume (APC), as derived from BEA's Personal Consumption Expenditure (PCE). By doing so, we can see if our household spending level is reasonable. It turns out that our assumed APC for EB-5 households is much lower (88.2%) than that observed by PCE in either 2010 (91.8%) or 2011 (92.9%). For some reason, APC derived from BLS's Consumer Expenditure Survey is much lower (80.6% in 2011) than that derived from BEA's PCE (92.9% in 2011). Since APC is generally considered a macroeconomic variable and since PCE is more geared toward measuring macroeconomic variables, we prefer to derive APC from BEA data even though it doesn't provide a specific breakdown of income segments.

3) When referring to two-year totals for jobs during 2010-2011, it may be more appropriate to say "job-years," which is a "flow" analogous to income.

Very true. Although, we think "job years" is a term less well-known by lay audiences, and that it is a bit clearer to simply describe the impact as the "number of jobs supported over 2 years."