

# 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 until April 15, 2027, and eliminate 100 percent of the future capital gains tax on profits generated by the Qualified Opportunity Funds. Bo Kemp, Faegre Baker Daniels Consulting Senior Director, previously worked with Senator Cory Booker, who introduced this bipartisan bill, and has worked with Senate staff on the implementation of the Opportunity Zones program.

## WHAT QUESTIONS SHOULD YOU BE ASKING ABOUT THE OPPORTUNITY ZONES PROGRAM?

### INVESTORS

How do I invest in a Qualified Opportunity Fund to maximize tax benefits? How long must I hold my investment in a Qualified Opportunity Fund? Are there timing issues with respect to when I should invest in a Qualified Opportunity Fund? How do I ensure that a Qualified Opportunity Fund is complying with the regulations so that I get the tax benefits? What are my risks with investing in a Qualified Opportunity Fund? What tax filings do I have to make to avail myself of the tax incentives?

### INVESTMENT MANAGERS

How do I structure and offer a Qualified Opportunity Fund? What tax filings do I or the fund have to make to become a Qualified Opportunity Fund? Are there restrictions on what a Qualified Opportunity Fund can invest in or how it invests? Are there limitations on the fees I can charge to a Qualified Opportunity Fund? What expenses can a Qualified Opportunity Fund cover? Is there a timeline by which a Qualified Opportunity Fund must launch, invest or dissolve? Can I invest in a Qualified Opportunity Fund to defer taxes on the carried interest/incentive income that I get from my other investment funds?

### MUNICIPALITIES

How do I have a community designated as an Opportunity Zone? How do I attract investors into my Opportunity Zones? How can I partner with investors within my Opportunity Zone to maximize the benefits to my community?

### REAL ESTATE DEVELOPERS

Can I use the Opportunity Zones program to defer taxes on gains from my real estate activities? Does my real estate development qualify for an investment by a Qualified Opportunity Fund, and how would it benefit from that investment? What “strings” would be attached? How do I partner with municipalities to support their Opportunity Zone initiatives?

### BUSINESS OWNERS

I have a business in an Opportunity Zone – how do I seek capital for my business from investors interested in these tax incentives? What is the process for debt or equity offerings? What do I have to do to get my business ready for capital fundraising?

*FaegreBD is ready to answer these questions and help you capitalize on the Opportunity Zones Program!*

## CONTACT US



### Bo Kemp

Senior Director, Faegre Baker Daniels Consulting | Chicago

+1 312 356 5036

bo.kemp@FaegreBD.com

*Expertise: Public-Private Partnerships*



### Emma Rodriguez-Ayala

Partner | Chicago

+1 312 212 2260

emma.rodriguez-ayala@FaegreBD.com

*Expertise: Investment Management, Impact Investing*



### Zeke Johnson

Partner | Minneapolis

+1 612 766 8134

zeke.johnson@FaegreBD.com

*Expertise: Investment Management, Fund Structuring*



### Angela Christy

Partner | Minneapolis

+1 612 766 6833

angela.christy@FaegreBD.com

*Expertise: Real Estate Tax Credits*



### Patrick Miller

Partner | Chicago

+1 312 212 6514

patrick.miller@FaegreBD.com

*Expertise: Construction and Government Contracting*



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