



Opportunity Zones 2.0 Program

Towson Fraser, Assistant Deputy Secretary,
FloridaCommerce

The Beginning



- ❑ **December 2014:** Six years after the Great Financial Crisis (GFC), the economy was recovering but the disparity between low income and high income was expanding.
- ❑ **April 2015:** Attention from Policymakers and Legislators grew.
- ❑ **December 2017:** The concept of Opportunity Zones (OZ) was born and established as a temporary program in the **Tax Cuts and Jobs Act (TCJA) of 2017**. This is commonly referred to as **OZ 1.0** or simply **OZ-1**.

How do we fund
the revitalization of
economically-distressed
communities with
private capital?

Opportunity Zones



An Innovative Economic Development Tool



WHAT IS AN OPPORTUNITY ZONE?

An Opportunity Zone is an economically distressed urban or rural community that has been identified by certain local, state, and federal qualifications.

- ❑ **Innovative economic development tool** that encourages investment in distressed areas in the United States.
- ❑ **Based on census tracts** created by the U.S. Census Bureau.
- ❑ **Meet certain state and federal statutory criteria** and nominated by the Governors of each state then approved and designated as Opportunity Zones by the U.S. Department of the Treasury and Internal Revenue Service (IRS).

Opportunity Zones 1.0 to 2.0



- ❑ Innovative economic development tool that encourages investment in economically distressed communities in the United States.
- ❑ December 2017, the concept of Opportunity Zones (OZ) was born and established as a temporary program in the Tax Cuts and Jobs Act (TCJA) of 2017; Commonly referred to as OZ 1.0 or OZ-1.
- ❑ For OZ 1.0: Based on census tracts created by U.S. Census Bureau, qualifying OZs were required to have median family income of less than 80% of the state or metro area, or contiguous to eligible census tract.
- ❑ Nominated by the Governors of each state; Approved by U.S. Treasury and IRS.
- ❑ The Program starts when an investor generates a Capital Gain, invests eligible capital gains into a Qualified Opportunity Fund (QOF) within 180 days of the sale, files with IRS, and holds the Investment.
- ❑ The One Big Beautiful Bill Act updated the Opportunity Zone program, its timeline, incentives and oversight, and made it permanent; Commonly referred to as OZ 2.0 or OZ-2.
- ❑ For OZ 2.0: Narrowed eligibility to median family income of less than 70% of the state or metro area, or poverty rate of at least 20% when median family is less than 125% of the area.
- ❑ Investment deadlines are friendlier to “patient capital.”
- ❑ Bigger rewards for investment in rural communities.

How to Invest in Opportunity Zones



- ❑ **Rule #1:** The Program starts when an investor generates a Capital Gain.
 - ❑ Invest eligible capital gains into a Qualified Opportunity Fund (QOF). You cannot invest directly into the zone itself.
 - ❑ Invest in a QOF within 180 Days: The eligible capital gain must be invested into a QOF within 180 days of the sale. A QOF is an investment vehicle.
 - ❑ File with the IRS: Self-certify your investment annually with the IRS using Form 8949 and Form 8997.
 - ❑ Hold the Investment: Tax benefits depend on the holding period.
 - ❑ Investment Options: Invest passively in an existing QOF or actively create your own QOF. The latter requires forming an entity and filing IRS Form 8996.

Eligible Capital Gains



- ❑ Most types of capital assets can be sold to generate eligible capital gains. These include:
 - ❑ Stocks
 - ❑ Bonds
 - ❑ Mutual funds
 - ❑ Exchange traded funds (ETFs)
 - ❑ Commercial real estate
 - ❑ Investment properties generally excluding primary residences
 - ❑ Cryptocurrency
 - ❑ Privately held business interests
 - ❑ Collectibles such as art, cars, coins, and jewelry, etc.

Eligible Opportunity Zone Investments



Affordable
Housing



Market Rate
Housing



Mixed Use
Developments



Commercial
Real Estate
(Agricultural)



Industrial
Real Estate
(Infrastructure)



Venture
Investments



Growth
Investments

REAL ESTATE OZ
INVESTMENTS

OPERATING OZ
INVESTMENTS

QUALIFIED OPPORTUNITY ZONE INVESTMENTS

- ❑ Ineligible Projects include:
 - ❑ Private or commercial golf courses
 - ❑ Country clubs
 - ❑ Suntan or hot tub facilities
 - ❑ Massage parlors
 - ❑ Racetracks
 - ❑ Other gaming facilities
 - ❑ Liquor stores including those whose principal business is selling alcoholic beverages for off-premise consumption

Benefits to Investors



5-Year Deferral

10% Reduction

Permanent Exclusion

Permanent Extension (No More 2026 Sunset)



- ❑ **Before:**
 - ❑ OZ-1 was temporary.
 - ❑ Investors had to compete against the clock to initiate OZ investments.
- ❑ **After:**
 - ❑ The OBBBA has now made the program permanent.
 - ❑ The 2026 deadline for eligible gains was repealed.
 - ❑ Investors can continue deferring capital gains beyond 2026.

Decennial Redesignation of Opportunity Zones



Before:

- OZs were one-time designations of 8,764 census tracts (selected after 2017).
- States nominated QOZs based on 2010 census data, with a sunset date of December 31, 2026.
- There was no mechanism for updating or revising designations.

After:

- OZs will refresh every 10 years.
- Starting in 2026 and for every decade thereafter, state Governors can nominate new low-income tracts for OZ status with Treasury certification by the end of calendar years ending in six and taking effect beginning in 2027 and every 10 years after that.

The Nomination Process



- ❑ **Before:**
 - ❑ The sunset date of December 31, 2026, was eliminated.
- ❑ **After:**
 - ❑ Starting July 1, 2026, states are now required to nominate new zones every 10 years, to ensure that designations reflect the latest data available and remain aligned with current economic conditions.
 - ❑ July 1, 2026 – The new nomination process begins under the One Big Beautiful Bill Act of 2025.
 - ❑ July 1, 2026 – October 31, 2026 - Governors are given up to 120 days to nominate 25% of their respective states' eligible census tracts for designation as OZs.
 - ❑ November 1 – December 31, 2026 – The U.S. Department of the Treasury has up to 60 days to complete its OZ designation process.
 - ❑ January 1, 2027 – New zones take effect.

New Eligibility Criteria and Boundary Changes



Before:

- Qualifying QOZs were required to be census tracts with a median family income (MFI) of less than 80% of the state or metro area, plus allowed for certain contiguous non-low-income areas.

After:

- OZ-2 narrowed the eligibility criteria to a median family income of 70% or less than the state or metro median, or a poverty rate of at least 20%, when median family income is below 125% for the area. The Puerto Rico exception eliminated.
 - Rolling redesignations**
 - Boundary changes**
 - Anticipated reduction in zones**

OZ 2.0: Census Tracts 2017 vs. 2026



U.S. Census Tracts	2017 – OZ-1	2026 – OZ-2*
Total U.S. Tracts	73,057	84,414
OZ Eligible Tracts	42,176	33,750
Potential Nominations (25%)	10,544	8,438
Recommended	8,764	6,555
Certified as Qualified	8,764	6,555*
Florida Census Tracts	2017	2026*
All Florida Tracts	4,400	5,160
Eligible Tracts	1,708**	1,360
Potential Nominations (25%)	427	340***
Recommended	427	TBD
Qualified and Designated	427	TBD

*2026 data is projected by 3rd party sources.

**The figure above is a result of 427 being 25% of eligible tracts (which contrasts with the 1,200+ figure cited in the media).

***20.3% reduction from 2017

Five-Year Rolling Deferral Period



- ❑ **Before:**

- ❑ Same end-date (December 31, 2026) to defer taxes.

- ❑ **After:**

- ❑ Each investment starts with its own five-year deferral clock.
- ❑ For example, the deferred gain for an investment made in 2027 is recognized in 2032 (5 years later); for an investment in 2030, the gain would be recognized in 2035, and so on.

Elimination of 7-Year 15% Step-up & Return of 5-Year 10%



❑ Before:

- ❑ OZ-1 provided for a one-time 10% reduction of the deferred gain if an investment was held at least 5 years, and an extra 5% (15% total) if held for 7 years.
- ❑ Due to the 2026 end-date, these step-ups had already expired.
- ❑ After 2021, it became impossible to get even the 5-year 10% benefit before 2026. Investors after that got deferral and the 10-year growth exemption, but no partial forgiveness on original gain.

❑ After:

- ❑ OZ-2 reinstates a 10% basis step-up for a QOF investment held at least 5 years. When the five-year deferral ends, tax is paid on 90% of the gain, for effectively a 10% tax cut. This applies to each investment's timeline, which makes the incentive achievable for investors at any time.
- ❑ The old 7-year 15% step-up has been eliminated.
- ❑ Investors selling their QOF investment before December 31, 2026, are required to pay taxes on the deferred gains but the new law allows for the exclusion of post-investment appreciation after a 10-year holding period.

Bigger Rewards for Rural Investors



- ❑ **Before:**

- ❑ No special benefits for rural areas.

- ❑ **After:**

- ❑ OZ-2 established Qualified Rural Opportunity Funds (QROFs) with enhanced incentives for rural areas, defined as populations under 50,000 and tracts next to areas of populations more than that. Two big advantages now tilt in favor of rural development.
 - ❑ 30% Basis Step-up
 - ❑ Easier Improvement Requirement



Transitional Rules and Grandfathering of Existing Investments



Before:

- OZ-1 investors who had already put money into OZ funds under the old rules (2018–2026) were playing by a certain set of deadlines. Their deferral lasts until 2026 at most, they could no longer get basis boosts after 2021, and they faced the 2047 sale deadline for the 10-year benefit. Those zones are slated to expire end of 2028. There was uncertainty about how a major legislative change might treat these early investments – would they get any new benefits or extended deadlines?

After:

- The Big Beautiful Bill largely keeps pre-2027 OZ investments under the old regime, with careful grandfathering to honor expectations.
- Key points:
 - No Extension of 2026 for Existing Deferrals
 - No Retroactive Step-up
 - Zone Expiration in 2028
 - Post-2026 Improvements

Stronger Reporting and Transparency Requirements



- ❑ **Before:**
 - ❑ OZ-1 was criticized for the lack of required reporting
- ❑ **After:**
 - ❑ OZ-2 mandates robust reporting and transparency from the Treasury and OZ participants.
 - ❑ Annual Treasury Reports
 - ❑ Fund & Business Disclosures
 - ❑ Public Transparency
 - ❑ Conscious move to more accountability

No Forced 2047 Deadline on Tax-Free Exits



Before:

- OZ-1 allowed investors holding an OZ investment for 10+ years to get permanent exclusion of gains, anyone who invested in a QOF by 2026 had to sell by December 31, 2047, to claim the tax-free appreciation.

After:

- The new law eliminates the 2047 cut-off for post-2026 investments.
- If you invest in an OZ fund starting in 2027 or later, there is no fixed end-date by which you must sell to get your tax-free gain. Instead, the bill provides a flexible framework:
 - You can elect to step-up your basis to fair market value anytime you sell after holding for 10+ years, just as before, up until 30 years from your investment.
 - If you hold beyond 30 years, your basis is deemed equal to the asset's fair market value on the 30-year anniversary of your investment.

Greater Investor Confidence and Adjusted Strategies



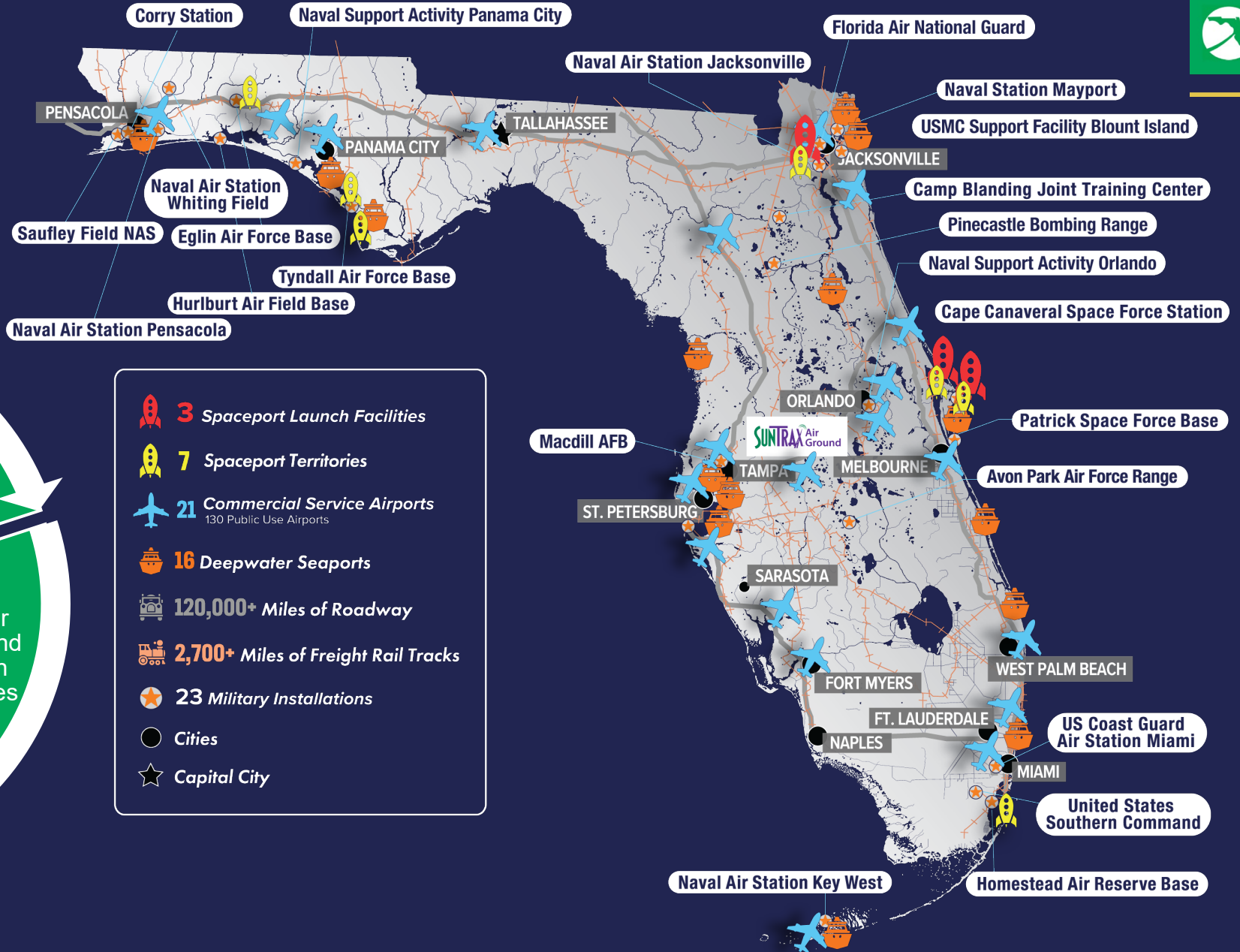
- ❑ **Before:**
 - ❑ Uncertainty slowed new fund formation and made investors hesitant.
 - ❑ Investments were deadline-driven, with pressure to deploy quickly before expirations.
- ❑ **After:**
 - ❑ Clear, long-term stability signals OZs are here to stay.
 - ❑ No initiation deadlines means more careful project selection and stronger details.
 - ❑ Market revitalized means new funds are expected and existing funds are expanding.
 - ❑ Removal of 2047 exit pressure encourages long-term, patient capital.
 - ❑ 30% rural boost increases interest om rural OZ projects and specialized funds.
- ❑ **Overall:**
 - ❑ Shift from “beat the clock” to “build for the future” with more strategic, mission-focused investment.

OZ 2.0 Timeline

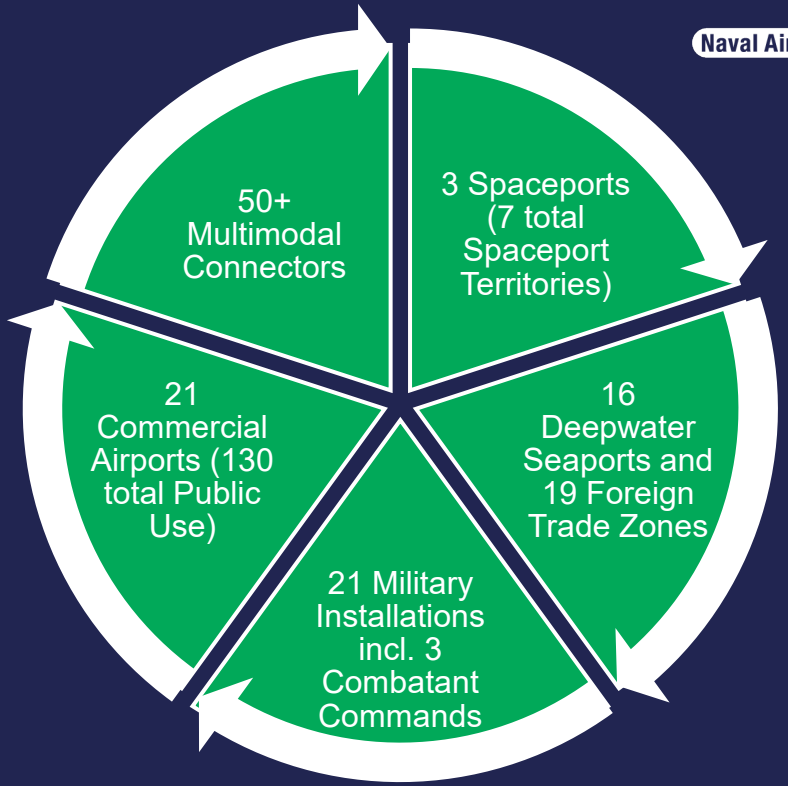


- ❑ July 4, 2025: The One Big Beautiful Bill Act is signed into law, making the OZ program permanent with new rules.
- ❑ January-April 2026: FloridaCommerce takes public feedback
- ❑ July 1, 2026: Governors begin nominating new census tracts for OZ 2.0 designation.
- ❑ January 1, 2027: The OZ 2.0 investment rules take effect, featuring a rolling five-year deferral period.
- ❑ 2027–2028: A two-year transition period during which both OZ 1.0 and OZ 2.0 tracts are valid for investment.

FLORIDA'S READY INFRASTRUCTURE PLATFORMS



- 3** Spaceport Launch Facilities
- 7** Spaceport Territories
- 21** Commercial Service Airports
130 Public Use Airports
- 16** Deepwater Seaports
- 120,000+** Miles of Roadway
- 2,700+** Miles of Freight Rail Tracks
- 23** Military Installations
- Cities**
- Capital City**



Alignment with Critical Infrastructure



- ❑ Alignment with Critical Infrastructure:
 - ❑ 16 Seaports, Maritime Industrial Base
 - ❑ 21 Commercial Service Airports, 130 total Public Use Airports, incl. 4 Major Hubs
 - ❑ 21 Major Military Installations, incl. 3 Combatant Commands
 - ❑ 3 Spaceports, 7 total Spaceport Territories
 - ❑ Major Rail and Road Shipping Corridors, including Intermodals
 - ❑ Major Sports Hubs for Multimodal Transportation and Regional Commerce
 - ❑ Educational Infrastructure: Universities, State Colleges, Technical Colleges

Alignment with Critical Designations



- ❑ Alignment with Critical Designations:
 - ❑ OZ 1.0 (through 12/31/28) vs. OZ 2.0 (starting 1/1/27)
 - ❑ 19 Free Trade Zones
 - ❑ Maritime Prosperity Zones – New!
 - ❑ 3 Rural Areas of Opportunity, 29 Fiscally Constrained Counties, 31 Rural Counties, and Small Cities
 - ❑ FL Chamber Foundation’s Prosperity Initiative – FL Zip Code Model to address Childhood Poverty
 - ❑ Critical Food Security and Agriculture Production Sites (Ag, Aqua, Timber, Minerals, etc.)
 - ❑ Verified “Pad-Ready” Industrial and Commercial Sites

Public Outreach Completed



- 4/8/2026 - Okeechobee County Opportunity Zone 2.0 Workshop
- 4/8/2026 - CDFA 2026 Federal Policy Conference - State Perspectives on Opportunity Zones
- 3/30/2026 - The Florida Council of 100 Webinar
- 3/30/2026 - United States Department of Housing and Urban Development Opportunity Zone Roundtable
- 3/25/2026 - Southwest Florida Economic Development Offices Opportunity Zone 2.0 Webinar
- 3/24/2026 - City of Sunrise Opportunity Zone 2.0 Meeting
- 3/19/2026 - Jacksonville Opportunity Zone 2.0 Workshop
- 3/18/2026 - Volusia County Opportunity Zone 2.0 Webinar
- 3/11/2026 - Opportunity Florida Board Meeting
- 3/10/2026 - Max Planck Florida Institute for Neuroscience Sunposium Conference
- 3/10/2026 - Perry City Council Meeting
- 3/10/2026 - Live Oak Opportunity Zones 2.0 Workshop
- 3/10/2026 - Panacea Working Waterfronts Meeting
- 3/9/2026 - Bradford County Opportunity Zones 2.0 Workshop
- 3/6/2026 - Center for Research and Education in Optics and Lasers (CREOL) Industrial Affiliates Symposium
- 3/5/2026 - Tampa Bay Economic Development Council Webinar
- 3/4/2026 - Florida Power & Light (FPL) Northwest Florida Economic Symposium
- 3/4/2026 - National Association for Latino Community Asset Builders (NACLAB) Webinar
- 3/4/2026 - Orange County Opportunity Zones 2.0 Webinar
- 3/4/2026 - Southeastern Employment and Training Association (SETA) Workforce Conference
- 3/3/2026 - U.S. Department of Housing and Urban Development Round Table
- 2/26/2026 - Florida Trucking Association Safety Summit
- 2/23/2026 - Volusia County Days
- 2/23/2026 - CareerSource Florida/FloridaCommerce Economic Development Tools & Strategies Webinar
- 2/20/2026 - State Board of Education
- 2/19/2026 - JAXUSA Partnership State of the Region
- 2/19/2026 - Wakulla Florida Economic Development Council (FEDC) Board Meeting
- 2/18/2026 - CareerSource Credential Review Committee
- 2/17/2026 - Florida Economic Development Council (FEDC) Mardi Gras Legislative Breakfast
- 2/13/2026 - North Florida Economic Development Partnership Board of Directors and General Membership Meeting
- 2/10/2026 - JAX Chamber Briefing
- 2/10/2026 - Gadsden County Commission Economic Development Forum
- 2/6/2026 - Rural Community Investment Program Webinar
- 2/4/2026 - Florida Seaport Transportation and Economic Development (FSTED) Council
- 2/4/2026 - BioFlorida Legislative Day at the Capitol
- 2/3/2026 - Brevard County Chambers of Commerce Legislative Day
- 2/3/2026 - Florida Association of Black Chambers of Commerce
- 2/3/2026 - Pasco County Day at the Capitol
- 1/29/2026 - Trucking Day at the Capitol
- 1/28/2026 - Florida Manufacturing Days
- 1/28/2026 - CareerSource Florida Board Meeting
- 1/22/2026 - Citrus County Legislative Day
- 1/21/2026 - Rural Economic Development Managers Training
- 1/15/2026 - Florida Economic Development Council (FEDC)
- 1/15/2026 - Florida Defense Support Commission Meeting
- 1/14/2026 - Florida Chamber Foundation Board of Trustees
- 1/14/2026 - Florida Heartland Economic Region of Opportunity Webinar
- 12/16/2025 - Local Workforce Development Boards and Economic Development Councils joint Economic Development Tools & Strategies Webinar
- 12/3/2025 - Opportunity Florida Board Meeting
- 12/1/2025 - Florida Economic Development Council (FEDC) Quarterly Board Meeting
- 11/20/2025 - Florida Rural Economic Development Association (FREDA) Conference
- 11/5/2025 - 2025 Rural Economic Development Initiative Meeting

Public Outreach Upcoming



- ❑ 4/9/2026 - St. Lucie County Opportunity Zone 2.0 Workshop
 - ❑ Location: MidFlorida Event Center, 9221 SE Event Center Place, Port St. Lucie, FL 34952
 - ❑ Time: 11 a.m. - 1 p.m.
- ❑ 4/10/2026 - Palm Beach County Opportunity Zone 2.0 Workshop
 - ❑ Location: Business Development Board of Palm Beach County, 310 Evernia Street, West Palm Beach, FL 33401
 - ❑ Time: 10:30 a.m.
- ❑ 4/10/2026 - Treasure Coast Regional Planning Council (TCRPC) and South Florida Regional Planning Committee (SFRPC) Joint Council Meeting
 - ❑ Location: Palm Beach Metropolitan Planning Organization, 301 Datura Street, Downtown West Palm Beach, FL 33401
 - ❑ Time: 10 a.m. - 3 p.m.
- ❑ 4/14/2026 – Miami-Dade County Opportunity Zone 2.0 Workshop
 - ❑ Location: Miami-Dade Beacon Council, 80 SW 8th St Unit 2400, Miami, FL 33130
 - ❑ Time: 9 a.m. – 11 a.m.
- ❑ 4/21/2026 – Pasco County Opportunity Zone 2.0 Workshop
 - ❑ Location: HCA Trinity Hospital, 9330 FL-54, Trinity, FL 34655
 - ❑ Time: 1 p.m.
- ❑ 4/22/2026 – Escambia County Opportunity Zone 2.0 Workshop
 - ❑ Time: 9 A.M. - 11 A.M. CST
- ❑ 4/22/2026 – Central Florida Development Opportunity Zone 2.0 Webinar
 - ❑ Time: 11:30 a.m. – 12:30 p.m.
- ❑ 4/27/2026 - Marion County Opportunity Zone 2.0 Workshop
 - ❑ Location: Power Plant Business Incubator, 405 SE Osceola Avenue, 2nd Floor, Ocala, FL 34471
 - ❑ Time: 1 p.m. – 3 p.m.
- ❑ 5/6/2026 - Rural Economic Development Initiative (REDI) Meeting
 - ❑ Location: Calhoun-Liberty Hospital, 16257 State Road 71, Blountstown, FL 32424
- ❑ 5/13 - 5/15/2026 - FEDC IGNITE Annual Conference
 - ❑ Location: JW Marriott Orlando Bonnet Creek, 14900 Chelonia Pkwy, Orlando, FL 32821



OZ 2.0 Website, Resources, and Stakeholder Survey

- FloridaCommerce is seeking census tract recommendations for Opportunity Zone 2.0 designations through a **survey submission tool**.
- The survey allows communities to participate in this process, and your feedback is critical.
- To participate, please scan the QR code below and complete the survey by May 1, 2026.
- Visit Floridajobs.org/OpportunityZones for more information and updated content.



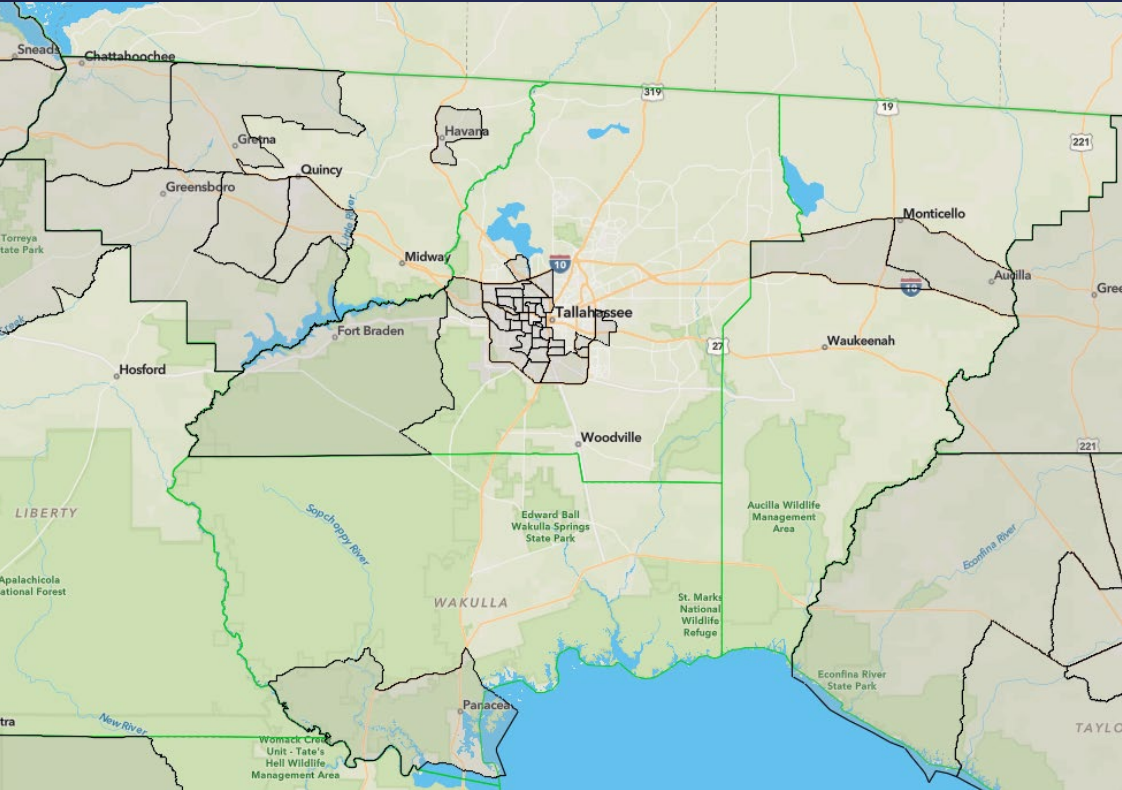
OZ Survey



OZ Program Page



Tallahassee Metro Area Tracts



- ❑ U.S. Treasury has identified 45 potentially eligible tracts in the greater Tallahassee Metropolitan area (Gadsden, Jefferson, Leon, and Wakulla counties).
- ❑ 36 of the eligible tracts are in Leon County.
- ❑ Tracts in Gadsden, Jefferson, and Wakulla have more combined land area.

Thank You!



Towson.Fraser@Commerce.fl.gov

FLORIDACOMMERCE
**RESOURCE
GUIDE**

Explore the comprehensive resources, services and programs FloridaCommerce offers to help communities, businesses and residents thrive in the Sunshine State.

COMMUNITIES JOB CREATORS JOB SEEKERS

The cover features a dark blue background with a geometric pattern of triangles. A small Florida Commerce logo is in the top right corner. At the bottom, there are three icons: a building for 'COMMUNITIES', a briefcase for 'JOB CREATORS', and three people for 'JOB SEEKERS'.



FloridaJobs.org
SelectFlorida.org

SELECTFLORIDA
**ECONOMIC DEVELOPMENT
TOOLKIT**

Inside you'll find information, tools and resources to support your efforts as you champion growth for existing businesses, attract new enterprises and fuel the expansion of private sector employment opportunities for Florida's workforce.

Sample social, email and newsletter copy, ads and flyers are available.

SelectFlorida is the official trade and investment promotion agency of the Sunshine State | Learn more at SelectFlorida.org

The cover features a white top section with the 'SELECTFLORIDA' logo and a small Florida Commerce logo. Below is a photograph of a modern city skyline with a red construction crane. A dark blue box with a megaphone icon contains text about sample materials. The bottom of the cover has a small line of text about the agency's role.

