

What are Opportunity Zones?

Opportunity Zones are a new community development tool established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide.

The Opportunity Zones program provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds that are dedicated to investing into Opportunity Zones designated by the chief executives of every U.S. state and territory.

The tax benefits are tiered, depending on the length of time the investment is held, and consist of the following:

1. **Temporary deferral** of inclusion in taxable income for capital gains reinvested into an Opportunity Fund
2. **Step-up in basis** for capital gains reinvested in an Opportunity Fund. (+10% if the investment is held for at least 5 years; an additional 5% if held for at least 7 years).
3. **Permanent exclusion** from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund if the investment is held for at least 10 years - only applies to gains accrued after an investment in an Opportunity Fund.

There are approximately 8,700 eligible opportunity zones nationwide, and 158 in the state of Alabama. All of Downtown Mobile is a designated Opportunity Zone.

[Opportunity Alabama](#) is a non-profit with resources for potential investors interested in investing in Alabama.