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Opportunity Zones 2.0 Overview

Webinar

July 14, 2026

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What are Opportunity Zones (OZs)?

Purpose of Opportunity Zones	Tax Incentives Structure	Long-Term Investment Benefits	Community Impact Goals	Past Wyoming examples
• Opportunity Zones encourage long-term private investments in economically distressed communities through federal tax incentives. • OZ’s are based on designated census tracts created by the U.S. Census Bureau.	• Investors can defer and reduce capital gains taxes by reinvesting gains into Qualified Opportunity Funds (QOFs) within designated zones.	• Holding investments for over ten years allows appreciation gains to be permanently excluded from federal capital gains taxes.	• The program aims to stimulate job creation, housing, business growth, and infrastructure improvements in target areas.	• Casper Downtown Revitalization • Goshen County – Cobblestone Hotel (Torrington) • The Wyoming Reserve (Casper)

OZ 1.0 vs. OZ 2.0

Original Framework and Limitations

Opportunity Zones 1.0 emphasized rapid capital deployment with strong tax incentives but had limited transparency and uneven investment distribution.

Enhanced Rural Incentives – Qualified Rural Opportunity Zones (QROZs)

OZ 2.0 includes federal tax incentives to invest capital gains through a QROF up to 30% basis step-up after 5 years (10% for standard OZs)

Reduced reinvestment thresholds for redevelopment projects (50% vs. 100%s for standard OZs)

Targeted Eligibility and Focus

New proposals focus incentives on distressed and underserved areas like rural communities and Native American lands.

Extended Timelines and Tiered Incentives

OZ 2.0 considers timeline extensions and tiered incentives for projects like housing, broadband, energy, and small businesses.

Bottom line

OZ 2.0 shifts the program from a one-time tax incentive into a long-term economic development tool with stronger targeting and rural advantages

Why OZs Matter to Wyoming

Statewide and Local Government/Community Impact

- ❖ Wyoming is uniquely positioned to benefit due to rural profile, tax environment, and pipeline of investable projects
- ❖ Competitive advantage vs. other states:
  - No state income tax, low property / sales tax
- ❖ OZ 2.0 supports Wyoming's economic priorities:
  - Tourism & recreation infrastructure
  - Energy transition / diversification projects
  - Workforce & housing development near growth corridors
  - Downtown / rural revitalization

Developers & Investors

- ❖ Access to lower-cost capital, benefit from reduced rural "substantial improvement" thresholds
- ❖ Job creation in tourism, outdoor recreation, energy transition
- ❖ Investment opportunities in lodging, manufacturing, and housing

Investor Benefits of OZs

Capital gains tax deferral: example - deferred gain for investment made in 2027 is recognized in 2032 (5 yrs later)

10+ year investments: tax-free appreciation

QROFs: must invest primarily in 100% rural OZ (populations under 50k and not adjacent to urbanized area)

Diversification into real estate, infrastructure, operating businesses

WY advantage: lower entry cost + exposure to energy, tourism, housing growth

How States Should Choose Tracts

1 **Capital Readiness**

Sites with infrastructure, entitlement feasibility, and realistic delivery timelines

2 **Impact Potential**

Areas with clear job creation pathways, housing needs, and small-business gaps

3 **Diversification**

Balanced portfolio of rural + urban; multiple asset types to match investor mandates

4 **Market Realism**

Tracts where projects can underwrite to market demand and exit/liquidity

5 **Optics & Governance**

Transparent criteria that withstand public scrutiny and reporting

Resources and Further Information

- CLA OZ website: Opportunity Zone Fund Tax Planning and Investing: CLA (CliftonLarsonAllen)
- WBC OZ website: Opportunity Zones - Wyoming Business Council
- IRS OZ website: Opportunity zones | Internal Revenue Service
- IRS OZ FAQs: Opportunity zones frequently asked questions | Internal Revenue Service
- HUD OZ website: Opportunity Zones | HUD.gov / U.S. Department of Housing and Urban Development (HUD)

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OPPORTUNITY ZONES 2.0

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WYOMING BUSINESS COUNCIL EST. 1998

WHAT OPPORTUNITY ZONES ARE FOR WYOMING COMMUNITIES

- Opportunity Zones are a **federal tax incentive**, not a grant program.
- They can help attract **private investment** into certain census tracts.
- They are usually most useful for projects that already have:
  - a real site
  - a real sponsor
  - a real capital need
- They can support projects like:
  - housing
  - redevelopment
  - business expansion
  - mixed-use development

Opportunity Zones can be a useful tool. They are not free money, and they are not a fit for every community or every tract.

WHAT OPPORTUNITY ZONES ARE NOT

- They do **not** send automatic money to a community.
- They do **not** guarantee outside investment.
- They do **not** replace the need for a strong project.
- They do **not** work well where there is no clear development path.
- They do **not** mean the state can simply choose any tract it wants.

A tract designation by itself does not create investment. A tract still needs a project, a sponsor, and investors who see a real opportunity.

HOW A CENSUS TRACT CAN QUALIFY

- Opportunity Zone eligibility is based on **2020–2024 American Community Survey (ACS) 5-year census tract data**.
- Under the federal OZ 2.0 rules, a tract generally qualifies in one of two ways:
  - **Income pathway:** tract median family income is at or below **70%** of the applicable area median family income
  - **Poverty-plus-income pathway:** tract poverty rate is at least **20%** and tract median family income is at or below **125%** of the applicable area median family income
- These eligibility rules are set at the **federal level**, not by the state.
- Wyoming can review the data, build its recommendation, and submit tracts for consideration.
- **Treasury makes the final decision** on which tracts are selected.

This is a federal, data-based process. Wyoming's role is to submit the strongest tract package possible.

WHAT WYOMING HAS DONE SO FAR

- Treasury identified **20 Wyoming tracts** as the initial baseline set.
- We reviewed those tracts against Wyoming's tract-level data.
- We found that many Wyoming tracts sit close to the qualifying thresholds.
- In Wyoming, **margins of error matter** because many tracts are relatively small and close to the line.
- We met with Treasury to walk through our data and our concerns.
- Treasury told us Wyoming can submit **up to 25 tracts for consideration**.
- Treasury will make the final determination.

Wyoming is not deciding the final map on its own. We are building the strongest possible recommendation for Treasury to review.

WHY WE ARE GATHERING COMMUNITY INPUT

We need tract-specific information from communities across the state, including:

- projects already underway or in planning
- business expansion tied to a specific tract
- housing or redevelopment opportunities
- infrastructure constraints or opportunities
- current use of an OZ 1.0 tract
- local partners who could actually move a project

When you give input, please tell us:

1. **Which tract** you are talking about
2. **What project or opportunity** is there
3. **Why OZ status could matter** to that tract

What we are looking for:
Not general interest. Specific opportunities.

REAL PROJECTS TAKE MORE THAN ONE TOOL

- Opportunity Zones are **one possible tool**, not the whole strategy.
- Strong projects usually depend on:
    - site readiness
    - infrastructure
    - partnerships
    - investment potential
- Communities without OZ tracts can still move real projects forward.

OZs can help, but they do not replace the work it takes to make a real deal happen.

OTHER TOOLS COMMUNITIES CAN USE

Federal tools

- USDA Rural Development
- HUD and housing programs
- EDA and infrastructure support
- SBA lending tools
- CDFI and New Markets Tax Credit financing

State and local tools

- Business Ready Community
- Wyoming Community Development Authority programs
- State infrastructure and utility funding
- Local land, site, and partnership support

Private tools

- bank financing
- developer equity
- philanthropy and mission-driven capital
- private investors and local business partnerships

The strongest communities are usually the ones that stack tools, build partnerships, blend & braid funding, and stay focused on real projects.

WHAT SUCCESS WOULD LOOK LIKE FOR WYOMING

- A tract package that better reflects **real Wyoming opportunities**
- More alignment between OZ designation and **actual project potential**
- Better support for projects that could realistically attract private capital
- Stronger connections between OZs and:
  - housing
  - redevelopment
  - business growth
  - rural development tools
- A clearer statewide pipeline of investable projects

Our goal is not simply to maximize the number of zones. Our goal is to maximize the usefulness of the zones Wyoming receives.

WHAT WE NEED FROM YOU

- Help us identify the tracts with the most community-impact potential
- Tell us where there is current OZ use or future project opportunity
- Share local information that may not show up in federal datasets
- Help us connect tract selection to actual development outcomes

We want a map that works in practice, not just on paper.

Please reach out with your input at connor.christensen@wyo.gov or 307-287-4709. Thanks!

Opportunity Zone Working Group Map