



HB 3039 -2

Opportunity Zone - Overview of Measure

Joint Committee on Tax Expenditures – 5/23/2023

Legislative Revenue Office



Opportunity Zone Program

- Policy
 - Encourage taxpayers with unrealized capital gains to invest such gains in opportunity zones
- Opportunity Zones
 - **Low-income community** census tracts designated by state governors & approved by U.S. Treasury
 - Nationally: 8,764 designated Opp. Zones
 - 86 Opp. Zones in Oregon
- Qualified Opportunity Funds
 - Investment vehicle (partnership or corporation) organized for the purpose of investing in **qualified opportunity zone**





Opp. Zone Tax Benefit

Three primary benefits to taxpayers

- 1) Tax due on capital gains may be temporarily deferred if reinvested in qualified opportunity fund (QOF) & invested within 180 days
- 2) Potential reduction in tax of original realized capital gains
 - Investment held for 5 years: 10% increase in basis
 - Investment held for 7 years: 15% increase in basis
 - Deferred gain realized no later than 2026 (or earlier if sold)
- 3) Permanent exclusion of gain in QOF investment
 - Investment held for at least 10 years (up to 12/31/2047)
 - Basis= fair market value of investment on date of sale/exchange

