

OPPORTUNITY ZONES PROGRAM

The 2017 Tax Cuts and Jobs Act provides tax incentives for investments in “Opportunity Zones,” in an effort to promote economic development in the selected communities. Investors can reduce by up to 15 percent taxes on existing capital gains invested via designated “Qualified Opportunity Funds” deferring those taxes for up to 10 years and eliminating 100 percent of the future capital gains tax on profits generated by the Qualified Opportunity Funds. Additional regulations were released by the Treasury Department October 19, 2018. Bo Kemp, Faegre Baker Daniels Consulting Senior Director, previously worked with Senator Cory Booker, who co-sponsored this bipartisan bill and has worked with investment funds, municipalities and developers on the implementation of the Opportunity Zones program.

CONCEPTS YOU SHOULD UNDERSTAND WITH THE OPPORTUNITY ZONES PROGRAM?

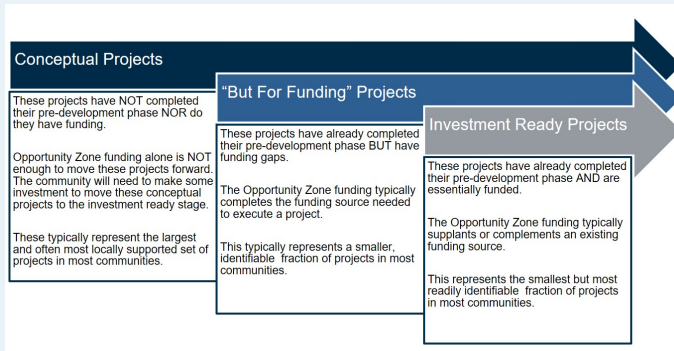
INVESTORS

Opportunity Zone investments exist within an asset class spectrum. The vast majority of investments are likely to be made within the real estate sector with a smaller but important portion of investments to be made in operating businesses. Understanding how to maximize your return while diversifying your risk profile will be important.



INVESTMENT MANAGERS

Most Opportunity Zone communities have a limited number of “investment ready” projects. Funds will need to be strategic in identifying a pipeline of investment ready projects and selective about developing “but for funding” and concept projects.



MUNICIPALITIES

Cities will need to market investment ready projects at a minimum but will also need to select and invest in concepts that will develop into investment ready projects. Identifying partners to help in this process as well as partners to ultimately invest will be critical.

FaegreBD is ready to address these issues and help you capitalize on the Opportunity Zones Program!

CONTACT US



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