County Over Party: How Governors Prioritized Geography over Particularism in the Distribution of Opportunity Zones

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Abstract

Allocating resources is a central function of government, and the distributive politics literature provides considerable evidence of leaders across the world directing resources to co-partisan voters and officials. In the U.S., studies of "presidential particularism" have recently demonstrated strategic targeting by the federal executive branch. We extend the inquiry to states using an unusually rich case in which all governors simultaneously faced decisions about allocating a constrained resource—tax advantaged status for economic development—from an exogenously generated list of geographic possibilities. We test whether governors rewarded their supporters' and allies' areas alongside two alternatives: 1) spreading the wealth by geographic sub-units, and 2) policy need. We do not find evidence of gubernatorial particularism. We find that Republican and Democratic governors prioritized allocating opportunity zones geographically, and made efforts to designate at least one in each county. We also find responsiveness to policy need.

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Allocating valuable resources is one of the central functions of government. Understanding how politics shapes their geographic distribution has long motivated research into how those with discretion over money, programs, and projects decide where to send them. Much of this work focuses on how the alignment between the politics of a geographic area and the politics of those in charge affects who gets what. These questions, and consistent published findings of distributive particularism, cross institutions, levels of government, and subfields (e.g. Kriner and Reeves 2015; Berry, Burden, and Howell 2010; Dahlberg and Johansson 2002; Reeves 2011). In a prominent American politics example, in what they call "presidential particularism," Kriner and Reeves (2015) show that administrations steer money to the areas of "swing" states and to "core" states in which their supporters live.

We ask how a different set of executives, U.S. governors, allocated a different type of resource—tax-advantaged "opportunity zone" (OZ) status for economic development. We argue that this is an ideal case for expanding the study of distributive politics mechanisms in two dimensions—type of distributor and type of resource distributed—and for evaluating the links between electoral institutions and particularism. This case is substantively important *and* empirically advantageous. New federal policy gave all U.S. governors one shot at designating a predetermined fraction (25%) of their eligible low income census tracts (LICs) from a transparent and exogenously determined list. Selected tracts would become more attractive for economic development. This case allows us to observe 50 political executives from both parties given similar constrained opportunities to distribute valuable resources across a well-defined set of geographies.

We assess how well "gubernatorial particularism" explains distributive decisions alongside a) policy need, and b) a more novel alternative geographic mechanism that we call "spreading the wealth by sub-units." The latter captures the idea that leaders may work to allocate at least some resources to each geographic unit (e.g. county) such that each gets something and distributions are more proportional geographically than they are by other variables.

Analyzing thousands of decisions by 50 governors, we find considerable evidence that

Republicans *and* Democrats spread the wealth by geography. In particular, eligible areas in counties with few options were disproportionately selected. The fact that Democrats do this is particularly noteworthy since it is likely to disadvantage their voters given residential patterns. We also find evidence that policy need matters. However, we do not find much general evidence that governors systematically prioritized "their" partisan areas.

Focusing on gubernatorial particularism itself fills an important gap. Recent studies of the presidency have demonstrated the importance of incorporating executives into the distributive politics literature (e.g., Kriner and Reeves 2015; Larcinese, Rizzo, and Testa 2006). However, there are only a small number of presidencies to study, and numerous other executives in the U.S. system have discretion over important resources (Nicholson-Crotty 2015). Moreover, the theoretical derivation of presidential particularism emphasizes institutions that do not vary across presidents, and that do not affect governors and other elected officials – most prominently, votes aggregated by winner take all sub units. Substantively, as the response to the COVID-19 pandemic has made clear, states' and governors' discretion over resources shapes critical outcomes (Michener 2018). However, we know little about state or gubernatorial distributive politics (but see e.g. Ansolabehere and Snyder 2006; Nicholson-Crotty 2015).

Our empirical setting enables us to test whether 50 executives engage in particularism as a rule, if at all. Within the broader field, this study speaks to how distributive politics depends on what politicians allocate, and who is doing the allocating. Our findings highlight the value of not only extending the literature to the states and governors, but also to other type of political resources.

Mechanisms and Measurement: Opportunity Zones

The Opportunity Zones program was added to the Republicans' 2017 tax law by Senator Tim Scott (R South Carolina), and pitched as a bipartisan way to generate investment in parts of the country that had been left behind (Tankersley 2018). It was based on a prior

bill with bipartisan sponsors in both chambers. The originator of the idea, and a key backer, was a bipartisan think tank, the Economic Innovation Group (EIG) that tends to focus on market based policies (i.e. access to capital). The EIG white paper outlining the idea was headlined by Jared Bernstein and Kevin Hassett (senior advisors to Presidents Biden and Trump respectively) (Tankersley 2018).

The program created a new financial instrument—"opportunity funds"—which must invest 90% of their assets in businesses or properties located in designated opportunity zones to qualify for three significant tax advantages. First, capital gains taxes on other investments that are rolled into opportunity funds are deferred for up to ten years. Second, the taxes owed decline with time due to "basis step up." Third, *new* gains made in opportunity funds are exempt from taxation as long as the funds are held for 10 years.

We focus on the designation process. Congress empowered governors to designate (subject to certification by the Treasury) up to 25% of their eligible "economically distressed" tracts (poverty and income criteria plus those contiguous to them if selected) as "qualified opportunity zones" (QOZs). These one-shot designations would be permanent until 2026 (Lowry and Marples 2020). The eligible sets provided governors with considerable options, including the potential to target allies. As Appendix Figure A1 shows, every governor had ample flexibility to allocate many or all QOZs to areas they won in their last election. Moreover, "Treasury applied little scrutiny to the selections before approving" (Elliott, Ernsthausen, and Edwards 2019) to the point that Congressional Democrats accused it of "not exercising meaningful oversight" (Jagoda 2020). While it is too early to evaluate the program's overall impact, especially given the pandemic economy, views on how effectively it has generated the development and distribution of benefits it promised are decidedly mixed (e.g. Theodos, Jorge, and Meixell 2020; Gose 2020), and some seemingly scandalous designations have emerged (e.g. Jagoda 2020; Elliott, Ernsthausen, and Edwards 2019).

Designating QOZs shares important similarities with more familiar forms of distributive politics such as allocating grants, infrastructure projects, or disaster aid. Most importantly,

QOZs were considered to be a constrained, geographically allocated, valuable resource. Despite some early concerns (and more recent developments noted above), US Conference of Mayors President Steven Benjamin cited mayors' excitement and deemed them a "true once-in-a-generation chance to reconnect communities with capital investment."[1] Sixty percent of mayors believed opportunity zones would have a "large and positive" impact on their cities, and more than 75% believed that residents and small businesses would benefit (Einstein et al. 2020). Another similarity with other distributive cases is that it is likely many factors (technocratic alongside political) affect disbursement. Some roads or schools may merit improvements more than others, and some eligible tracts may offer more economic promise with less downside. One key advantage of this case is the ability to approximate policy need – an attribute it shares with disaster relief (e.g., Reeves 2011).

There are potential differences as well. One is the possibility that much of the value OZs might accrue to outside investors — a potentially influential constituency. However, this is also true of some infrastructure projects that may largely benefit interests from outside of the immediate proximity. Another potential difference is that OZs may raise concerns about local externalities (e.g. gentrification) and thus generate local opposition. While true in some cases, mayors were generally not concerned (Einstein et al. 2020). Moreover, other distributive resources also vary along this dimension. While unrestricted grants may always be welcome, some infrastructure projects raise similar issues. Moreover, a program meant to encourage long term private investment through tax incentives may not present easy and immediate opportunities for economic credit claiming (Jensen and Malesky 2018). Additionally, potential for blame could be unusually constraining in this case. Decisions may be more directly attributable to the governor rather than obscured in a large bureaucracy as in presidential particularism (Kriner and Reeves 2015). It is also easy to identify areas that were denied. Lastly, this program was effectively one shot (more like disaster relief than an ongoing stream of grants) *and* brand new. Also like disaster relief but not necessarily others,

[1] https://www.usmayors.org/2018/09/06/statement-by-u-s-conference-of-mayors-president-columbia-sc-mayor-steve-benjamin-on-meeting-with-treasury-secretary-on-opportunity-zones/

leaders had discretion within an exogenously determined set of possibilities. As with the factors above, it is plausible these differences shaped the behavior we document. Perhaps a one shot program does not provide the same political benefits because it is not a signal of more to come, or perhaps governors responded to the program's novelty (with no chances to adjust later) by spreading things around and hoping that some designations would pan out.

Data

We assembled a data set of all eligible tracts using information provided by the Treasury Department, the ACS, and a measure of attractiveness to capital from the Urban Institute (Theodos, Meixell, and Hedman 2018).[2] This final measure ("UI Investment Score") captures prior investment activity based on lending data. We merged these data with county-level gubernatorial election results for the most recent election, and with the party affiliations of the state legislators representing each tract.[3] We exclude Alaska because gubernatorial election results are not available at the county level, and West Virginia because the governor changed parties shortly after the 2016 election. Overall, there were 30,852 low-income communities (LICs) that could be designated as qualified opportunity zones (QOZs), and an additional 10,249 census tracts that were contiguous to LICs and could be designated only if a neighboring LIC was also designated. Of these contiguous tracts, only 201 were designated as QOZs, and we exclude them from our main analysis (but see Appendix Table A8). We use counties to measure geographic disbursement and particularism for several reasons beyond data availability. For example, they are the next level of geographic aggregation in states, and the most salient sub-unit in many. Additionally, some governors explicitly included counties in their plans (see below). Finally, counties make it relatively easy for governors who are so inclined to designate near their voters. The majority of counties (unlike smaller units) had at

[2]We used the 2016 ACS, to match the data that governors and other policy makers would have had available in 2018 at the time of the opportunity zone designations.

[3]Gubernatorial election results from David Leip's Election Atlas. For states with multimember districts, we counted the district as belonging to the same party as the governor if any of the legislators elected from that district belong to the governor's party.

least one eligible tract, and governors likely know (with ease) which counties include large numbers of supporters.

We test three types of mechanisms. The first is *political alignment*. Specifically, we focus on "core" targeting. The literature splits on whether leaders direct resources to areas in which their supporters live or areas represented by political allies (e.g. Larcinese, Rizzo, and Testa 2006; Kriner and Reeves 2015; Berry, Burden, and Howell 2010; Dynes and Huber 2015). We test whether governors target 1) their **supporters in the electorate** using county level governor vote share, and 2) areas represented by their **elected allies** using the partisan match between the governor and local representatives. The general tenor of the literature leads to a strong expectation that we should find effects. On the other hand, the leading theory of presidential particularism (Kriner and Reeves 2015) provides reasons (e.g. no electoral college) that we may not find them among governors. Some posit that politicians (also or instead) target "swing" areas (e.g., Kriner and Reeves 2015). Because governors do not face an equivalent of swing states, we do not feature this prediction (but see Appendix Table A7).

The second mechanism is *policy fit*. Even allowing for specific scandalous selections, governors may, in general, target based on economic conditions (e.g., Theodos, Meixell, and Hedman 2018). A finding that policy need shaped decisions would join Reeves (e.g., 2011) as a notable instance in which need was measurable and correlated with outcomes. One possibility is that the **neediest** tracts were prioritized. An alternative is that areas that were already doing relatively well, and that may have been most **attractive to investors**, were. For the former we test for a relationship with tract-level poverty rates and median income. For the latter, places that were already attractive to investment ("UI Investment Score").

The third mechanism is *spreading the wealth* geographically. Here, leaders may tend to make sure that each area gets something such that the distribution is more proportionate geographically than it is by population or other traits. Closely related, they may make sure that no areas get what appears to be "too much." While there is considerable theoretical

and empirical work on the first two mechanisms, this one is more novel. We derive it from a combination of stylized facts and broader themes in the literature about population density and power. The motivating stylized observations include the fact that some states (e.g. Washington, Massachusetts, North Carolina) explicitly mentioned county minimums or highlighted county allocations (see Appendix for details), and survey data that mayors perceived "a desire to spread" zones to be an important influence on their governors (Einstein et al. 2020). In the broader literature, Rodden (2019) argues that city interests are consistently underrepresented relative to their size and economic power (see also, e.g., Weir, Wolman, and Swanstrom 2005; Payson 2020), yet rural residents believe cities get favorable treatment (Cramer Walsh 2012). More generally, leaders may believe that places that are already getting resources may not notice the marginal ones they are not getting, but that giving some places nothing would be conspicuous and violate a particular conception of fairness. They may also believe that geographic dispersion has more policy benefits, or they may be responding to a more nebulous tendency to value even arbitrary geographic designations. For all of these reasons, governors may disproportionately distribute resources to places in which they have fewer opportunities to distribute them. We test for this with a variable: $\frac{1}{\#\text{ of LICs in the County}}$ which is at its maximum if a county only has one LIC. This variable represents the probability that an LIC in the county would be chosen if the governor were to randomly select one LIC in each county (below and in the appendix we discuss robustness to other measures).

Results

We begin our analysis with simple t-tests comparing the levels of the variables of interest in the LICs that were and were not designated in each state. These bivariate tests provide an easy way to visualize the prevalence of associations, or lack thereof, across 50 different sets of decisions while providing full transparency (Lenz and Sahn 2020). For each variable in each state we report (Figure 1) whether the difference between selected (QOZs) and non-selected

eligible tracts is positive and statistically significant, negative and statistically significant, or not significantly different (see Appendix Table A2 for the underlying differences by state).

This analysis yields no evidence of systematic political particularism. Only five governors appear to favor tracts in counties that supported them —four go the other way. Similarly, governors in nine states appear to favor co-partisan state legislators, while governors in seven states disproportionately selected tracts in areas represented by the other party. For both voter match and legislator match mechanisms, no political differences between selected and non-selected tracts was by far the most common outcome.

We find support for the spreading the wealth and policy need hypotheses. Governors in nine states placed a QOZ in every county with at least one LIC, and 80% of eligible counties received a QOZ.[4] Nineteen governors designated a higher proportion of tracts in counties with fewer eligible options to choose from. Only three did the opposite. Substantial majorities of governors favored tracts with lower median household incomes and higher poverty levels (even within a universe of economically distressed places). We find that no governor systematically favored relatively advantaged (but qualified) tracts. We can think of a variety of explanations for this non-finding regarding attractiveness to investors. They range from relatively well off tracts being not attractive enough to justify prioritizing investor interests, to governors responding to investors whose priority tracts were idiosyncratic (Elliott, Ernsthausen, and Edwards 2019), to governors earnestly avoiding places with more prior economic activity.

The bivariate analysis provides considerable support for both the policy need and spreading the wealth hypotheses. However, it also shows that even these mechanisms only play out in roughly two thirds and two fifths of states respectively. We now turn to OLS models (Table 1) pooling a) all states, and b) states by governor party, to test the mechanisms alongside each other and with controls.

These models corroborate the bivariate plots. They provide strong support in the aggregate for both spreading the wealth by geographic sub-units and policy need. They do so when

[4]Some counties did not have any eligible LICs. Nationwide, 85% of counties had at least one LIC, and 93% had at least one contiguous tract.

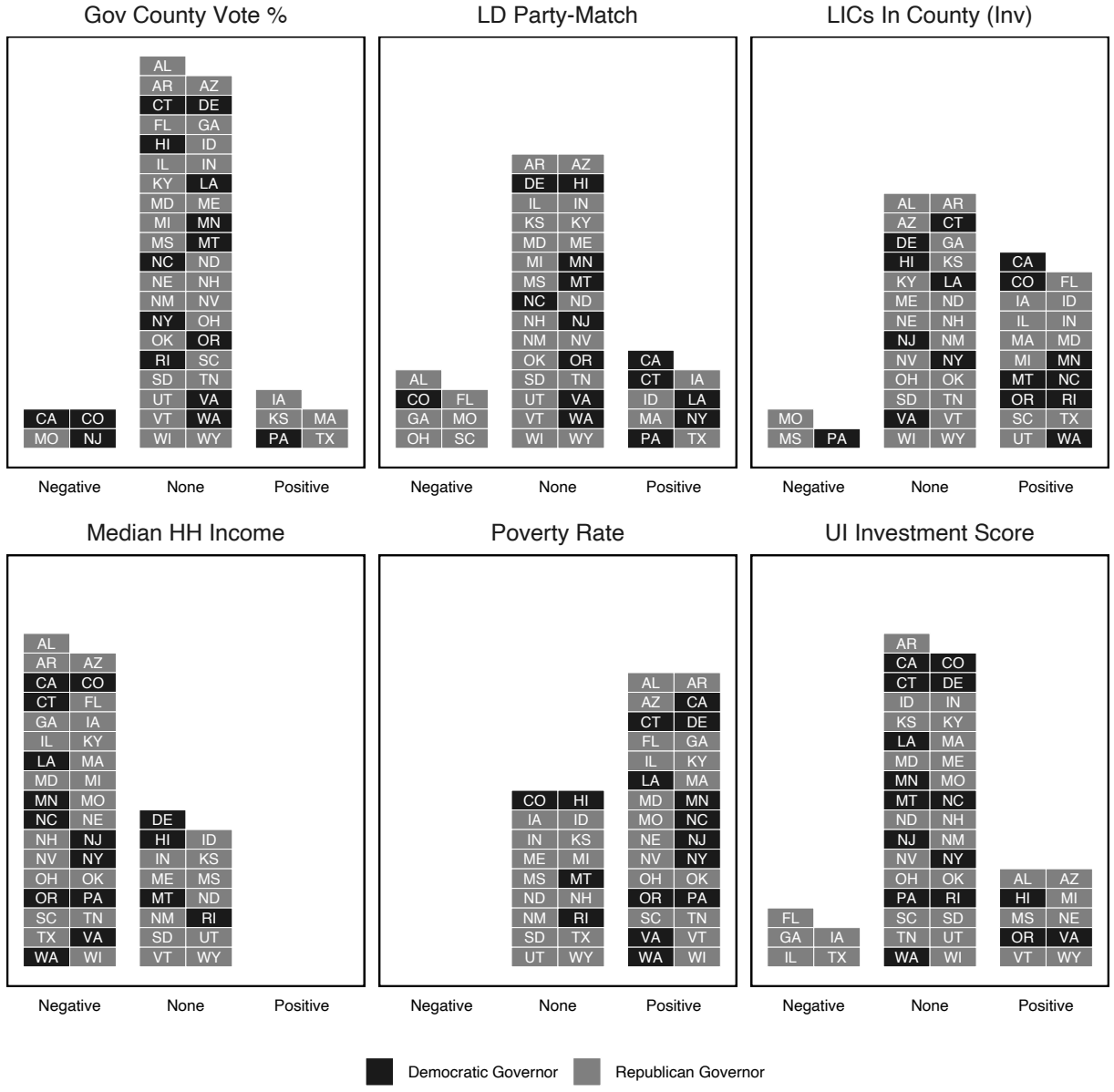

Figure 1: T-tests comparing variables of interest between QOZs and eligible non-QOZs. "Negative"("Positive") corresponds to a negative (positive) significant difference between QOZs and non-selected LICs. "None" indicates no significant difference. Full results available in Table A2.

pooling all governors, and they do so across party lines. Democrats, whose voters are more concentrated in denser areas, still distribute resources disproportionately to smaller counties. The spreading the wealth finding is especially noteworthy because it has not been the focus of other distributive politics work, and because it speaks to broader questions about the

Table 1: OLS Regression Results

	All	Republicans	Democrats
	(1)	(2)	(3)
Gov. Vote County	0.029	0.126	−0.054
	(0.057)	(0.090)	(0.042)
LD Party Match	0.009	−0.018	0.045***
	(0.012)	(0.013)	(0.008)
LICS in County Inv.	0.404***	0.363***	0.509***
	(0.048)	(0.056)	(0.086)
Med HH Income	−0.005***	−0.005***	−0.004***
	(0.001)	(0.001)	(0.001)
Poverty Rate	0.570***	0.497***	0.688***
	(0.106)	(0.128)	(0.150)
UI Investment Score	0.010***	0.010**	0.011***
	(0.002)	(0.003)	(0.002)
Observations	30,271	18,007	12,264
R^2	0.072	0.063	0.089
Adjusted R^2	0.070	0.061	0.087
Note:			* p<0.05; ** p<0.01; *** p<0.001
			Models include state FEs.
			Standard errors clustered by state.

primacy of (potentially) arbitrary geographic units and has implications for various forms of equity. These effects are robust to alternative operationalizations. In the Online Appendix, we report models that use the log of the LICs variable and a dichotomous version (three of fewer LICs in county).

Additional analysis suggests that most of the spreading the wealth concerns counties with very few eligible tracts, and that it is *not* simply a reflection of an urban/rural divide. Tracts in census defined metro areas were selected at a 23.5% rate compared to the 25% base rate. Overall, tracts in counties that had three or fewer eligible ones were selected 38% of the time. Tracts in the largest 5% of counties (averaging 112 eligible LICs) were selected

22% of the time. (Table A10 includes urban/rural classification code). Governors tended to make sure each county got at least one selection, but did not dramatically keep them away (proportionately) from large counties. As an additional test, we conducted a simulation in which we randomly selected 25% of the eligible LICs in each iteration and counted the unique number of counties with at least one selected. Across 10,000 draws, the average number of counties was 891, and the maximum was 968 — 2,036 unique counties actually received a QOZ.

The models provide no evidence that governors disproportionately targeted supporters' areas. Governor vote share is not significant in any of the three pooled models, and it is not even consistently signed. The LD party match variable is significant in the model for Democrats only, though it is also inconsistently signed across models, and there was no strong theoretical reason to only expect an effect using that measure of particularism for that political party. Additional models in the Appendix further support this null finding. Table A3 includes different measures of the spreading the wealth variable, and models with and without the two biggest states (Texas and California). It consistently shows no aggregate political effects. Table A4 shows political effects in some specifications for Republican governors. It also shows that what significant results exist are largely driven by Texas. Table A5 shows political effects in some specifications for Democratic governors. Critically, the results are unstable—some models show vote share effects, some show legislator match effects, some show neither. Moreover, the coefficient signs, irrespective of significance, are inconsistent. Table A6 estimates Model 1 from Table 1 separately for each state. It shows very few positive and significant estimates for governor vote share or LD match when controlling for the other variables of interest while also showing a few going the other direction.

In sum, the t-tests strongly contradict political particularism, and modeling does not support a different conclusion. Signs are inconsistent, and any such effects one could claim are sensitive to included controls and their operationalization. It is likely that a small number of governors disproportionately allocated resources to their supporters' areas. It is also very

unlikely that governors consistently did so. For example, in Table A6, we see a large positive effect of the governor's county vote in Texas, Georgia, and Washington, and negative effects in Idaho, Illinois and New Jersey. These models highlight the benefits of having 50 analogous sets of decisions. None of this means politics don't matter. Indeed, the most defensible conclusion may be that governors believed that spreading things around or conforming to particular notions of fairness was more politically advantageous than particularistic targeting.

Conclusion

Our analysis of opportunity zone allocations shows that governors generally focused on spreading them around while also taking policy need into account. Analyzing 50 sets of decisions, we show that these are common tendencies, but far from universal laws. As significant is what we do not find: generalized gubernatorial particularism.

We believe these results demonstrate the need for additional research in at least two areas. The first concerns the role of geographic "fairness" mechanisms and sub-units in distributive politics. We find that both Democratic and Republican governors engage in spreading things around despite the relative concentration of Democratic voters in a smaller number of counties. Executives of both parties may see achieving some level of geographic fairness as politically valuable when making decisions. This captures an additional potential force adverse to denser, more populous, and frequently more diverse areas. The Electoral College and the Senate provide clear reasons to expect state level targeting and relative geographic uniformity in federal policy. The lack of an electoral college may help explain why we don't see particularism in this case (but see particularism in other systems e.g. Dahlberg and Johansson 2002). However, it cannot speak to why we see the primacy of sub-units in a one-person-one-vote context. Why we see this, whether it really speaks to counties as political sub-units or as a simple proxy for geography, and how spreading the wealth manifests at other levels of government are all important questions. Finally, we note an interesting

additional implication. To the extent that studying governors can speak to how presidents might behave in a hypothetical world without the Electoral College, this case suggests that established sub-units, and literally spreading things around, are powerful forces such that small states would not be left behind as some argue.

It is also possible, and perhaps likely, that it is the nuances of the opportunity zones resource that engendered geographic spreading and suppressed particularistic targeting. How variations in the resource being distributed affect distributive politics is the second area in which hope subsequent research will fill in some gaps. In this case, perhaps the resource was too intangible, worked on too long a time horizon, or provided benefits that are too diffuse. Or perhaps the uncertainty of a brand new one-shot program that relied on an indirect mechanism shaped decisions. Yet another possibility on the political side is that the outside stakeholders were relatively influential compared to the voters, or that the nature of this program created strong asymmetries in which giving some places nothing would be especially conspicuous relative to the benefits of giving larger places a full share.

Irrespective of the exact reasons, our findings highlight, across decision makers and cases, variation in particularism and other distributive tactics. Other work shows that particularism frequently appeals to elected officials and that vote aggregation institutions shape how it manifests. Our work shows that restraints on particularism, and prods toward other distributive priorities, sometimes predominate. We believe a natural next step would be more studies of the same resources that the federal executive branch distributes (e.g. disaster declarations and grants) in states and cities. This and other attention to the sources of variation in resource distribution may help us understand what constrains naked partisanship, what makes some decisions responsive to actual policy need, and which conceptions of fairness, or perceptions of political interest, shape distributive decisions. They may also help further unpack the power than political boundaries and sub-units have, even when we do not use them to aggregate votes, and even how these forces layer onto big questions about the urban-rural divide and basic access to resources and attention.

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A Appendix

Table A1: Descriptive Statistics of Key Variables

var	mean	sd	min	max	n
Gov County Vote %	0.56	0.16	0.15	0.96	30551.00
LD Party-Match	0.54	0.50	0.00	1.00	30373.00
LICs In County (Inv)	0.09	0.15	0.00	1.00	30551.00
Median HH Income	38.36	12.38	3.25	156.90	30439.00
Poverty Rate	0.26	0.12	0.00	1.00	30541.00
UI Investment Score	5.27	2.88	1.00	10.00	30282.00

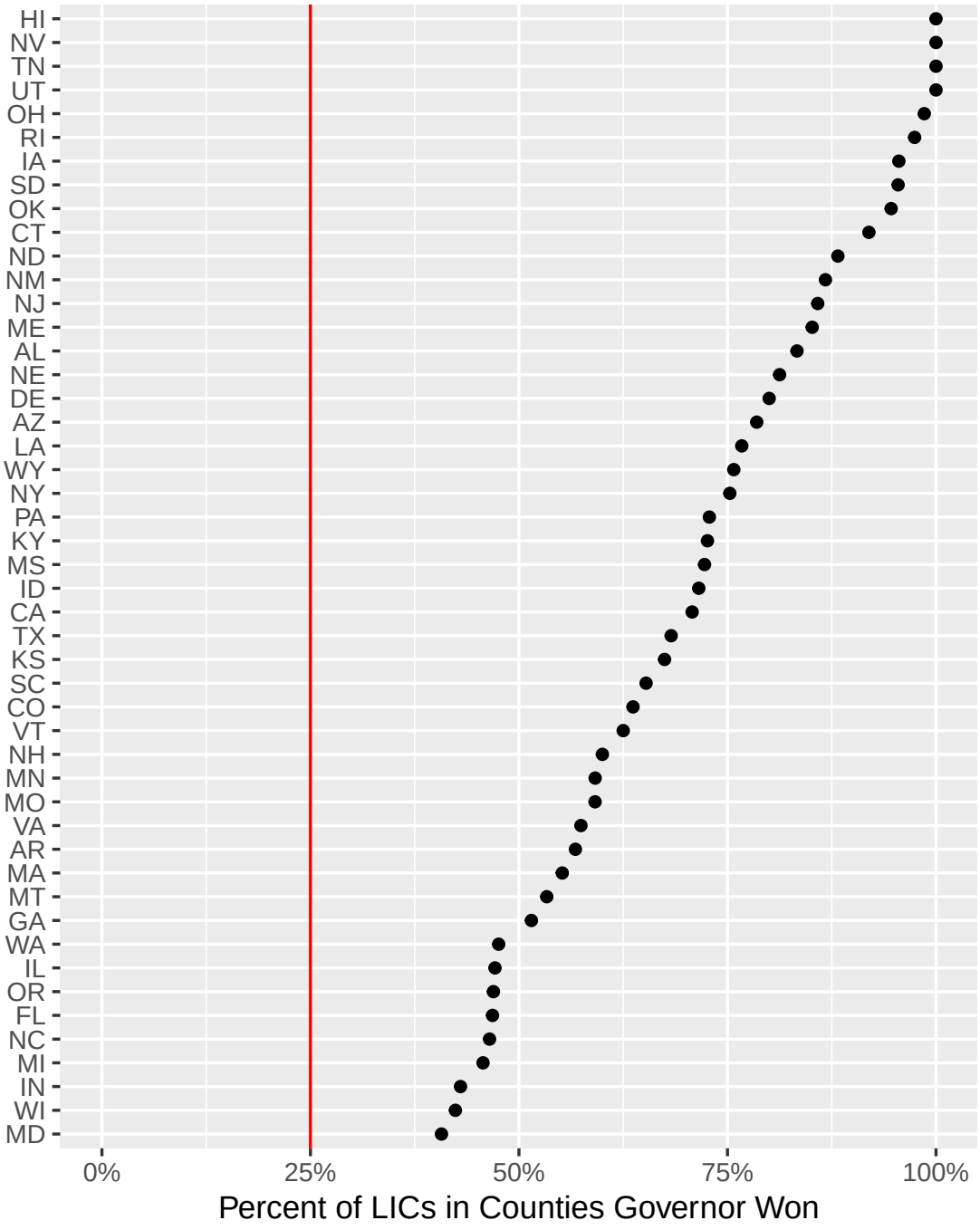

Figure A1: Percent of LICs in Counties won by the Governor. Every governor won counties containing significantly more than 25% of the LICs in their states. This figure shows that governors had the opportunity to favor counties that supported them in their most recent election when making their QOZ designations.

Table A2: T-Test Results by State and Variable
Positive result indicates that QOZs have higher level than non-selected LICs; negative result indicates that QOZs have lower level than non-selected LICs.

st	gov_vote_cty	ld_party_match_any	lics_in_county_inv	med_income_hh	poverty_rate	ui_investment_score
AL	0.01	0.09*	-0.01	3**	-0.05**	-0.64*
AR	0	0	-0.04	2.4**	-0.03*	0.11
AZ	0	0.08	-0.01	2.9**	-0.03**	-0.57*
CA	0.01**	-0.03*	-0.01**	10**	-0.1**	0
CO	0.05**	0.14**	-0.14**	4.2**	-0.02	0.17
CT	0	-0.15**	0	9.2**	-0.07**	-0.24
DE	0	-0.06	0	4.5	-0.08*	-1.2
FL	0	0.12**	-0.02**	5.7**	-0.07**	0.6**
GA	0.01	0.08*	0.01	12**	-0.15**	0.8**
HI	-0.01	-0.09	-0.05	3.4	-0.04	-1.7*
IA	-0.03*	-0.22**	-0.21**	4.6**	-0.02	0.88*
ID	0.01	-0.12*	-0.22**	0.45	0.02	-0.1
IL	0	0.01	-0.05**	10**	-0.13**	0.62**
IN	-0.01	-0.04	-0.06**	1.5	-0.02	-0.34
KS	-0.04*	-0.11	-0.08	1.8	-0.02	0.3
KY	0	0	-0.03	4.2**	-0.05**	-0.11
LA	-0.01	-0.15**	0	3.2**	-0.04**	-0.31
MA	-0.02*	-0.11**	-0.01*	7.2**	-0.04**	0.18
MD	-0.04	-0.07	-0.04**	6.7**	-0.06**	-0.09
ME	0	0.15	0	0.56	0.01	-0.78
MI	-0.01	-0.01	-0.05**	1.6*	-0.01	-0.72**
MN	0	0.05	-0.08**	8.2**	-0.07**	0.51
MO	0.07**	0.17**	0.06**	6**	-0.07**	-0.2
MS	-0.03	-0.09	0.05**	-0.19	0.01	-1.3**
MT	0.02	0.07	-0.17*	2.2	-0.02	0.89
NC	0.01	-0.05	-0.03**	4.4**	-0.05**	-0.1
ND	0.03	0.14	-0.08	4.6	-0.06	0.25
NE	0		-0.04	6.7**	-0.08**	-1.3**
NH	0	-0.18	-0.02	5*	-0.03	0.94
NJ	0.04**	0.01	-0.01	3.6**	-0.04**	-0.37
NM	-0.02	-0.04	-0.02	-1.1	0	-0.66
NV	0	0.06	0.01	8.6**	-0.06**	0
NY	0	-0.04*	-0.01	6.3**	-0.06**	-0.18
OH	0	0.07*	-0.02	4.2**	-0.05**	-0.35
OK	-0.01	-0.05	-0.04	2.5*	-0.04**	-0.45
OR	0.02	0.1	-0.05*	3.3**	-0.03*	-0.98**
PA	-0.04**	-0.15**	0.02*	8.2**	-0.09**	0.26
RI	0		-0.09*	1.6	0	-1.2
SC	0.02	0.16**	-0.03*	4.4**	-0.05**	0.3
SD	-0.01	-0.05	-0.11	2.9	-0.03	-0.46
TN	0	0.06	-0.02	5**	-0.07**	-0.17
TX	-0.08**	-0.15**	-0.07**	1.3**	-0.01	0.35**
UT	-0.01	-0.01	-0.11*	1.2	0	0.21
VA	-0.03	-0.06	-0.02	3.2**	-0.04**	-0.59*
VT	0.04	-0.11	-0.04	4.2	-0.05*	-2.1*
WA	0	-0.05	-0.05**	5.7**	-0.04**	0.46
WI	-0.01	0.03	-0.02	5.5**	-0.05**	-0.52
WY	-0.02	-0.21	-0.15	0.2	-0.04	-2.2*

* p<0.05; ** p<0.01

Table A3: OLS Regression Results, All States

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Gov. Vote County	0.047	0.052	0.044	0.035	0.011	0.011	0.013	0.001
	(0.051)	(0.049)	(0.044)	(0.047)	(0.030)	(0.029)	(0.032)	(0.029)
LD Party Match	0.015	0.014	0.007	0.013	0.010	0.009	0.003	0.007
	(0.009)	(0.010)	(0.010)	(0.009)	(0.009)	(0.009)	(0.010)	(0.009)
LICs in County		−0.0001**				−0.00002		
		(0.00002)				(0.00004)		
LICs in County ln			−0.017***				−0.013**	
			(0.004)				(0.004)	
LICS in County > 3				−0.064***				−0.060***
				(0.015)				(0.015)
Med HH Income	−0.004***	−0.004***	−0.004***	−0.004***	−0.004***	−0.004***	−0.004***	−0.004***
	(0.0004)	(0.0004)	(0.0004)	(0.0004)	(0.001)	(0.001)	(0.001)	(0.001)
Poverty Rate	0.631***	0.639***	0.697***	0.668***	0.614***	0.619***	0.666***	0.650***
	(0.097)	(0.096)	(0.094)	(0.099)	(0.088)	(0.086)	(0.088)	(0.089)
UI Investment Score	0.006***	0.006***	0.007***	0.006***	0.006***	0.006***	0.007***	0.007***
	(0.002)	(0.002)	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Observations	40,391	40,391	40,391	40,391	32,982	32,982	32,982	32,982
R^2	0.100	0.100	0.103	0.102	0.098	0.098	0.099	0.100
Adjusted R^2	0.099	0.099	0.102	0.101	0.096	0.096	0.098	0.098

Note: * p<0.05; ** p<0.01; *** p<0.001

Models include state FEs and standard errors clustered by state. Models 5-8 exclude California and Texas

The models in Table A3 show that when governors are pooled, there are not significant and robust relationship between either political factor (Gov. Vote County and LD Party Match), and QOZ designation across various specifications of the key "spreading the wealth" measure. Models 1-4 vary the specification regarding the spreading the wealth variable. Model 1 doesn't include it at all. Model 2 uses the 1/LIC measure we report in the body of the paper. Model 3 takes the log of this variable. Model 4 dichtomizes it to distinguishes counties with fewer than four eligible tracts and those with four or more. Models 5-8 are the same specifications but exclude Texas and California – the two states with by far the most tracts.

Table A4: OLS Regression Results, Republican Governors

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Gov. Vote County	0.143	0.132	0.052	0.122	0.069	0.062	−0.008	0.047
	(0.071)	(0.071)	(0.063)	(0.072)	(0.039)	(0.046)	(0.042)	(0.038)
LD Party Match	0.001	−0.0002	−0.012	−0.002	0.004	0.004	−0.007	0.001
	(0.011)	(0.012)	(0.011)	(0.011)	(0.011)	(0.012)	(0.011)	(0.011)
LICs in County		−0.00003				−0.00002		
		(0.0001)				(0.0001)		
LICs in County ln			−0.019***				−0.017***	
			(0.004)				(0.004)	
LICS in County > 3				−0.041*				−0.047*
				(0.017)				(0.018)
Med HH Income	−0.005***	−0.005***	−0.005***	−0.005***	−0.005***	−0.005***	−0.005***	−0.005***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Poverty Rate	0.583***	0.584***	0.617***	0.601***	0.616***	0.617***	0.648***	0.637***
	(0.118)	(0.117)	(0.117)	(0.121)	(0.131)	(0.129)	(0.130)	(0.133)
UI Investment Score	0.005*	0.005*	0.007**	0.006*	0.006*	0.007*	0.008**	0.007**
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Observations	24,302	24,302	24,302	24,302	21,199	21,199	21,199	21,199
R^2	0.092	0.092	0.095	0.093	0.102	0.102	0.104	0.104
Adjusted R^2	0.090	0.090	0.093	0.091	0.101	0.101	0.103	0.102

Note: * p<0.05; ** p<0.01; *** p<0.001

Models include state FEs and standard errors clustered by state. Models 5-8 exclude Texas.

The models in Table A4 show that there are not significant and robust relationship between either political factor (Gov. Vote County and LD Party Match) for Republican governors. As in Table A3, models 1-4 vary the specification regarding the spreading the wealth variable and 5-8 are the same models excluding Texas. While the coefficient on Gov. Vote County is statistically significant in Models 1 and 2, the coefficent is halved when Texas is excluded (Model 5) and there is no statically significant relationship in Model 6. Thus, any ostensible effects in some models for Republican governors are not robust to different measures of the key spreading the wealth variable and they appear to be driven by one state.

Table A5: OLS Regression Results, Democratic Governors

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Gov. Vote County	−0.077	−0.057	0.014	−0.060	−0.061	−0.098*	0.019	−0.044
	(0.039)	(0.040)	(0.041)	(0.037)	(0.046)	(0.043)	(0.056)	(0.044)
LD Party Match	0.024*	0.024*	0.029**	0.030**	0.023	0.025	0.026*	0.030*
	(0.010)	(0.010)	(0.009)	(0.008)	(0.013)	(0.014)	(0.012)	(0.011)
LICs in County		−0.00004				0.0001		
		(0.00002)				(0.00005)		
LICs in County ln			−0.019**				−0.016	
			(0.006)				(0.010)	
LICS in County > 3				−0.109**				−0.097**
				(0.028)				(0.025)
Med HH Income	−0.004***	−0.004***	−0.004***	−0.004***	−0.004***	−0.004***	−0.004***	−0.004***
	(0.0005)	(0.0005)	(0.001)	(0.0005)	(0.001)	(0.001)	(0.001)	(0.001)
Poverty Rate	0.778***	0.773***	0.792***	0.799***	0.624***	0.624***	0.635***	0.643***
	(0.127)	(0.122)	(0.130)	(0.128)	(0.036)	(0.037)	(0.032)	(0.033)
UI Investment Score	0.007***	0.007***	0.008***	0.008***	0.007**	0.007**	0.007**	0.007**
	(0.001)	(0.002)	(0.002)	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)
Observations	16,089	16,089	16,089	16,089	11,783	11,783	11,783	11,783
R^2	0.115	0.115	0.117	0.119	0.091	0.091	0.092	0.095
Adjusted R^2	0.114	0.114	0.116	0.118	0.089	0.090	0.091	0.094

Note: * p<0.05; ** p<0.01; *** p<0.001
Models include state FEs.
Standard errors clustered by state. Models 5-8 exclude California

The models in Table A5 show that there are not significant and robust relationship between either political factor (Gov. Vote County and LD Party Match) for Democratic governors. As in Table A3, models 1-4 vary the specification regarding the spreading the wealth variable and 5-8 are the same models excluding Texas. The coefficient on Gov. Vote County is statistically significant in Models 1 and 5, with no controls for LICs in County. When these controls are added, the results are inconsistent. In Models 2 and 6, the results are only significant using the number of LICs in County if California is included. Conversely, in Models 4 and 8, the results are only statistically significant if California is included. In some models there is a statistically significant relationship between legislative district party match and QOZ designation, but this is not robust across the models. The point estimates are also not consistently signed.

Table A6: OLS Results by State and Variable
Positive result indicates that QOZs have higher level than non-selected LICs; negative result indicates that QOZs have lower level than non-selected LICs. Note - Same specification as Model 1 in Table 1 but estimate by state.

st	gov_vote_cty	ld_party_match_any	lics_in_county_inv	med_income_hh	poverty_rate	ui_investment_score
AL	0.028	-0.053	0.094	-0.004	0.796**	0.022**
AZ	0.098	-0.040	0.577**	-0.004*	0.422**	0.014**
AR	-0.016	0.008	0.065	-0.003	0.886**	0.005
CA	0.005	0.046**	0.555**	-0.003**	1.308**	0.008**
CO	-0.049	-0.090*	0.377**	-0.005**	0.451*	0.012*
CT	-0.190	0.100	0.090	-0.005*	0.323	0.011
DE	-1.780*	0.145	-5.160*	0.001	1.199*	0.018
FL	0.199*	-0.068**	0.172*	-0.004**	0.990**	-0.007**
GA	0.162*	-0.010	-0.018	-0.003**	1.617**	-0.007*
HI	0.109	-0.016	0.288	-0.004	0.822	0.023
ID	-0.560*	0.141	0.272**	-0.009*	-0.040	0.001
IL	-0.139	-0.031	0.423**	-0.002	1.423**	-0.005
IN	-0.022	-0.007	0.186*	-0.006**	0.283	0.010*
IA	-0.424	0.059	0.224**	-0.012**	0.122	-0.001
KS	0.390	0.054	0.006	-0.008*	0.279	0.009
KY	0.022	0.023	0.089	-0.006*	0.773**	0.013*
LA	-0.100	0.087*	0.017	-0.002	0.657**	0.011*
ME	0.212	-0.114*	-0.001	-0.012**	-0.676	0.014
MD	-0.023	0.028	0.325*	-0.002	0.949**	0.009
MA	0.170	0.136**	0.196	-0.004**	0.291	0.001
MI	-0.022	-0.045	0.261**	-0.008**	0.027	0.020**
MN	-0.070	-0.003	0.181**	-0.008**	0.778**	-0.004
MS	0.093	0.025	-0.224**	-0.007*	0.017	0.022**
MO	-0.278*	0.051	-0.069	-0.008**	0.361	0.004
MT	0.005	-0.047	0.118	-0.003	1.043*	-0.003
NV	0.332	0.000	-0.084	-0.011**	0.435	0.003
NH	-0.393	0.163*	-0.100	-0.006	0.685	-0.005
NJ	-0.393**	0.044	0.116	-0.003*	0.640**	0.011*
NM	0.141	-0.023	0.049	0.000	0.518	0.014
NY	0.027	0.041	0.211	-0.002**	0.727**	0.006*
NC	-0.232*	0.064*	0.176**	-0.005**	0.688**	0.008*
ND	-0.100	-0.133	0.202	-0.013*	0.741	0.010
OH	-0.004	-0.040	0.158*	-0.007**	0.236*	0.014**
OK	0.221	0.025	0.063	-0.002	0.707**	0.010
OR	0.087	-0.047	0.156	-0.004*	0.754**	0.018**
PA	0.063	0.028	-0.025	-0.006**	0.519**	0.005
RI	1.199	0.168	0.833*	-0.008*	0.080	0.027
SC	0.062	-0.051	0.242*	-0.002	0.877**	-0.001
SD	0.331	0.049	0.137	-0.006	1.117	0.037*
TN	0.127	-0.021	0.161*	-0.005**	0.801**	0.010*
TX	0.446**	-0.014	-0.009	-0.004**	0.310**	-0.003
UT	-0.115	-0.005	0.213*	-0.007**	-0.015	0.006
VT	-0.203	0.027	0.310	-0.022**	0.380	0.038*
VA	-0.062	0.040	0.046	-0.003**	0.632**	0.017**
WA	0.279	0.054	0.410**	-0.006**	0.412*	-0.005
WI	0.136	-0.008	0.127	-0.008**	0.331*	0.015**
WY	0.631	0.127	0.274	-0.017	1.169	0.060*

* p<0.05; ** p<0.01

The state by state OLS models in Table A6 bolster the simpler bivariate plots in the body of the paper. When controlling for spreading the wealth and multiple policy need measures, very few states exhibit positive and significant political targeting effects. On the other hand, policy need and spreading the wealth (the LIC in county measure) are significant in many states.

Table A7: OLS Regression Results with Swing County Variable. Swing counties defined as those in which the governor got between 44 and 55 percent in the prior election.

	All	Republicans	Democrats
	(1)	(2)	(3)
Gov. Swing County	−0.009	−0.008	−0.010
	(0.005)	(0.006)	(0.008)
LD Party Match	0.015	0.009	0.026**
	(0.010)	(0.012)	(0.008)
LICS in County Inv.	0.140***	0.119***	0.212**
	(0.026)	(0.028)	(0.053)
Med HH Income	−0.004***	−0.005***	−0.004***
	(0.0004)	(0.001)	(0.0005)
Poverty Rate	0.689***	0.604***	0.798***
	(0.098)	(0.123)	(0.133)
UI Investment Score	0.007***	0.007**	0.008***
	(0.001)	(0.002)	(0.001)
Observations	40,391	24,302	16,089
R^2	0.103	0.093	0.119
Adjusted R^2	0.102	0.092	0.118

Note: * p<0.05; ** p<0.01; *** p<0.001
Models include state FEs.
Standard errors clustered by state.

Table A8: OLS Regression Results, All States, Including Contiguous Tracts

	All	Republicans	Democrats
	(1)	(2)	(3)
Gov. Vote County	0.032	0.102	−0.034
	(0.044)	(0.071)	(0.038)
LD Party Match	0.010	−0.006	0.032***
	(0.009)	(0.010)	(0.008)
LICS in County Inv.	0.139***	0.107**	0.207**
	(0.026)	(0.030)	(0.053)
Med HH Income	−0.004***	−0.005***	−0.004***
	(0.0004)	(0.001)	(0.0005)
Poverty Rate	0.688***	0.613***	0.806***
	(0.098)	(0.120)	(0.132)
UI Investment Score	0.007***	0.007**	0.008***
	(0.002)	(0.002)	(0.001)
Observations	40,391	24,302	16,089
R^2	0.103	0.094	0.119
Adjusted R^2	0.102	0.093	0.118
Note:	* p<0.05; ** p<0.01; *** p<0.001		
	Models include state FEs.		
	Standard errors clustered by state.		

The models in Table A8 replicate Table 1, but include contiguous tracts. We exclude contiguous LICs from our main analysis because governors could only select them if they also selected an LIC that was contiguous with the tract. Overall, there were 10,249 contiguous tracts, only 201 (1.7%) were selected. As these tracts could only be selected if a contiguous LIC were also selected, the decision to select them is not independent of other decisions made by the governor.

Table A9: OLS Regression Results, Excluding UI Investment Score

	All	Republicans	Democrats
	(1)	(2)	(3)
Gov. Vote County	0.035	0.125	−0.037
	(0.056)	(0.092)	(0.041)
LD Party Match	0.011	−0.015	0.046***
	(0.013)	(0.014)	(0.008)
LICS in County Inv.	0.366***	0.326***	0.475***
	(0.048)	(0.057)	(0.082)
Med HH Income	−0.004***	−0.004***	−0.004***
	(0.0005)	(0.001)	(0.001)
Poverty Rate	0.565***	0.498***	0.671***
	(0.105)	(0.124)	(0.154)
Observations	30,480	18,100	12,380
R^2	0.066	0.058	0.081
Adjusted R^2	0.064	0.056	0.080
Note:	* p<0.05; ** p<0.01; *** p<0.001		
	Models include state FEs.		
	Standard errors clustered by state.		

The models in Table A9 replicate Table 1, but exclude the UI Investment Score Variable.

Table A10: OLS Regression Results, Excluding UI Investment Score

	All	Republicans	Democrats
	(1)	(2)	(3)
Gov. Vote County	0.041	0.108	−0.024
	(0.059)	(0.077)	(0.039)
LD Party Match	0.005	−0.026	0.045***
	(0.013)	(0.014)	(0.008)
LICS in County Inv.	0.371***	0.335***	0.486***
	(0.051)	(0.065)	(0.066)
Med HH Income	−0.005***	−0.005***	−0.004***
	(0.001)	(0.001)	(0.001)
Poverty Rate	0.588***	0.506***	0.697***
	(0.105)	(0.128)	(0.150)
UI Investment Score	0.011***	0.010***	0.011***
	(0.002)	(0.003)	(0.002)
UR Class. Large Fringe Metro	0.040	0.041	0.035
	(0.021)	(0.026)	(0.028)
UR Class. Medium Metro	0.001	−0.001	0.001
	(0.014)	(0.016)	(0.024)
UR Class. Small Metro	0.003	0.010	−0.002
	(0.022)	(0.028)	(0.020)
UR Class. Micropolitan	0.055	0.073	0.035
	(0.030)	(0.040)	(0.032)
UR Class. Non-core	0.020	0.023	0.030
	(0.028)	(0.036)	(0.040)
Observations	30,271	18,007	12,264
R^2	0.073	0.065	0.090
Adjusted R^2	0.072	0.063	0.088
Note:			* p<0.05; ** p<0.01; *** p<0.001
			Models include state FEs.
			Standard errors clustered by state.

The models in Table A10 replicate Table 1, but includes each county's NCHS Urban-Rural Classification (https://www.cdc.gov/nchs/data_access/urban_rural.htm).

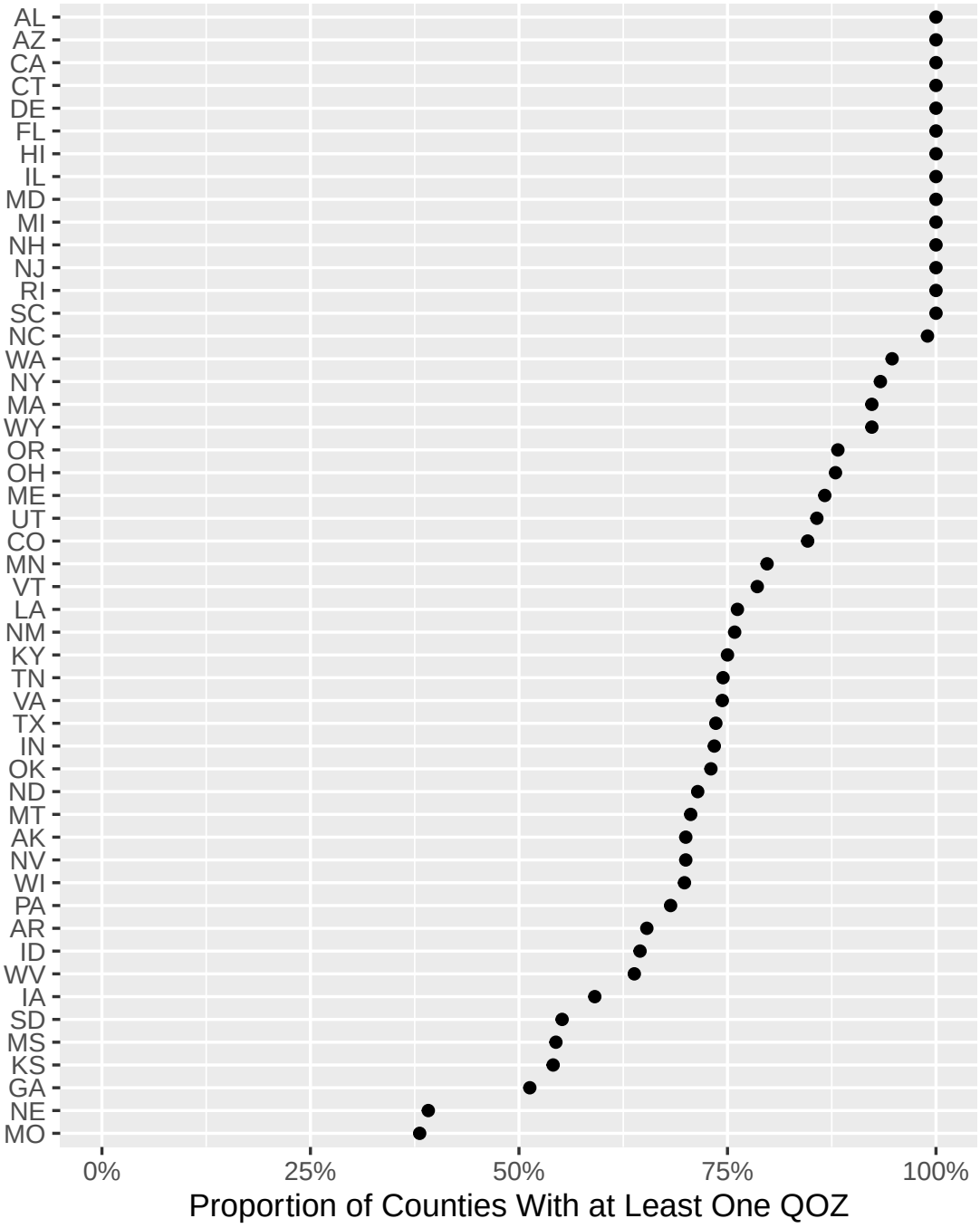

Figure A2: Proportion of counties with at least one QOZ, by state.

Examples of States Explicitly Incorporating Counties

- Washington: https://www.commerce.wa.gov/growing-the-economy/opportunity-zones/
  - "County ADO Set-Aside: up to 69 tracts total Each county, through the applicable ADO, may nominate a certain number of eligible census tracts within the county for designation. The number of tracts per county is allocated based on the total number of eligible tracts in the county, and is shown in Appendix A. Counties will receive a minimum of one and a maximum of five tracts through this formula."
- North Carolina: https://public.nccommerce.com/oz/
  - "Opportunity for all: Aim for at least one Opportunity Zone in every county"
- Massachusetts: https://www.mass.gov/news/us-treasury-department-approves-baker-polito-administration-opportunity-zone-designations
  - Governor Charlie Baker: "Our administration looks forward to building out the program to advance job creation and economic activity in every county of the Commonwealth"
- New Jersey: https://nj.gov/governor/njopportunityzones/faqs/
  - "75 municipalities, representing every county in New Jersey, received at least one Opportunity Zone"
- Alabama: https://adeca.alabama.gov/Divisions/opportunityzones/Pages/Opportunity-Zones.aspx
  - "The Governor's Office, with the help of ADECA, identified and selected the 158 Opportunity Zones from the qualifying tracts. There is at least one Opportunity Zone in each of the state's 67 counties."