

Business Incentive: Opportunity Zones

Opportunity Zones were created by passage of the Tax Cuts & Jobs Act of 2017. They are intended to incentivize investment into under-served communities through the designation of approved census tracts across the United States.

What are Opportunity Zones?

Opportunity Zones are federally designated census tracts nominated by governors and certified by the U.S. Department of the Treasury where an investor can invest capital to fund new projects and company equity investments, through Opportunity Funds, in exchange for federal capital gains tax advantages.

What are Qualified Opportunity Funds?

Qualified Opportunity Funds are investment vehicles set up as either partnerships or corporations which serve as the mechanism for private investment into Opportunity Zones.

What are the benefits?

- A temporary tax deferral for capital gains reinvested in a qualified Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the Opportunity Zone investment is sold or December 31, 2026.
- A step-up in basis for capital gains reinvested in a qualified Opportunity Fund. The basis of the original investment is increased by 10% if the investment in the qualified Opportunity Zone Fund is held by the taxpayer for at least 5 years, and by an additional 5% if held for at least 7 years, excluding up to 15% of the original gain from taxation.
- A permanent exclusion from taxable income of capital gains from the sale of an investment in a qualified Opportunity Zone Fund, if the investment is held for at least 10 years (*Note: This exclusion applies to the gains accrued from an investment in a qualified Opportunity Fund, not the original gains*).

Source: Economic Innovation Group

Where are Fresno County's Opportunity Zones?

There are 47 qualified Opportunity Zones across Fresno County that allow for a variety of development and investments including commercial, residential, agricultural and industrial projects. Fresno County's Opportunity Zones allow investors to generate a large return on investment. With flexible local governments, a growing construction industry, and unique programs like the City of Fresno's Money-Back Guarantee program, investors can reap the full benefits of the Opportunity Zone incentive.