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Recap of Feb 14 IRS Public Hearing on Opportunity Zones.

This past Thursday, February 14, the IRS Auditorium in Washington DC was packed to capacity with over 200 attendees as stakeholders spoke during the public hearing on proposed regulations: “Investing in Qualified Opportunity Funds” [\[REG-115420-18\]](#).

Hearing participants requested additional guidance on a wide variety of proposed regulations, with many suggesting improvements to the regulations that would allow for more flexibility — particularly in regards to business investment.

Podcast episode on the hearing

This IRS hearing was the focus of on a recent episode of the [Opportunity Zones Podcast](#). [Click here](#) to listen to the recap.

Topics covered at the hearing

- Opportunity zone business qualification requirements
- 70% and 90% asset test requirements
- Community impact reporting and program effectiveness measurement
- Reinvestment of interim gains
- Substantial improvement test for operating businesses
- Multi-asset funds
- Combining Opportunity Zones with other credits (HTC, NMTC, and LIHTC)
- How land value exclusion could potentially lead to predatory activity
- Applying SBIC framework to Opportunity Zones
- Using Opportunity Zones for veteran housing
- Gentrification risks and potential for negative impact on minority communities
- How Section 469 would apply to investments made in qualified opportunity funds
- QOF asset sales
- Debt refinance proceeds
- Employee Stock Ownership Plans (ESOPs)
- Feeder partnerships
- Carried interest
- Interaction of Section 752 with qualified opportunity fund liabilities
- Grantor trust tax liability treatment
- Treatment of ground leases, specifically in regards to tribal land

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