

# **Bond Case Briefs**

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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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### **OpportunityDb**

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