



## Oregon Opportunity Zones Initiative Frequently Asked Questions

### OPPORTUNITY ZONE INCENTIVE BASICS:

#### **What is the Opportunity Zones investment incentive?**

The Opportunity Zone incentive (OZ) is a Federal tax incentive to encourage investors to sell appreciated assets – stocks, real estate, business holdings, etc. – and invest the gains into long-term investments in low-income communities.

#### **Who can benefit from the incentive?**

Any taxpayer who owns appreciated assets can take advantage of the incentive, if:

- The taxpayer sells the appreciated asset, *and*
- Invests the gain from that sale into an “**Opportunity Fund**,” *and*
- The Opportunity Fund invests its capital into qualifying property or businesses in “**Opportunity Zones**.”

#### **How does the incentive work?**

The steps for OZ are straightforward:

1. An investor sells an appreciated asset – stocks or bonds, a building or house, an interest in a business, or any other asset that creates capital gain
2. Within 180 days of the sale, the investor places the gain portion of the sale into an **Opportunity Fund**
3. Within 180 days of receiving the investor’s capital, the Opportunity Fund invests in eligible assets in an **Opportunity Zone**.
4. The investor holds its interest in a Fund for 10 at least years.

#### **What is an Opportunity Fund?**

A Qualified Opportunity Fund is a partnership or corporation set up to invest in eligible property located in a Qualified Opportunity Zone. A Fund can be created by a single investor, or can be created to pool capital from several investors.

#### **What kind of Fund investments qualify?**

An Opportunity Fund must invest in qualified property in an Opportunity Zone, which can be either a new interest in a business or new business assets.

Only equity investments qualify for the tax incentive; loans don’t qualify.

#### **What is an Opportunity Zone?**

An Opportunity Zone is an economically distressed census tract that has been designated by the Governor as an Opportunity Zone. Oregon has 86 designated Opportunity Zones, in every part of the State.

#### **Where are Oregon’s Opportunity Zones?**

An interactive map of Oregon’s Opportunity Zones can be found at:

<https://geo.maps.arcgis.com/apps/webappviewer/index.html?id=b0c1911ad4874692be4651d7ba71e77e>



### **How can businesses or developers attract Opportunity Zone investments?**

Investments are made by Opportunity Funds, which can be set up by individuals to fund a single project, or can be created to fund multiple projects. The two primary ways to attract OZ investment is to (1) connect with individual investors who can create a Fund to invest in your business or project, or (2) reach out to established Funds that are looking to invest in your type of project or business.

### **Have more questions?**

Information about Opportunity Zones:

State of Oregon: <http://www.oregon4biz.com/Opportunity-Zones>

Internal Revenue Service: <https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>

US Treasury: <https://www.cdfifund.gov/pages/opportunity-zones.aspx>

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