Opportunity Zones Nevada

- Kaya Bromley, JD/MSW
- General Counsel, Community Ventures RE
- Founder of the Reno-Sparks OZ Task Force
What Are Opportunity Zones?

- Part of 2017 Tax Cuts and Jobs Act
  - Tim Scott (R-SC)
  - Cory Booker (D-NJ)
- Encourages long-term investment into low-income and rural communities
- 8,700 Opportunity Zones across the country
Opportunity Zone Program Offers Three Tax Benefits:

- Temporary Deferral
- Step-Up in Basis
- Permanent Exclusion
Investor Realizes a Capital Gain
Example:

Investor bought stock for $1M and sold it for $3M.

Investor has a $2M Capital Gain.

Investor can either:

1. Pay 23.8% tax on the Capital Gain; or
2. Invest it in an Opportunity Zone and receive tax incentives.
Investor Places Gains Into Qualified OZ Fund within 180 Days
OZ Fund Invests in Real Estate or Business in OZone
OZ Fund Makes Substantial Improvement To OZ Business
Hold 5 Years – 10% Step-Up in Basis
(pay taxes on 90% of cap gains)
Hold 7 Years – Additional 5% Step-Up in Basis
(pay taxes on 85% of cap gains)
Pay Taxes on Original Cap Gains (Less Reductions)
Dec. 31, 2026
Year 10

Hold 10 Years
Pay No Capital Gains on Acquired Property
After 5 Years, there is a 10% reduction in Cap Gains

After 7 Years, there is another 5% reduction in Cap Gains

After 10 Years, investor sells investment for $1M and pays Zero Capital Gains upon that sale.

December 31, 2026 – Investor pays deferred capital gains tax less any reductions
**Additional Points:**

- In order to get full 15% reduction of deferred cap gains, investment must be made before end of 2019.

- OZ does not make a bad deal a good deal. It still must cash flow.
Reno-Sparks Opportunity Zone Task Force

Northern Nevada Opportunity Zone Summit (February 2019)