



Opportunity Zone Frequently Asked Questions

What are Opportunity Zones?

Opportunity Zones are a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017. This program encourages long-term investment in low-income urban and rural communities nationwide by providing a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds that are dedicated to investing in Opportunity Zones.

How are Opportunity Zones established?

Opportunity Zones can be established in qualified census tracts that meet certain levels of poverty or other measures of economic distress, and are designated by the Governor.

Are there Opportunity Zones in Louisville?

In Louisville, Governor Bevin designated 19 census tracts as Opportunity Zones. The map below shows the location of these Zones.

How do investors invest in an Opportunity Zones?

Investments in Opportunity Zones must be made through Qualified Opportunity Funds. There are very few limitations on what kinds of organizations can create and manage an Opportunity Fund, though the actual investment entity must be organized as a partnership or a corporation, and the Fund must be established and managed according to regulations created by the United States Department of Treasury. At this time, these regulations have not been released, but are expected to be available before the end of 2018.

What is the advantage of investing in an Opportunity Zone?

Investors in Opportunity Funds receive three tax incentives for their long-term investment. Investors who choose to leave their investments in Opportunity Funds for longer periods of time receive more tax benefits, with the maximum incentive available for investors who leave their investments in place for at least 10 years. Investors must place their investments with an Opportunity Fund to realize any tax benefits.

How do Opportunity Funds benefit Opportunity Zones?

At least 90 percent of the dollars placed in Opportunity Funds must be spent in census tracts designated as Opportunity Zones. Funds can be used to meet the needs of each community, and can be invested in operating businesses, equipment and real estate. Each fund will be set up to respond to community needs and the interests of the Fund's managers and investors. Opportunity Funds will not provide grants but could provide repayable loans or equity investments to projects located within an Opportunity Zone. Opportunity Funds have the potential to direct project financing to areas of the community where it can otherwise be challenging to access traditional capital.