Opportunity Zones: Driving New Investment to NC Communities

NC Department of Commerce

Authorizing Legislation

Opportunity Zones Program (Sec. 13823) in Federal Tax Cuts and Jobs Act (H.R.1), passed December 2017

- Tax incentives for qualified investors to re-invest unrealized capital gains into low-income communities
- $2.5 trillion estimated unrealized capital gains
- $15 billion estimated realized capital gains in NC

Opportunity Funds Incentives

Federal tax incentives for investments made by qualified entities (Opportunity Funds)

- Temporary tax deferral for capital gains reinvested in an Opportunity Fund
- Step-up in basis for capital gains reinvested in an Opportunity Fund
- Permanent exclusion from taxable income of long-term capital gains
**Low-Income Tracts**

46% of NC Census tracts are low income (1,007)

- 98 counties have at least one low-income tract
- 39 counties have <5 tracts; 6 counties only one

**Selecting Opportunity Zones**

Guiding Principles:

- At least one zone in every county
- 25 percent of each county’s low-income tracts
- Local recommendations and development goals
- State industrial site development initiatives
- Tracts hit by Hurricane Matthew

Selected 252 Tracts across NC

**NC’s 252 Certified Opportunity Zones**
NC’s 252 Certified Opportunity Zones

1.1 million North Carolinians
50,000+ business establishments
$580 million public and private investments
All NC Megasites

Next Steps

1. U.S. Treasury still developing criteria for Opportunity Funds.
2. No timeline from Treasury, earliest estimates point to late 2018.
3. State and Regional convenings to bring together OZ partners.
4. Engage private sector, developers and local leaders to encourage quality deal flow across asset classes.
5. Supporting and connecting NC communities with deal, analysis and technical resources.

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Today's Panelist

- EVAN COVINGTON CHAVEZ
  Development Director – Rocky Mount Mills

- CHRIS JOHNSON
  Director – Johnston County Economic Development

- MICHAEL LEMANSKI
  CEO & CIO – Rivermont Capital