



# OPPORTUNITY ZONES

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2 / 22 / 2018



# OPPORTUNITY ZONES

- Created under the Tax Cuts and Jobs Act (December 2017)
- Goal is to attract long-term investment in distressed areas (Census tracts) through the deferral or elimination of taxes on capital gains on investments within these zones
- Eligibility requirements set by U.S. Dept. of Treasury
- Governor Ducey may nominate up to 25% of a state's qualifying Census tracts to receive Opportunity Zone designation

# BENEFITS

- Benefit of the Opportunity Zone designation is realized through creation of Investment Funds
- Once funds are certified by the U.S. Dept. of Treasury, investors see a deferral or elimination of taxes on capital gains that grows the longer the investor holds on to the investment
- After 10 years, gains on the sale or exchange of the investment are tax free

# ELIGIBILITY REQUIREMENTS

- 669 of Arizona's 1,526 Census tracts qualify – Gov. Ducey may nominate a total of 168 tracts statewide
- Arizona Commerce Authority (ACA) advised on how to proportionately allocate the 168 per jurisdiction
- Mesa may recommend up to 12 *qualified* tracts



# ELIGIBILITY REQUIREMENTS - Continued

- **‘Contiguous Provision’** allows states to nominate 5% of tracts that don’t automatically qualify, as long as the tract is:
  - Contiguous to a qualifying tract
  - Has a median family income that does not exceed 125% of the qualifying adjacent tract
- Arizona may only nominate a total of 9 of these tracts statewide
- Mesa may only recommend 1 of these tracts
- In total, Mesa may recommend 12 qualifying tracts and 1 contiguous tract to receive the Opportunity Zone designation

# Opportunity Zones

by Census Tract



Eligible Non-Opportunity Zone  
Contiguous (Adjacent) Tracts

Yes

Opportunity Zones

Yes

No

Mesa City Boundary

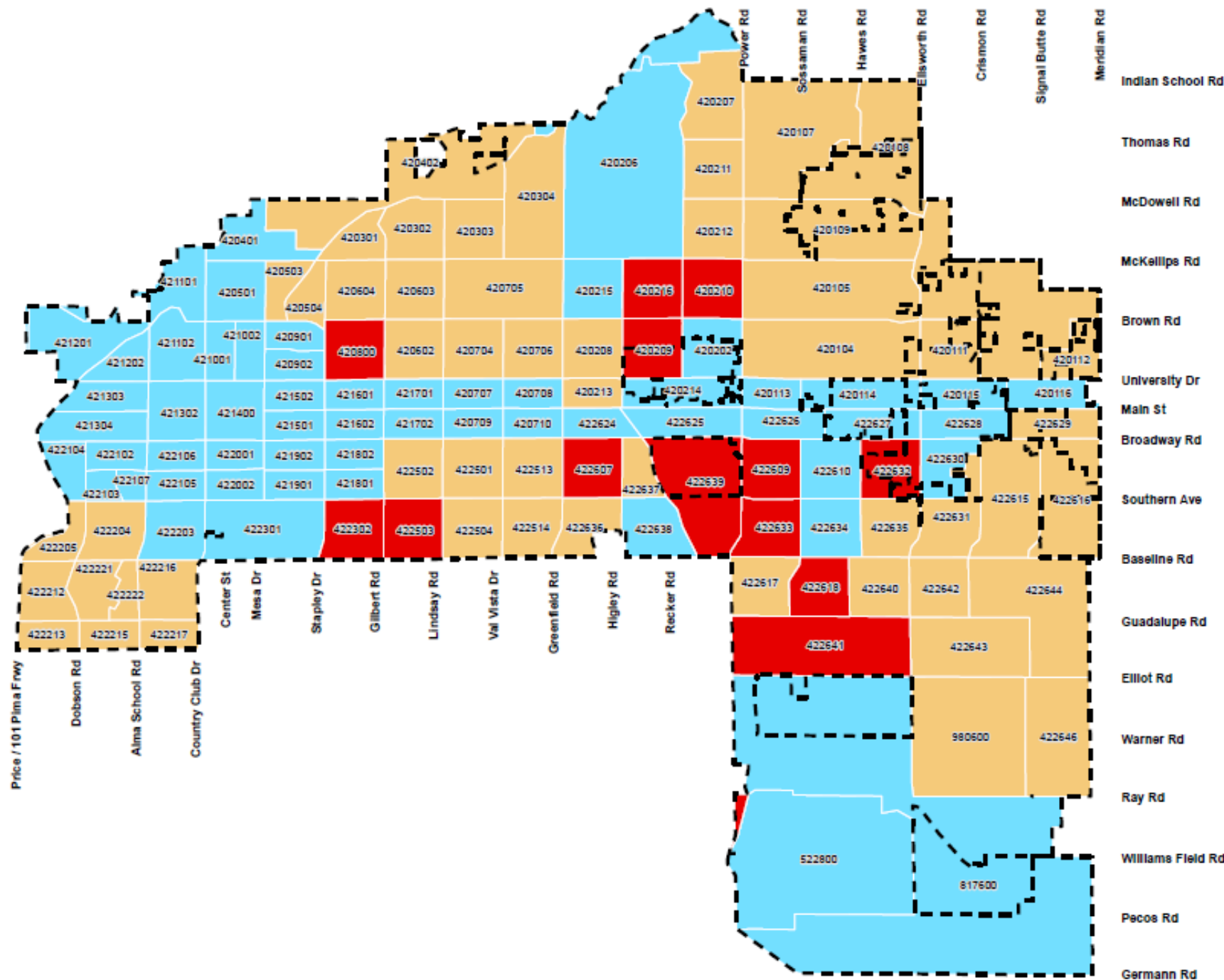


Council District	Perc. Opportunity Zone
District 1	35%
District 2	37%
District 3	44%
District 4	92%
District 5	30%
District 6	43%



Source:  
US Census Bureau 2010 &  
Arizona Commerce Authority 2018

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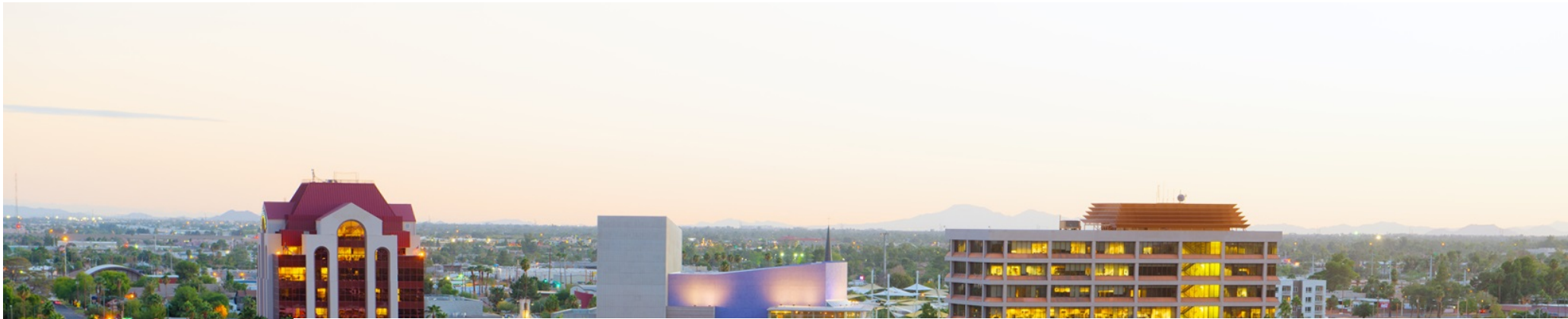




# NEXT STEPS

- Mesa's final submission due to the Arizona Commerce Authority (ACA) tomorrow, February 23
- ACA and Governor Ducey's office will further evaluate our recommendations
- Governor Ducey will submit Arizona's final Opportunity Zone nominations to the U.S. Dept. of Treasury by March 22





# QUESTIONS & DISCUSSION

