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Treasury, IRS Announce First Round Of Opportunity Zones Designations For 18 States

Washington –The U.S. Department of the Treasury and the Internal Revenue Service (IRS) today designated Opportunity Zones in 18 States. The Tax Cuts and Jobs Act created Opportunity Zones to spur investment in distressed communities throughout the country. New investments in Opportunity Zones can receive preferential tax treatment.

Under the Tax Cuts and Jobs Act, States, D.C., and U.S. possessions nominate low-income communities to be designated as Qualified Opportunity Zones, which are eligible for the tax benefit. States were required by March 21st to submit nominations or request a 30 day extension to submit nominations. Treasury has 30 days from the date of submission to designate the nominated zones. Treasury today has designated the nominations of all States that submitted by the March 21st deadline. Treasury will make future designations as submissions by the states that have requested an extension are received and certified.

"I am very excited about the prospects for Opportunity Zones. Attracting needed private investment into these low-income communities will lead to their economic revitalization, and ensure economic growth is experienced throughout the nation," said Secretary Steven T. Mnuchin. "The Administration will continue working with States and the private sector to encourage investment and development in Opportunity Zones and other economically disadvantaged areas and boost economic growth and job creation."

Submissions were approved today for: American Samoa; Arizona; California; Colorado; Georgia; Idaho; Kentucky; Michigan; Mississippi; Nebraska; New Jersey; Oklahoma; Puerto Rico; South Carolina; South Dakota; Vermont; Virgin Islands; and Wisconsin.

Qualified Opportunity Zones retain this designation for 10 years. Investors can defer tax on any prior gains until no later than December 31, 2026, so long as the gain is reinvested in a Qualified

Opportunity Fund, an investment vehicle organized to make investments in Qualified Opportunity Zones. In addition, if the investor holds the investment in the Opportunity Fund for at least ten years, the investor would be eligible for an increase in its basis equal to the fair market value of the investment on the date that it is sold.

Treasury and the IRS plan to issue additional information on Qualified Opportunity Funds. The additional guidance will address the certification of Opportunity Funds, which are required to have at least 90 percent of fund assets invested in Opportunity Zones.

Click here to view designated Opportunity Zones.

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