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SUMMARY

Requires taxpayer to increase basis of investment by 50 percent of difference between fair market value and original basis, at sale or exchange of investment in opportunity zone property held at least 10 years, in lieu of full fair market value basis allowed in federal law.

Applies to tax years beginning on or after January 1, 2020.

Directs Legislative Revenue Officer, after study and consultation with interested parties, to report to Legislative Assembly on operation, benefits, impact and effectiveness of federal opportunity zone program in Oregon and to include recommended options, if appropriate, for legislation related to federal opportunity zone program in Oregon.

Requires each qualified opportunity fund in state to submit annual report to Department of Consumer and Business Services following receipt of monies from investor by fund or investment by fund in qualified opportunity zone in state. Prescribes required information for inclusion in report.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to opportunity zones; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2 of this 2021 Act is added to and made a part of ORS chapter 316.

SECTION 2. With respect to the sale or exchange of an investment in opportunity zone property, in lieu of the basis adjustment described in section 1400Z-2(c) of the Internal Revenue Code, the basis of the investment shall be increased by the greater of zero or 50 percent of the difference between the fair market value of the investment on the date of sale or exchange minus the taxpayer's basis, as determined without the basis adjustment described in section 1400Z-2(c) of the

Internal Revenue Code.

SECTION 3. Section 4 of this 2021 Act is added to and made a part of ORS chapter 317.

SECTION 4. With respect to the sale or exchange of an investment in opportunity zone property, in lieu of the basis adjustment described in section 1400Z-2(c) of the Internal Revenue Code, the basis of the investment shall be increased by the greater of zero or 50 percent of the difference between the fair market value of the investment on the date of sale or exchange minus the taxpayer's basis, as determined without the basis adjustment described in section 1400Z-2(c) of the Internal Revenue Code.

SECTION 5. Sections 2 and 4 of this 2021 Act apply to tax years beginning on or after January 1, 2020.

SECTION 6. (1) The Legislative Revenue Officer shall study the operation, benefits, impact and effectiveness of the federal opportunity zone program in Oregon.

(2) In conducting the study required by subsection (1) of this section, the officer shall consult with members of the Legislative Assembly and with individuals representing the following:

(a) Construction trade organizations;

(b) Labor organizations;

(c) Private equity concerns, including those working with qualified opportunity funds;

(d) Tax policy advocates;

(e) Tax practitioners, including those working with qualified opportunity funds;

(f) Economic and community development organizations, including those located in areas where opportunity zones are located; and

(g) Local governments, including those of rural and urban jurisdictions where opportunity zones are located.

(3) The officer shall report findings to interim committees of the

1 Legislative Assembly related to revenue and to economic development
2 in the manner provided by ORS 192.245 no later than November 1, 2021.
3 The report may include any options, if appropriate, recommended by
4 the officer for legislation related to the opportunity zone program in
5 Oregon.

6 **SECTION 7.** (1) Each qualified opportunity fund, as defined in sec-
7 tion 1400Z-2(d) of the Internal Revenue Code, that is organized or doing
8 business in this state shall submit a report to the Department of
9 Consumer and Business Services within six months of the date that
10 the qualified opportunity fund:

11 (a) Receives moneys from an investor that is domiciled in this state;
12 or

13 (b) Makes an investment in a qualified opportunity zone located in
14 this state.

15 (2) Following an initial report described in subsection (1) of this
16 section, a qualified opportunity fund described in subsection (1) of this
17 section shall submit subsequent reports at least annually on the an-
18 niversary of the initial report and shall update the information in the
19 report.

20 (3) The report required under this section shall include:

21 (a) The name of the qualified opportunity fund;

22 (b) A description of all qualified opportunity zone property in which
23 the qualified opportunity fund holds its assets, including physical ad-
24 dresses of each property;

25 (c) A description of each qualified opportunity zone business in
26 which the qualified opportunity fund is invested, including the type
27 of business, the ownership structure of the business, the physical ad-
28 dress of the business and whether the business is a minority-owned
29 business or a woman-owned business as defined in ORS 200.005; and

30 (d) Any further information required by the department.

31 (4) The department shall:

1 (a) Establish by rule the form and manner for providing reports
2 under this section; and

3 (b) Post reports received under this section on the Oregon trans-
4 parency website as provided in ORS 276A.253.

5 SECTION 8. The reports required under section 7 of this 2021 Act
6 shall be submitted no later than October 1, 2021, and annually there-
7 after.

8 SECTION 9. This 2021 Act takes effect on the 91st day after the date
9 on which the 2021 regular session of the Eighty-first Legislative As-
10 sembly adjourns sine die.