



Vermont Opportunity Zone Summit
June 12, 2018

Incorporating Opportunity Zone Funds into Projects

Qualified Opportunity Funds Must Invest in Qualified Opportunity Zone Property

- **Qualified Opportunity Zone Stock**
- **Qualified Opportunity Zone Partnership Interest**
- **Qualified Opportunity Zone Business Property**

Qualified Opportunity Zone Stock or Partnership Interest

- Stock must be stock in a domestic corporation.
- Partnership Interest must be a capital or profits interest in a domestic partnership.
- Stock or Partnership Interest must be acquired from the corporation or partnership by the Qualified Opportunity Fund after December 31, 2017 solely in exchange for cash.
- Must be stock or a partnership interest in a Qualified Opportunity Zone Business or a business that is being organized for the purpose of being a Qualified Opportunity Zone Business.
- During substantially all of the holding period of the Qualified Opportunity Stock or Partnership Interest, the corporation or partnership must continue to qualify as a **Qualified Opportunity Zone Business**.

Qualified Opportunity Zone Business

- Must be a trade or business.
- Substantially all of its tangible property (whether owned or leased) is **Qualified Opportunity Zone Business Property**
- Must comply with certain New Markets Tax Credit requirements:
 - At least 50% of its gross income must be from the active conduct of a trade or business in an Qualified Opportunity Zone.
 - A substantial portion of its intangible property must be used in the active conduct of its business in an Qualified Zone.
 - Cannot be a golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other gambling facility, or any store the principal business of which is the sale of alcoholic beverages for consumption off-premises.

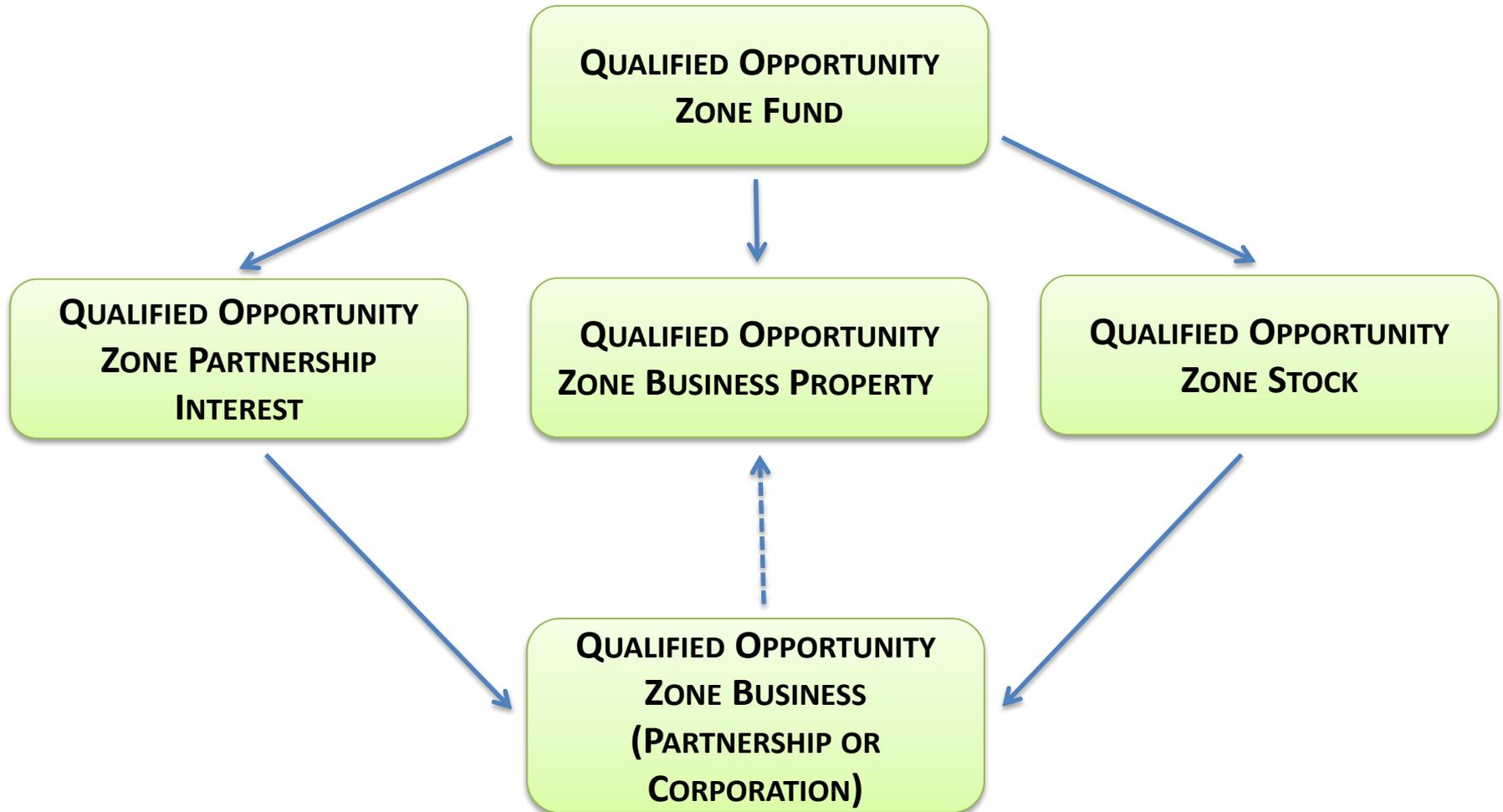
Qualified Opportunity Zone Business Property

- Tangible property used in a trade or business if:
 - Acquired by purchase (as defined in Section 179(d)(2) related party rules, but using a 20% related party test instead of 50%) after December 31, 2017;
 - Original use in the Qualified Opportunity Zone commences with the Qualified Opportunity Zone Business or the Qualified Opportunity Zone Business **substantially improves the property**; and
 - During substantially all of the holding period for such property, substantially all of the use of such property is in an Opportunity Zone.

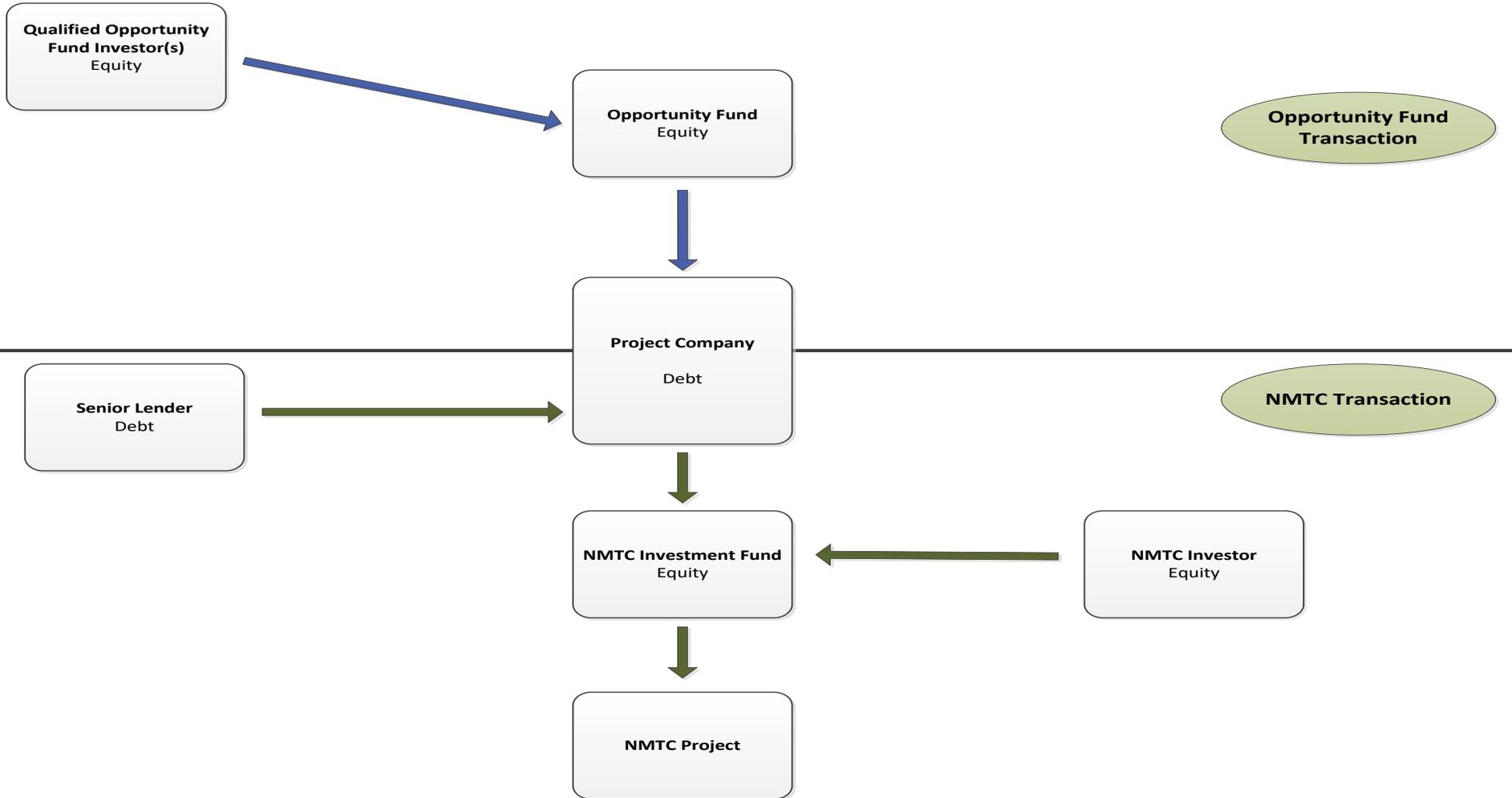
Substantial Improvement Test

Property is treated as “substantially improved” if, during any 30-month period beginning after the acquisition of the property, additions to basis of the property exceed an amount equal to the adjusted basis of the property at the beginning of such period.

Types of Opportunity Zone Fund Investments



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