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EDITOR'S NOTE



## Will this trickle-down work?

BY FOON RHEE / [foonr@newsreview.com](mailto:foonr@newsreview.com)

**Let's count the ways that the Trump-Republican tax cut was terrible.**

It was a giveaway to the wealthy, who were doing just fine, and to corporations, which were already raking in huge profits. In fact, big companies didn't add jobs or buy more equipment, as President Donald Trump and his amen chorus claimed would happen. Instead, they spent billions upon billions to buy back their own stock, putting more money in the hands of rich shareholders.

The tax cut is also bad for California. It caps the deduction for state and local taxes at \$10,000, more than what has been claimed by more than 1 million California taxpayers. That means a deeper tax bite when they fill out their 2018 returns in coming weeks.

But the tax cut law included one idea that won bipartisan support and could be good for struggling areas in Sacramento and other U.S. cities—maybe.

It creates "opportunity zones" that offer tax breaks on capital gains (profits on stocks and other investments) if the taxpayer puts the money into a fund that invests in "distressed communities."

On Friday February 1 at Depot Park, the city of Sacramento, City Councilman Eric Guerra, the Greater Sacramento Economic Council, the Federal Reserve Bank of San Francisco and several other groups are hosting a forum on opportunity zones—what projects might be eligible and how to get them done.

Sacramento's opportunity zones include the downtown railyards, the riverfront, Meadowview, Valley Hi, Avondale/Glen Elder, Franklin, the River District, North Sacramento, Del Paso Heights, parts of South Natomas along

Interstate 5 and Robla. Along with the Measure U sales tax, opportunity zone money could boost inclusive economic development. It could also help launch an effort to remake the waterfront.

Both are top city priorities this year, Mayor Darrell Steinberg said at a very upbeat State of Downtown event on January 22. Downtown Sacramento Partnership leaders celebrated new housing and retail and growing national buzz, but said it's crucial to build on the momentum, especially to make the waterfront a "one-of-a-kind" destination.

These opportunity zones have "potential," but it's too early to say how they will play out, said

Michael Jasso, assistant city manager in charge of innovation, economic development and community development.

Across California, about 880 census tracts qualify as opportunity zones; across the nation, it's about

8,700. Bloomberg reported this month that

there's already a gold rush by some developers to capitalize. While Treasury Secretary Steven Mnuchin predicts that opportunity zones will pump \$100 billion into these needy areas, critics warn the cost to the U.S. treasury will be far more than the projected \$1.6 billion. They also say that some of the eligible areas are already thriving.

So it's not a done deal that this latest trickle-down idea will work as advertised. And I'm not a fan of giving more special breaks to the wealthy anyway.

But in Trump's America, is putting more cash in the pockets of the rich the price we have to pay to create more jobs for working families? If so, that's a shame. □

**Opportunity zone money could boost inclusive economic development. It could also help launch an effort to remake the waterfront.**

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