

A-Engrossed
House Bill 4010

Ordered by the House February 24
Including House Amendments dated February 24

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue for Representative Nancy Nathanson)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

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.

[Requires addition to federal taxable income of amounts excluded as gain attributable to investment in federal qualified opportunity zone. Allows subtraction in later tax year if gain is temporarily deferred at federal level.]

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 *[make recommendations, if appropriate, for legislation intended to achieve partial reconnection]* **include recommended options, if appropriate, for legislation related to federal opportunity zone program in Oregon.**

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

Requires each qualified opportunity fund in state to submit annual report to Department of Consumer and Business Services following receipt of moneys 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

1
2 Relating to opportunity zones; and prescribing an effective date.

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

4 **SECTION 1. Section 2 of this 2020 Act is added to and made a part of ORS chapter 316.**

5 **SECTION 2. With respect to the sale or exchange of an investment in opportunity zone**
6 **property, in lieu of the basis adjustment described in section 1400Z-2(c) of the Internal Re-**
7 **venue Code, the basis of the investment shall be increased by the greater of zero or 50 per-**
8 **cent of the difference between the fair market value of the investment on the date of sale**
9 **or exchange minus the taxpayer's basis, as determined without the basis adjustment de-**
10 **scribed in section 1400Z-2(c) of the Internal Revenue Code.**

11 **SECTION 3. Section 4 of this 2020 Act is added to and made a part of ORS chapter 317.**

12 **SECTION 4. With respect to the sale or exchange of an investment in opportunity zone**
13 **property, in lieu of the basis adjustment described in section 1400Z-2(c) of the Internal Re-**
14 **venue Code, the basis of the investment shall be increased by the greater of zero or 50 per-**
15 **cent of the difference between the fair market value of the investment on the date of sale**
16 **or exchange minus the taxpayer's basis, as determined without the basis adjustment de-**
17 **scribed in section 1400Z-2(c) of the Internal Revenue Code.**

18 **SECTION 5. Sections 2 and 4 of this 2020 Act apply to tax years beginning on or after**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **January 1, 2020.**

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

4 **(2) In conducting the study required by subsection (1) of this section, the officer shall**
5 **consult with members of the Legislative Assembly and with individuals representing the fol-**
6 **lowing:**

7 **(a) Construction trade organizations;**

8 **(b) Labor organizations;**

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

10 **(d) Tax policy advocates;**

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

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

14 **(g) Local governments, including those of rural and urban jurisdictions where opportu-**
15 **nity zones are located.**

16 **(3) The officer shall report findings to interim committees of the Legislative Assembly**
17 **related to revenue and to economic development in the manner provided by ORS 192.245 no**
18 **later than November 1, 2020. The report may include any options, if appropriate, recom-**
19 **mended by the officer for legislation related to the opportunity zone program in Oregon.**

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

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

25 **(b) Makes an investment in a qualified opportunity zone located in this state.**

26 **(2) Following an initial report described in subsection (1) of this section, a qualified op-**
27 **portunity fund described in subsection (1) of this section shall submit subsequent reports at**
28 **least annually on the anniversary of the initial report and shall update the information in the**
29 **report.**

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

31 **(a) The name of the qualified opportunity fund;**

32 **(b) A description of all qualified opportunity zone property in which the qualified oppor-**
33 **tunity fund holds its assets, including physical addresses of each property;**

34 **(c) A description of each qualified opportunity zone business in which the qualified op-**
35 **portunity fund is invested, including the type of business, the ownership structure of the**
36 **business, the physical address of the business and whether the business is a minority-owned**
37 **business or a woman-owned business as defined in ORS 200.005; and**

38 **(d) Any further information required by the department.**

39 **(4) The department shall:**

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

41 **(b) Post reports received under this section on the Oregon transparency website as pro-**
42 **vided in ORS 276A.253.**

43 **SECTION 8. The reports required under section 7 of this 2020 Act shall be submitted no**
44 **later than October 1, 2020, and annually thereafter.**

45 **SECTION 9. This 2020 Act takes effect on the 91st day after the date on which the 2020**

1 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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