

## OPPORTUNITY ZONES (O-ZONES)

*Overview: Any investor who has recognized capital gains and makes a timely investment of such gains into an O-Zone Fund, may (1) defer payment of tax on those gains and (2) potentially eliminate 15% of the deferred capital gain from tax, and (3) subject to holding period requirements, eliminate any gain from the appreciation of the value of the investment in the O-zone Fund.*

- New Federal Tax Bill program intended to funnel private investment into low income areas, based on census tracts designated by the Governor of each State.
- For a census tract to qualify as an O-zone, it must have a poverty rate of 20% or higher or a median household income that is less than 80% of the surrounding area. Governors were allowed to designate 25% of their states' eligible tracts as O-zones.
- There are 67 O-Zones in the Miami-Dade County and a portion of the Miami DDA District is designated as an O-Zone.

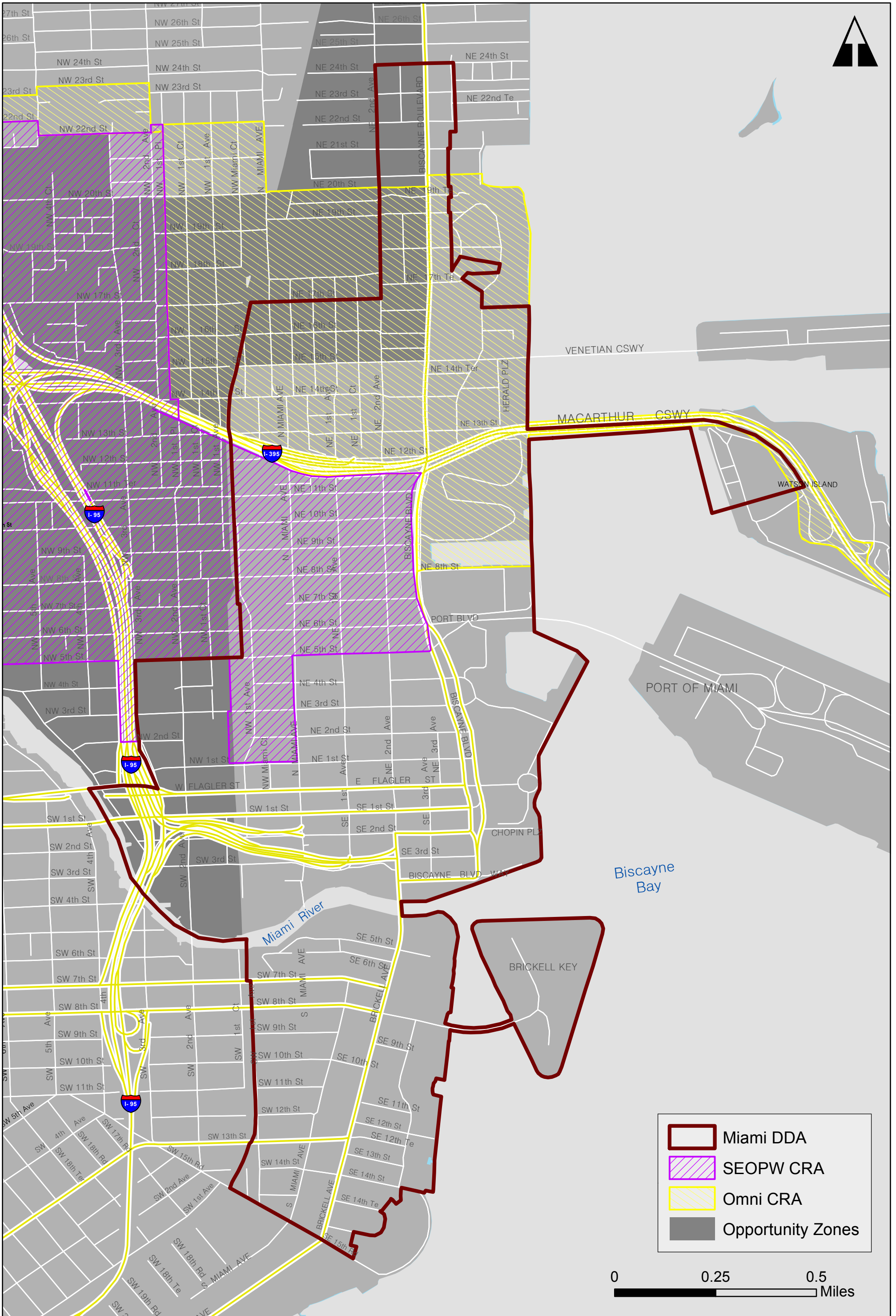
*Investors can roll unrealized capital gains from asset sales of any type into an opportunity fund, then can receive tax benefits on the rolled-in gains. On top of that, gains generated by an investment in an opportunity fund are tax-free.*

- Investors who sell any type of asset and realize capital gain have 180 days to invest them into an approved opportunity fund, which must hold 90% of its assets in Opportunity Zone projects.
- Any capital gains reinvested in an opportunity fund will receive a temporary tax deferral. After 5 years, 10% of the deferred gain is eliminated; after 7 years another 5% is eliminated, meaning that as much as 15% of the original gain would avoid taxation.
- If an investment in an opportunity fund is held for at least 10 years, all capital gains resulting from the sale of the investment are FREE FROM TAX (if it's sold earlier, it can be rolled into another opportunity fund and remain tax-free).

*Investors can invest in real estate, businesses, or infrastructure projects. It's designed to be very inclusive of the kinds of investment that can be made in the O-Zones. The only things that are excluded are "sin" businesses like bars, horse tracks, and tanning salons.*

### **Additional benefits in investing in O-Zones located within Miami DDA district:**

- Investment incentives by the Miami DDA, in addition to various grant programs.
- Overlap of the CRA districts – allowing for additional investment incentives.
- Any portion of the O-Zones located within the Downtown Development of Regional Impact (DDRI) boundary is also subject to 32% reduction of the Miami-Dade County Road Impact fee.



Disclaimer: This product is for reference purposes only and is not to be construed as a legal document or survey instrument.

Source: Miami-Dade County ITD, Miami DDA. Updated: December 18, 2018