

# QSBS + “Opportunity Zone” Tax Breaks

**Double whammy: Costly loopholes enrich ultra-wealthy investors, at the expense of working families.**

In Oregon, rich investors have a wealth of tax loopholes to choose from when they pocket huge profits from lucrative transactions.

The Qualified Small Business Stock (QSBS) exclusion allows specific investors – mostly venture capital firms – to avoid paying taxes on all or part of their profits from selling certain stocks.<sup>1</sup> “Opportunity Zone” tax breaks effectively let investors reduce taxes on capital gains by using those gains to buy property and other assets located in specific designated areas, including places thousands of miles away from Oregon.

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## QSBS TAX LOOPHOLES...

### Do nothing to help small, local businesses.<sup>1</sup>

QSBS tax breaks exclusively apply to investments in C-Corporations. Investments in small businesses (LLCs, sole proprietorships, partnerships, etc.) don't even qualify.

### Subsidize ultra-wealthy investors.<sup>2</sup>

QSBS is a tax break for very rich investors. 94% of the tax benefits from QSBS go to households with more than \$1 million in annual income.<sup>2</sup>

### Cost Oregon \$75 - \$80 million per budget period.<sup>3</sup>

QSBS is a costly tax break that causes budget crises for Oregon while doing next to nothing to spur economic growth or job creation.

## OPPORTUNITY ZONE TAX BREAKS...

### Fail to deliver on its core promise.<sup>4</sup>

Instead of incentivizing projects by lowering start-up costs, these tax breaks work backwards: Investors get a tax write off when they sell their investments for a profit. “One study found no real improvement on the employment, earnings, or poverty rates of the people living in opportunity zones.”<sup>5</sup>

### Subsidize investment in other states.<sup>6</sup>

Since the federal program allows investors to receive tax breaks for investing anywhere in the nation, when a state replicates the incentive by connecting to federal code, they end up offering tax incentives regardless of opportunity zone location.

### Benefit wealthy investors and cost everyday people.<sup>7</sup>

One study estimated the income of the average “Opportunity Zone” investor to be \$4.9 million.<sup>7</sup> Meanwhile, the tax break costs Oregon more than \$10 million per year.<sup>8</sup>

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3. State of Oregon Tax Expenditure Report, 2025-2027. Oregon Revenue Department.
4. David Coyne and Craig Johnson. “Use of the Opportunity Zone Tax Incentive: What the Data Tell Us.” Office of Tax Analysis, U.S. Department of the Treasury. July 26, 2023.
5. Juan Carlos Ordóñez. “‘Opportunity Zone’ tax breaks harm Oregonians, pamper wealthy investors,” Oregon Capitol Chronicle, May 2, 2023.
6. Eli Byerly-Duke. “State Tax Dollars Shouldn’t Subsidize Federal Opportunity Zones.” Institute on Taxation and Economic Policy. November 12, 2025.
7. Patrick Kennedy and Harrison Wheeler. “Neighborhood-Level Investment from the U.S. Opportunity Zone Program: Early Evidence.” Department of Economics, University of California, Berkeley. April 13, 2022.
8. State of Oregon Tax Expenditure Report, 2025-2027. Oregon Revenue Department.

