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Creating Jobs Through EB-5 Investment

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To Help the U.S. Economy Create and Retain U.S. Jobs: Support EB-5 Regional Center Program Reform and Long-Term Reauthorization

Dear Honorable Members of Congress:

On behalf of Invest in the USA (IIUSA), the national trade association of the EB-5 Regional Center industry, EB-5 stakeholders, and the undersigned partners, I urgently ask Congress to enact needed reforms and a long-term reauthorization of the EB-5 Regional Center Program (“Program”).

Our country faces its biggest economic crisis since the Great Depression. Fortunately, the EB-5 Regional Center Program is positioned to make a very positive and lasting economic difference. The Program is primed to support our nation’s troubled businesses and large number of unemployed Americans while **not using U.S. taxpayer dollars**. To have this desired economic effect, Congress and the Administration need to act swiftly to strengthen the Program’s integrity measures and enact a long-term reauthorization.

Since beginning **in 1992**, the Program has become a vital economic development tool in communities across the United States, both rural and urban, creating jobs, retaining jobs, improving infrastructure, and providing critical funding for projects that otherwise would stand idle, incomplete, or never begun.

In 2008, in response to our country’s last economic crisis, the Program’s investment dollars stimulated the economy to create and retain U.S. jobs. In fact, between 2008 and 2015, the Program facilitated \$20.6 billion of investment to help retain and create 731,792 U.S. jobs.ⁱ Again, all this investment was at no cost to the American taxpayer.

Not surprisingly, **in 2012** Congress removed the Program’s “pilot” label and the House voted 412-3 and the Senate unanimously reauthorized the Program. It was a clear, broad, and bipartisan decision to make the Program a permanent part of U.S. economic development policy.

In 2020, the EB-5 Program can once again help create and retain desperately needed U.S. jobs and generate capital to help troubled U.S. businesses. IIUSA estimates the Program can attract \$3 billion and support 95,990 job opportunities annually in equilibrium.ⁱⁱ

However, the demand for EB-5 dramatically surpasses its equilibrium. At its peak, the Program generated a demand that was 430% of the annual supply of EB-5 visas.ⁱⁱⁱ If the Program meets this higher demand level, it could attract \$12.9 billion and support 412,759 jobs annually (see Table 1).

Table 1: EB-5 to Support American Businesses and Workers in Responses to Crises

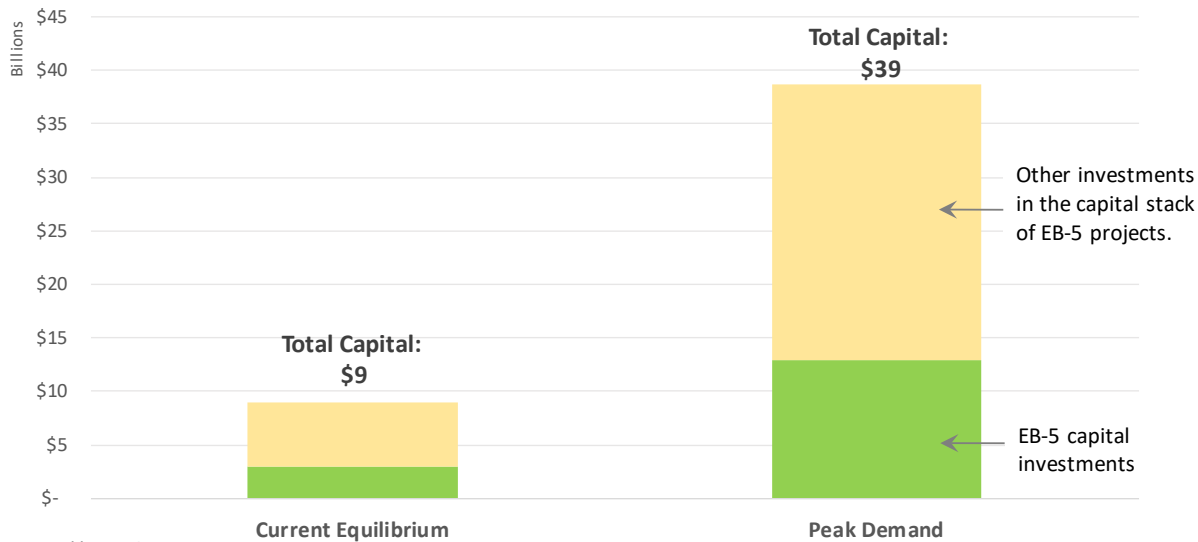
	EB-5 Economic Impact for 2008 Financial Crisis Responses	EB-5 Stimulus for COVID-19 Responses	
		Current Equilibrium	Peak Demand*
Capital Investment for American Businesses/Year	\$2.6 billion	\$3.0 billion	\$12.9 billion
Job Opportunities for American Workers /Year	91,474	95,990	412,759

* At its peak, the EB-5 Program attracted 14,373 investors in 2015, a demand that is 430% of its equilibrium.
 Prepared by: IIUSA

These funds have a catalytic effect (see Figure 2) which can spur over \$39 billion in economic impact. When domestic financing sources are difficult to secure, as during the 2008 Great Recession, EB-5 funding steps in to meet businesses’ capital demand. When capital is scarce, available EB-5 capital is critical to catalyzing and leveraging other (traditional) funding sources.

Figure 2: EB-5's Catalytic Impact on the U.S. Economy

Total investment amounts of EB-5 projects (in \$million) funded by EB-5 capital and other capital sources by scenario



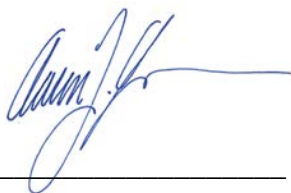
Prepared by: IIUSA

As the aftermath of the 2008 financial crisis demonstrated, the Program can create and retain jobs – at no cost to the U.S. government due to its fee-based operation. The Program is ready to help create and save jobs for American workers once again through its investment impact and importantly through its stimulating effects when leveraged against other traditional sources of capital.

However, to make this happen the Program must be in sync with the nation's economic demands and it must receive a long-term, if not a permanent reauthorization. As Congress considers the Program and federal strategies to create and retain American jobs, we welcome the opportunity to share our thoughts, data, and Program operational expertise.

Below is a list of organizations from around the country who see and feel the benefit of EB-5 in their communities every day. They have signed on to this letter in support of IIUSA and a meaningful reauthorization of the EB-5 Regional Center Program.

Respectfully,



Aaron L. Grau

Executive Director

[SUPPORTER & PARTNER SIGNATURES APPEAR ON THE FOLLOWING PAGES.]

ⁱ According to the U.S. Department of Commerce, investments made by each qualified EB-5 investor would create 16 jobs for American workers. See: "Estimating the Investment and Job Creation Impact of the EB-5 Program." p.2. January 2017. EB-5 investment dollar was estimated based on USCIS quarterly statistics on Form I-526, see: https://www.uscis.gov/sites/default/files/USCIS/Resources/Reports%20and%20Studies/Immigration%20Forms%20Data/Employment-based/I526_performancedata_fy2015_qtr4.pdf

ⁱⁱ Equilibrium is when the demand for the EB-5 visas equals the supply. Currently there are approximately 10,000 EB-5 visas available and each EB-5 investor is on average using 3 visas. With that, the Program's equilibrium is achieved when 3,333 EB-5 investors file their I-526 petitions within one fiscal year. In addition, using the job creation ratio from DOC's report (16 jobs per EB-5 investor unit (\$500,000 investment level)), the expected number of job creation is 95,990 from the \$3.0 billion investment made by these 3,333 investors.

ⁱⁱⁱ 14,373 investors applied for the EB-5 Program in fiscal year 2015, 431% of the Program's equilibrium (3,333 investors per year).