

REAUTHORIZING AND REFORMING THE EB-5 REGIONAL CENTER PROGRAM:

EB-5 Reform and Integrity Act of 2019 (S. 2540)

The EB-5 Regional Center program began in 1993 as an outgrowth of the EB-5 visa. The current program provides a green card to individuals who invest \$1 million in a business in the United States that creates 10 jobs. The investment amount is lowered to \$500,000 in high unemployment and rural areas—areas that typically struggle to attract development and retain jobs.

Earlier this year, U.S. Citizenship and Immigration Services (USCIS) issued regulations to update and modernize how the EB-5 visa program operates. These regulations will go into effect on November 21, 2019. For the first time in 30 years, the minimum investment levels will be adjusted to account for inflation – to \$1.8 million for standard investments and \$900,000 for investments in high unemployment and rural areas.

The new regulations also reformed the way in which high unemployment areas and rural areas (known as “Targeted Employment Areas”) are designated under the program. Both the Trump and Obama administrations agreed this reform was necessary due to widespread gerrymandering of Targeted Employment Areas that allowed investments in the most affluent communities in the country to qualify for the reduced investment threshold.

The Regional Center program allows multiple EB-5 investors to pool capital, which can generate significant investment. In recent years, the program has come under intense scrutiny. Concerns have been raised related to national security and the program’s susceptibility to fraud and abuse. The EB-5 Reform and Integrity Act addresses these concerns by *providing vital and important integrity and national security reforms* to the program. This legislation will enable the Department of Homeland Security to better guard against abuse and promote program integrity, as well as provide users of the program with the stability of a 5-year reauthorization.

Introduced by Senators Chuck Grassley (R-Iowa.) and Patrick Leahy (D-Vt.), this bipartisan legislation would:

- **Extend the program** through September 2024;
- **Provide increased authority to DHS** to deny or terminate applications where there is fraud, criminal misuse, or a threat to public safety or national security;
- **Establish an “EB-5 Integrity Fund”** in which regional centers and investors would pay fees to be used by DHS to conduct audits and site visits to detect and investigate fraud in the United States and abroad;
- **Require background checks** of regional center and project principals;
- **Require more disclosures to investors** regarding business risks and conflicts of interest;
- **Require more oversight of projects and closer monitoring for securities compliance;**
- **Improve how jobs are calculated** to ensure that EB-5 projects truly create the statutorily required 10 jobs per investor;
- **Improve accountability and transparency** by requiring that DHS employees document certain communications and by prohibiting preferential treatment; and
- **Decrease petition processing times**, which have been plagued by massive delays, by providing premium processing and requiring fees be adjusted to the rate necessary to achieve efficient processing.