

Statement of Senator Patrick Leahy
Ranking Member, Senate Judiciary Committee,
On the Introduction of the
American Job Creation and Investment Promotion Reform Act of 2015
June 3, 2015

Today I am proud to introduce the bipartisan American Job Creation and Investment Promotion Reform Act of 2015, which will extend and significantly improve the EB-5 Regional Center program. Since its inception in 1993, the EB-5 Regional Center program has generated billions of dollars in capital investment and created tens of thousands of jobs across the country, much of which has occurred in areas that traditionally struggle to attract investment and jobs. The program's authorization is set to expire at the end of September. My legislation would reauthorize it for five years while enacting broad reforms to enhance the program's integrity. I am proud to be joined by Senator Grassley in this effort.

The EB-5 Regional Center program faces significant challenges. I have always been supportive of its ability to create American jobs but the program has experienced some problems in recent years. There have been troubling reports of fraud and abuse, concerns regarding onerous processing delays for developers and investors, and questions over whether the program is truly benefiting those that Congress intended. These concerns can overshadow the many success stories, and have led some to understandably lose faith in the program.

I have not seen any flaw inherent to the EB-5 Regional Center program that could not be remedied, and I strongly believe that this is a program worth fixing. Over the last two decades this program has proven it can result in significant investment and jobs in communities that desperately need both, all at no cost to American taxpayers. While our immigration system as a whole is broken, and only comprehensive reform will remedy its many injustices, reforming and reauthorizing the EB-5 Regional Center program warrants our immediate attention because the program is set to expire in a matter of months.

In Vermont, this program revitalized rural communities during the worst of economic times. At the height of the recession, Country Home Products was able to speed up its engineering initiative to develop a new line of equipment in the power tool market. Sugarbush ski resort invested in new facilities and resources to increase visitors and keep its doors open. Without EB-5 capital, these manufacturing, construction, and hospitality jobs would likely not exist in Vermont. The state-run Vermont Regional Center continues to attract substantial capital investment and—with the Department of Financial Regulation now joining the Agency of Commerce and Community Development in overseeing the program—also provides unparalleled oversight of EB-5 projects.

I have long sought substantial reforms to the EB-5 Regional Center program at the Federal level. Last Congress, my EB-5 amendment to Comprehensive Immigration Reform provided the Department of Homeland Security the authority to revoke suspect regional center designations or immigrant petitions. This amendment, which was unanimously approved by Senate Judiciary Committee, also provided for increased regional center reporting, background checks, and oversight related to the offer and sale of securities. Sadly these improvements have all had to wait, as the House of Representatives failed to allow a vote on the bipartisan immigration reform bill that passed the Senate last Congress.

Fortunately, however, the agency that administers EB-5 has not stood idly by waiting for Congress to strengthen the program. I credit Alejandro Mayorkas, the former Director of United States Citizenship and Services, with bringing many concerns to light. The agency has since transformed its review of EB-5 applications. Staff levels have increased nearly ten-fold, in-house economists now analyze proposed

business plans, and fraud detection and national security staff now sit side-by-side with adjudicators. These actions have all helped the agency to guard against abuses.

However, as Congress now faces reauthorizing this job-creating program, I have listened to concerns raised about how the program functions. I believe we must do more, which is why I have been working for over a year to further reform and modernize the Regional Center program. The bill I introduced today builds upon what the Senate passed last Congress as part of Comprehensive Immigration Reform.

This legislation, if enacted, would provide the Department of Homeland Security additional, much-needed authorities, including further expanding background checks, conducting a more thorough vetting of proposed investments earlier in the process, and providing for the ability to proactively investigate fraud, both in the United States and abroad, using a dedicated fund paid for by certain program participants. The bill would also provide investors with greater protections and more information about their investments. It would provide project developers clarity and shorter processing times in order to make the program more predictable and functional. It would raise minimum investment thresholds so more money goes to the communities that need it. And it would help to restore the program to its original intent, by ensuring that much of the capital generated and jobs created occur in rural areas and areas with high unemployment.

Taken together, the oversight tools, security enhancements, and anti-fraud provisions included in this legislation provide the framework for a complete overhaul of the EB-5 Regional Center program. These reforms will instill both confidence and transparency in the program.

I look forward to continuing to work with all Senators and stakeholders to improve and reauthorize this important program. I am confident our work will result in a secure EB-5 program that will create American jobs and promote economic growth throughout our country, particularly in the rural and distressed communities that need it most.

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