

Choose North Branch, Minnesota Opportunity Zones



Above: Interstate Business Park—250 acres of MN designated Shovel Ready in Chisago County's only Opportunity Zone. Photo credit: Sky Eye Films

Opportunity Zones

In December 2017, Federal legislation was passed into law after being incorporated into the Tax Cuts and Jobs Act. The “Opportunity Zones Program” is designed to spur economic development and job creation in designated Opportunity Zones.

Opportunity Zones are low-income census tracts nominated by governors and certified by the U.S. Department of the Treasury allowing investors to direct capital into new projects and enterprises in exchange for certain federal capital gains tax advantages.

Close to the Twin Cities! Right on I 35.

Only Opportunity Zone in Chisago County.

Rail Access.

Opportunity Funds

Opportunity Funds are private sector investment vehicles that invest at least 90 percent of their capital in Opportunity Zones. Opportunity Funds provide investors the chance to put that capital to work rebuilding the nation's low-income rural and urban communities.

Investment Incentives

- A **temporary tax deferral** for capital gains re-invested in an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the opportunity zone investment is sold or December 31, 2026.
- A **step-up in basis** for capital gains reinvested in an Opportunity Fund. The basis of the original investments is increased by 10% if the investment in the qualified opportunity zone fund is held by the taxpayer for at least 5 years, and by an additional 5% if held for at least 7 years, excluding up to 15% of the original gain from taxation.
- A **permanent exclusion from taxable income of capital gains** from the sale or exchange of an investment in a qualified opportunity zone fund, if the investment is held for at least 10 years. (Note: this exclusion applies to the gains accrued from an investment in an Opportunity Fund, not the original gains.)



Invest Here!

Why Interstate Business Park in North Branch?

- Municipal Water and Sewer onsite.
- High Speed Internet
- Great access to Interstate 35, County Highway 30 & State Hwy 95
- Skilled and talented workforce
- Rail service to BNSF
- 250 acres of flat, sandy soils
- Natural Gas & electric
- 10 ton streets

What assets are eligible for investment?

There are three types of property of eligible for Opportunity Fund investment:

Stock of a qualified opportunity zone corporation

Partnership interest in a qualified opportunity zone partnership

Business property used in qualified opportunity zones

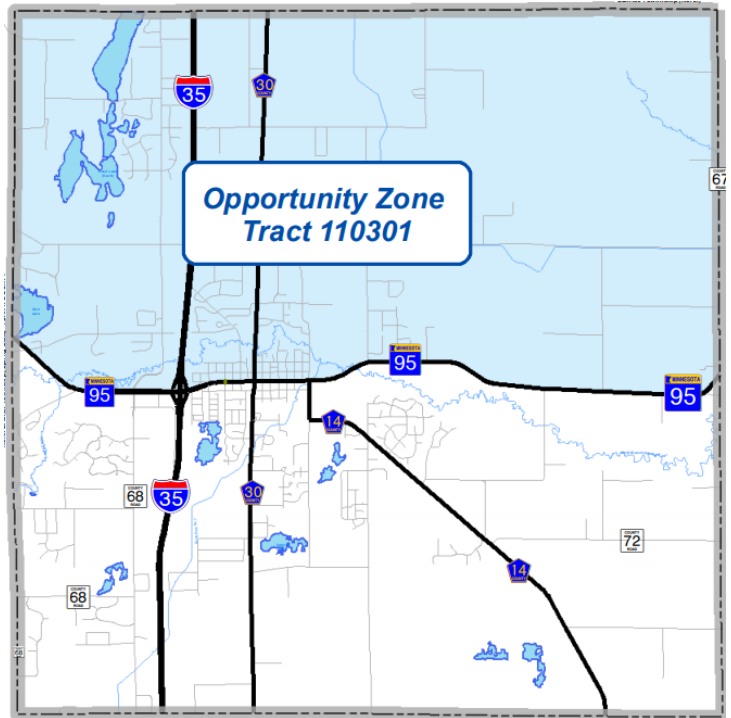
- A qualified opportunity zone business must use “substantially all” of its tangible property within a zone and meet a few additional basic tests.
- Investments that **do not** qualify include funds-of-funds, sin businesses, and financial institutions.
- A **substantial improvement** test applies unless the business property is original use.

Key Features of Opportunity Zones

√Flexibility: Low income communities come in many different shapes and sizes and all have different needs. This tool is capable of supporting a variety of mutually reinforcing activities within the same community.

√Scalability: There is no statutory cap on the amount of capital that can flow into Opportunity Zones in any given year. As such, this tool has the potential to help fuel economic renewal on a national scale.

√Simplicity: Opportunity Funds do not compete for fixed allocations of public sector financing and, as a result, do not require pre-approval of their investments. This should lower the cost, time, and risk to business transactions, and encourage broad participation.



How do Opportunity Funds work?

- Opportunity Funds are the critical intermediaries of investment into zones. To benefit from the incentive, must be made through an O-Fund.
- O-Funds must invest at least 90% of their assets in qualified opportunity zone investments and will be tested twice yearly to ensure compliance.
- The private sector and other stakeholders are responsible for establishing O-Funds.
- O-Funds will come in many shapes and sizes:
 - Some will invest nationally, others locally. Some will have many investors, others few.
 - Some will specialize in startups, other in housing, and others will diversify across many different asset types.
 - Some will be closely-held by investors, others will have professional managers.
 - Some may form around a single project, others will develop portfolios.
- Funds will have to self-certify and do not need pre-approval before investing.

The exact tax rules will be coming out Fall 2018, so please contact your tax consultant for information.

