

## Economic Freedom Zones

Senator Rand Paul's Economic Freedom Zone legislation will foster revitalization of impoverished and bankrupt areas of the United States by leveraging the human capital, natural resources, and business investment opportunities that already exist throughout the country. By keeping more of a community's money in the community and removing the most burdensome of federal mandates, communities will be empowered to confront economic hardship and unemployment with new investment opportunities. These also include creative solutions toward education, land management, and community assistance.

Further, Economic Freedom Zones will empower local communities to direct their own economic recovery both immediately and in the longer-term without Washington bailouts or picking winners and losers.

### **Immediate Relief**

The quickest way to spur economic recovery is to allow residents and successful businesses to keep more of the money they earn so they can more fully engage in economic activity. Economic Freedom Zones achieve this by:

- Reducing the individual and corporate income tax to a single, flat rate of 5 percent;
- Reducing payroll taxes by 2 percent for both the employer and employee, at no cost to the trust funds.

### **Mid-Term Reinvestment**

While tax cuts provide immediate relief, economic recovery also requires new investment in communities. Economic Freedom Zones empower both business and local government to make these critical investments by:

#### *Attracting Business*

- Double the amount of 100 percent expensing of all business investment costs;
- Suspending eligible capital gains taxes;
- Suspending EPA non-attainment designations in Economic Freedom Zone areas; and
- Providing municipalities option to waive certain land use restrictions.

#### *Freeing Municipalities to foster growth*

- Exempting eligible municipalities from Municipal Separate Storm Sewer System requirements;
- Streamlining National Environmental Policy Act requirements for construction projects; and
- Suspend Davis-Bacon wage requirements.

### **Long-Term Revitalization**

For communities to thrive over the long-term, they need to develop and attract the best human capital possible. Economic Freedom Zones help build a 21<sup>st</sup> Century workforce made up of local talent while attracting new workers.

- Providing states with school choice options with Dept. of Education Title I portability funding for areas designated Economic Freedom Zones;
- Providing a new \$5,000 per child educational tax credit to parents or guardians;
- Establish new Economic Freedom Zone Charitable Tax Credit for entities in eligible areas for –
  - Religious organizations or institutions;
  - Educational entities, including educational scholarships;
  - Homeless shelters and food banks.
- Establishing new Economic Freedom Zone Visa (at the State's discretion) –
  - Entrepreneurial investment: for qualified immigrants creating a new business and employing 5 U.S. citizens; and
  - Education performance needs: for qualified immigrants with a specialty degree or higher education qualification meeting Economic Freedom Zone needs.