



TaxNewsFlash

United States



No. 2019-537
November 8, 2019

Legislative update: Proposal to revise opportunity zone rules

Senate Finance Committee ranking member Ron Wyden (D-OR) this week introduced a bill that would revise the opportunity zone rules by requiring public reporting, tightening rules, and terminating zones that are not “low income.”

According to a Finance Committee [release](#), the bill—the *Opportunity Zone Reporting and Reform Act*—includes proposals to:

- Require annual, public information reporting from opportunity funds and annual statements to the IRS from fund investors
- Eliminate loopholes that could allow “sin list” investments (such as casinos) and prohibit investments in stadiums and luxury apartments
- Terminate zones that are not low-income or impoverished, while allowing states to replace zones that are terminated
- Tighten the current rules to ensure that the opportunity zone incentive “goes to productive, new investments that are actually in zones, and not to projects that were already underway or investors trying to park their money tax-free”

The proposed information reporting requirements generally would be effective for tax years beginning after the date the bill is enacted. However, proposed prohibitions on certain types of trades or businesses qualifying as opportunity zones would be effective as of the date the bill was introduced (November 6, 2019), while some other proposed modifications would apply as if they had been included in the qualified opportunity zone provisions of Pub. L. No. 115-97 (the law often referred to as the “Tax Cuts and Jobs Act”).

Documents

- Read the [legislative text](#) [PDF 60 KB] of the bill.

- Read a [one-page summary](#) [PDF 157 KB] of the proposal, provided by the Finance Committee.
- Read a [detailed summary](#) [PDF 271 KB] of the legislation, also provided by the Finance Committee.

Other developments

- Senators Wyden and Cory Booker (D-NJ), along with Ways and Means Committee Chairman Richard Neal (R-MA) and Rep. John Lewis (D-GA), also this week requested that the Government Accountability Office (GAO) study the opportunity zone program to review its effectiveness in spurring investment in low-income areas compared to other federal incentives. Read a [press release](#) from the Ways and Means Committee.
- Rep. Neal and Senator Wyden also wrote a letter to Treasury Secretary Mnuchin requesting information in connection with an investigation into the designation of a particular opportunity zone. Read a Ways and Means [press release](#).

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