To amend the Internal Revenue Code of 1986 to modify the rules relating to qualified opportunity zones, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 7, 2022

Mr. BOOKER (for himself, Mr. SCOTT of South Carolina, Mr. WARNER, Mr. YOUNG, and Mr. VAN HOLLEN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to modify the rules relating to qualified opportunity zones, and for other purposes.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Opportunity Zones Transparency, Extension, and Improvement Act”.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) The 8,764 population census tracts design-
1 1400Z–1 of the Internal Revenue Code of 1986 span
2 across all 50 States, the District of Columbia, and
3 5 Territories and overwhelmingly represent commu-
4 nities that have been economically left behind as the
5 American economy has surged forward.
6
7 (2) The average poverty rate of qualified oppor-
8 tunity zone residents is 26.4 percent.
9
10 (3) Fifty-four percent of the country’s pockets
11 of concentrated persistent poverty—meaning census
12 tracts in which at least 40 percent of the population
13 has lived in poverty since at least 1980—are quali-
14 fied opportunity zones.
15
16 (4) More adults in qualified opportunity zones
17 lack a high school diploma than have a four-year col-
18 lege degree.
19
20 (5) The Investing in Opportunity Act, which
21 originally proposed opportunity zones, originally in-
22 corporated reporting requirements to evaluate the
23 impact the incentive will have on designated commu-
24 nities and it is critical that Congress act to reinstate
25 reporting requirements as soon as possible.
TITLE I—MODIFICATION OF POPULATION CENSUS TRACTS DESIGNATED AS QUALIFIED OPPORTUNITY ZONES

SEC. 101. MODIFICATION OF POPULATION CENSUS TRACTS DESIGNATED AS QUALIFIED OPPORTUNITY ZONES.

Section 1400Z–1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(g) DISQUALIFICATION OF CERTAIN POPULATION CENSUS TRACTS.—

“(1) IN GENERAL.—Except as provided in paragraph (5), any disqualified census tract shall not be treated as a qualified opportunity zone for any period after the date that is 30 days after the date on which the Secretary publishes the final list of disqualified census tracts under paragraph (4)(B).

“(2) REPLACEMENT ZONES.—

“(A) IN GENERAL.—The chief executive officer of a State may nominate additional population census tracts to replace any population census tract the designation of which as a qualified opportunity zone was terminated by reason of paragraph (1). Except as otherwise
provided in this paragraph, the rules of subsections (b), (c), (d), and (f) shall apply to any population census tract nominated under this paragraph.

“(B) Consultation.—No population census tract nominated under subparagraph (A) may be designated as a qualified opportunity zone unless the chief executive officer of the State certifies in writing to the Secretary that the chief executive officer has consulted with the chief executive officer (or the equivalent) of each local jurisdiction in which the population census tract is located.

“(C) Special rules.—For purposes of this subchapter—

“(i) any population census tract which is a disqualified census tract (as defined in paragraph (3) without regard to subparagraph (A)(i) thereof) may not be nominated as a qualified opportunity zone under this paragraph,

“(ii) the determination period with respect to a nomination under subparagraph (A) shall be the 45-day period beginning on the date on which the Secretary pub-
lishes the final list of disqualified census tracts under paragraph (4)(B), as extended under subsection (b)(2), and

“(iii) the period for which any such designation is in effect shall be the period beginning on the date such designation takes effect and ending on the last day of the 10th calendar year beginning on or after the designation date as a qualified opportunity zone for the population census tract which it is replacing as such a zone by reason of the termination under paragraph (1).

“(D) Regulations and guidance.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this paragraph.

“(3) Disqualified census tract.—For purposes of this subsection—

“(A) In general.—The term ‘disqualified census tract’ means any population census tract which—

“(i) was designated as a qualified opportunity zone before the date of the enactment of this subsection, and

“(ii) is described in subparagraph (B) or (C).

“(B) HIGH MEDIAN FAMILY INCOME TRACTS.—

“(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), a population census tract is described in this subparagraph if the median family income for such tract exceeds 130 percent of the national median family income.

“(ii) EXCEPTION.—Clause (i) shall not apply if the poverty rate of such population census tract (excluding students enrolled in an institution of higher education (as defined in section 101 of the Higher Education Act of 1965)) is equal to or greater than 30 percent.

“(iii) REQUEST TO RETAIN DESIGNATION FOR CERTAIN POPULATION CENSUS TRACTS.—Clause (i) shall not apply if the Secretary, upon a request of the chief executive officer of the State made not later
than 60 days after the date the Secretary publishes the list described in paragraph (4)(A), determines that—

“(I) the designation of such population census tract was consistent with the purposes of this subchapter, or

“(II) the median family income for the population census tract does not exceed 130 percent of the national median family income.

“(C) Election to include additional population census tracts.—

“(i) In general.—A population census tract is described in this subparagraph if the Secretary, upon the request of the chief executive officer of the State submitted not later than 60 days after the date the Secretary publishes the list described in paragraph (4)(A), determines that the continued designation of such population census tract as a qualified opportunity zone is not consistent with the purposes of this subchapter.
“(ii) Regulations and Guidance.—

Not later than 12 months after the date of the enactment of this subsection, the Secretary shall issue regulations or guidance with respect to the criteria to be used for making a determination by the Secretary under clause (i).

“(4) Identification and Publication of Disqualified Census Tracts.—

“(A) Initial Identification.—As soon as practical, but not later than 12 months after the date of the enactment of this subsection, the Secretary shall make public—

“(i) a list of population census tracts described in paragraph (3)(B) (determined without regard to clause (iii) thereof), and

“(ii) a list of population census tracts which are low-income communities and were not designated as a qualified opportunity zone before the date of enactment of this subsection.

“(B) Final List of Disqualified Census Tracts.—Not later than 105 days after the date the Secretary publishes the list described in subparagraph (A), the Secretary shall
make public a final list of disqualified census tracts.

“(5) Rules for qualified preexisting investments.—

“(A) In general.—For purposes of this subchapter, section 1400Z–2 shall be applied without regard to paragraph (1) with respect to any qualified preexisting trade or business.

“(B) Qualified preexisting trade or business.—For purposes of this paragraph—

“(i) In general.—The term ‘qualified preexisting trade or business’ means any trade or business of a qualified opportunity zone fund or qualified opportunity zone business which meets the requirements of clauses (ii) and (iii) of section 1400Z–2(d)(3)(A) and which—

“(I) before the date of the enactment of this subsection, filed a registration statement under the Securities Act of 1933 (15 U.S.C. 77a et seq.) or prepared any comparable offering memorandum or similar disclosure document provided in reliance on section 230.506 of title 17, Code of
Federal Regulations (or successor regulations), promulgated under the Securities Act of 1933, that discloses the intent of such trade or business to invest in the disqualified census tract,

“(II) before the first date on which the disqualified census tract appears on any list published under paragraph (4), has made, or has entered into to binding agreements to make, investments in the disqualified census tract which—

“(aa) aggregate more than $250,000, and

“(bb) have been designated in writing for the use in, or the development of, such trade or business, or

“(III) is determined by the Secretary to have relied on the designation of the disqualified census tract as a qualified opportunity zone and to have suffered a loss as a result of the application of paragraph (1).
“(ii) TRADE OR BUSINESS.—The term ‘trade or business’ includes any activity intended to qualify as a trade or business within the meaning of section 162.

“(C) REGULATIONS AND GUIDANCE.—The Secretary shall prescribe such regulations or guidance as may be necessary or appropriate to carry out the purposes of this paragraph, including guidance to prevent speculative investment solely for the purpose of falling within the definition of a qualified preexisting trade or business.

“(6) DETERMINATION OF POPULATION CENSUS TRACT DATA.—For purposes of applying this subsection, in determining whether a population census tract meets any qualification with respect to poverty rate or any aspect of median income, such determination shall be made using the most recent census data that has been published by the Bureau of the Census as of the date of enactment of this subsection.”.
SEC. 102. CERTAIN FORMER INDUSTRIAL TRACTS PERMITTED TO BE DESIGNATED AS OPPORTUNITY ZONES.

Section 1400Z–1 of the Internal Revenue Code of 1986, as amended by section 101, is amended by adding at the end the following new subsection:

“(h) Special Rule for Former Industrial Tracts Contiguous to Designated Opportunity Zones.—

“(1) In general.—For purposes of this chapter, the term ‘qualified opportunity zone’ means an population census tract which is described in paragraph (2) and designated as a qualified opportunity zone under this subsection.

“(2) Population census tract described.—A population census tract is described in this subparagraph if—

“(A) the tract—

“(i) has a population of zero,

“(ii) was previously used for industrial purposes and is a brownfield industrial site, and

“(iii) is contiguous, including by water, to a population census tract on at least 1 side that has been designated as a
qualified opportunity zone under this section, or

“(B) the tract was merged, as a result of the 2020 decennial census, into a census tract described in subparagraph (A)(iii) and met all requirements described in subparagraph (A).

“(3) DESIGNATION.—For purposes of paragraph (1), a population census tract that is described in paragraph (2) is designated as a qualified opportunity zone if—

“(A) not later than 30 days after the date of the enactment of this subsection, the chief executive officer of the State in which the tract is located—

“(i) nominates the tract for designation as a qualified opportunity zone, and

“(ii) notifies the Secretary in writing of such nomination, and

“(B) not later than 30 days after receiving the notification under subparagraph (A)(ii), the Secretary certifies such nomination and designates such tract as a qualified opportunity zone.

“(4) DETERMINATION OF CENSUS TRACT INFORMATION.—For purposes of this subsection, the
boundaries and population of a census tract shall be determined based on United States Census Bureau data for the 2010 decennial census.

“(5) NUMBER OF DESIGNATIONS.—Population census tracts designated as a qualified opportunity zone under this subsection shall not be taken into account for purposes of subsection (d).

“(6) DEFINITIONS.—For purposes of this subsection—

“(A) BROWNFIELD INDUSTRIAL SITE.—
The term ‘brownfield industrial site’ means a population census tract that includes real property the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance or pollutant or contaminant, including real property covered by a prospective purchaser agreement or similar agreement entered into by the Environmental Protection Agency or the appropriate State authority.

“(B) HAZARDOUS SUBSTANCE.—The term ‘hazardous substance’ means—

“(i) a hazardous substance as defined in section 101(14) of the Comprehensive Environmental Response, Compensation,
and Liability Act of 1980 (42 U.S.C. 9601(14)), or

“(ii) petroleum or a petroleum product.

“(C) POLLUTANT OR CONTAMINANT.—The term ‘pollutant or contaminant’ has the meaning given such term in section 101(33) of such Act.”.

**TITLE II—INFORMATION REPORTING REQUIREMENTS**

**SEC. 201. INFORMATION REPORTING ON QUALIFIED OPPORTUNITY FUNDS.**

(a) In General.—

(1) Filing requirements for funds and investors.—Subpart A of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 is amended by inserting after section 6039J the following new sections:

“**SEC. 6039K. RETURNS WITH RESPECT TO QUALIFIED OPPORTUNITY FUNDS.**

“(a) In General.—Every qualified opportunity fund shall file an annual return (at such time and in such manner as the Secretary may prescribe) containing the information described in subsection (b).
“(b) Information From Qualified Opportunity Funds.—The information described in this subsection is—

“(1) the name, address, and taxpayer identification number of the qualified opportunity fund,

“(2) whether the qualified opportunity fund is organized as a corporation or a partnership,

“(3) the value of the total assets held by the qualified opportunity fund as of each date described in section 1400Z–2(d)(1),

“(4) the value of all qualified opportunity zone property held by the qualified opportunity fund on each such date,

“(5) with respect to each investment held by the qualified opportunity fund in qualified opportunity zone stock or a qualified opportunity zone partnership interest—

“(A) the name, address, and taxpayer identification number of the corporation in which such stock is held or the partnership in which such interest is held, as the case may be,

“(B) each North American Industry Classification Code that applies to the trades or businesses conducted by such corporation or partnership,
“(C) the population census tracts in which
the qualified opportunity zone business property
of such corporation or partnership is located,
“(D) the amount of the investment in such
stock or partnership interest as of each date de-
scribed in section 1400Z–2(d)(1),
“(E) the value of tangible property held by
such corporation or partnership on each such
date which is owned by such corporation or
partnership,
“(F) the value of tangible property held by
such corporation or partnership on each such
date which is leased by such corporation or
partnership,
“(G) the approximate number of residen-
tial units (if any) for any real property held by
such corporation or partnership, and
“(H) the approximate average monthly
number of full-time equivalent employees of
such corporation or partnership for the year
(within numerical ranges identified by the Sec-
retary) or such other indication of the employ-
ment impact of such corporation or partnership
as determined appropriate by the Secretary,
“(6) with respect to the items of qualified opportunity zone business property held by the qualified opportunity fund—

“(A) the North American Industry Classification Code that applies to the trades or businesses in which such property is held,

“(B) the population census tract in which the property is located,

“(C) whether the property is owned or leased,

“(D) the aggregate value of the items of qualified opportunity zone property held by the qualified opportunity fund as of each date described in section 1400Z–2(d)(1), and

“(E) in the case of real property, number of residential units (if any),

“(7) the approximate average monthly number of full-time equivalent employees for the year of the trades or businesses of the qualified opportunity fund in which qualified opportunity zone business property is held (within numerical ranges identified by the Secretary) or such other indication of the employment impact of such trades or businesses as determined appropriate by the Secretary,
“(8) with respect to each person who disposed of an investment in the qualified opportunity fund during the year—

“(A) the name and taxpayer identification number of such person,

“(B) the date or dates on which the investment disposed was acquired, and

“(C) the date or dates on which any such investment was disposed and the amount of the investment disposed, and

“(9) such other information as the Secretary may require.

“(c) Statement Required To Be Furnished To Investors.—Every person required to make a return under subsection (a) shall furnish to each person whose name is required to be set forth in such return by reason of subsection (b)(9) a written statement showing—

“(1) the name, address and phone number of the information contact of the person required to make such return, and

“(2) the information required to be shown on such return by reason of subsection (b)(9) with respect to such person.

“(d) Definitions.—For purposes of this section—
“(1) IN GENERAL.—Any term used in this section which is also used in subchapter Z of chapter 1 shall have the meaning given such term under such subchapter.

“(2) FULL-TIME EQUIVALENT EMPLOYEES.—

The term ‘full-time equivalent employees’ means, with respect to any month, the sum of—

“(A) the number of full-time employees (as defined in section 4980H(c)(4)) for the month,

plus

“(B) the number of employees determined (under rules similar to the rules of section 4980H(c)(2)(E)) by dividing the aggregate number of hours of service of employees who are not full-time employees for the month by 120.

“SEC. 6039L. INFORMATION ON PERSONS INVESTING IN QUALIFIED OPPORTUNITY FUNDS.

“(a) IN GENERAL.—Every taxpayer who makes an investment in a qualified opportunity fund shall provide an annual statement (at such time and in such manner as the Secretary may prescribe) containing the information described in subsection (b) with respect to each such investment.
“(b) INFORMATION FROM INVESTORS.—The information described in this subsection is—

“(1) the name, address, and taxpayer identification number of the taxpayer,

“(2) the name and taxpayer identification number of the qualified opportunity fund in which the investment was made,

“(3) a description of such investment,

“(4) the date such investment was made,

“(5) the amount of short-term and long-term capital gains for which an election was made under section 1400Z–2(a)(1) for such investment,

“(6) in the case of any disposition of any investment in a qualified opportunity fund during the taxable year—

“(A) a description of the investment disposed,

“(B) the date of the disposition, and

“(C) the amount of any previously deferred short-term and long-term capital gain included in income as a result of such disposition, and

“(7) such other information as the Secretary may require.
“(c) Definitions.—Any term used in this section which is also used in subchapter Z of chapter 1 shall have the meaning given such term under such subchapter.

“SEC. 6039M. INFORMATION REQUIRED FROM CERTAIN QUALIFIED OPPORTUNITY ZONE BUSINESSES.

“(a) In general.—Every applicable qualified opportunity zone business shall furnish to the qualified opportunity fund described in subsection (b) a written statement in such manner and setting forth such information as the Secretary may by regulations prescribe for purposes of enabling such qualified opportunity fund to meet the requirements of section 6039(b)(5).

“(b) Applicable Qualified Opportunity Zone Business.—For purposes of subsection (a), the term ‘applicable qualified opportunity zone business’ means any qualified opportunity zone business (as defined in section 1400Z–2(d)(3))—

“(1) which is a trade or business of a qualified opportunity fund,

“(2) in which a qualified opportunity fund holds qualified opportunity zone stock, or

“(3) in which a qualified opportunity fund holds a qualified opportunity zone partnership interest.
“(c) Other Terms.—Any term used in this section which is also used in subchapter Z of chapter 1 shall have the meaning given such term under such subchapter.”.

(2) Penalties.—

(A) In general.—Part II of subchapter B of chapter 68 of the Internal Revenue Code of 1986 is amended by inserting after section 6725 the following new section:

“SEC. 6726. FAILURE TO COMPLY WITH INFORMATION REPORTING REQUIREMENTS RELATING TO QUALIFIED OPPORTUNITY FUNDS.

“(a) Information Returns by Qualified Opportunity Funds.—

“(1) In general.—In the case of any person required to file a return under section 6039K fails to file a complete and correct return under such section in the time and in the manner prescribed therefore, such person shall pay a penalty of $500 for each day during which such failure continues.

“(2) Limitation.—

“(A) In general.—The maximum penalty under this subsection on failures with respect to any 1 return shall not exceed $10,000.

“(B) Large Qualified Opportunity Funds.—In the case of any failure described in
paragraph (1) with respect to a fund the gross assets of which (determined on the last day of the taxable year) are in excess of $10,000,000, subparagraph (A) shall be applied by substituting ‘$50,000’ for ‘$10,000’.

“(3) Penalty in cases of intentional disregard.—If a failure described in paragraph (1) is due to intentional disregard, then—

“(A) paragraph (1) shall be applied by substituting ‘$2,500’ for ‘$500’,

“(B) paragraph (2)(A) shall be applied by substituting ‘$50,000’ for ‘$10,000’, and

“(C) paragraph (2)(B) shall be applied by substituting ‘$250,000’ for ‘$50,000’.

“(4) Inflation adjustment.—

“(A) In general.—In the case of any failure relating to a return required to be filed in a calendar year beginning after 2023, each of the dollar amounts in paragraphs (1), (2), and (3) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year determined by substituting ‘calendar year 2022’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.
“(B) Rounding.—

“(i) In general.—If the $500 dollar amount in paragraphs (1) and (3)(A) or the $2,500 amount in paragraph (3)(A), after being increased under subparagraph (A), is not a multiple of $10, such dollar amount shall be rounded to the next lowest multiple of $10.

“(ii) Asset threshold.—If the $10,000,000 dollar amount in paragraph (2)(B), after being increased under subparagraph (A), is not a multiple of $10,000, such dollar amount shall be rounded to the next lowest multiple of $10,000.

“(iii) Other dollar amounts.—If any dollar amount in paragraph (2) or (3) (other than any amount to which clause (i) or (ii) applies), after being increased under subparagraph (A), is not a multiple of $1,000, such dollar amount shall be rounded to the next lowest multiple of $1,000.

“(b) Statements by investors.—

“(1) In general.—If—
“(A) any person is required to file a statement under section 6039L for any period, and

“(B) fails—

“(i) to file such statement on or before the required filing date, or

“(ii) fails to include all of the information required to be shown on the statement or includes incorrect information,

such person shall pay a penalty of $5,000.

“(2) REDUCTION WHERE CORRECTION IN SPECIFIED PERIOD.—If any failure described in paragraph (1)(B) is corrected on or before the day 60 days after the required filing date, the penalty imposed by paragraph (1) shall be $500 in lieu of the amount determined under such paragraph.

“(3) DE MINIMIS ERRORS.—If—

“(A) there are one or more such failures described in paragraph (1)(B)(ii) relating to an incorrect dollar amount, and

“(B) no single amount in error differs from the correct amount by more than $100,

then no correction shall be required, and, for purposes of this section, such statement shall be treated as having been filed with all correct required information.
“(4) Penalty in cases of intentional disregard.—If one or more failures described in paragraph (1)(B) are due to intentional disregard of the filing requirement (or the correct information reporting requirement), then, with respect to each such failure—

“(A) paragraphs (2) and (3) shall not apply, and

“(B) the amount of the penalty determined under paragraph (1) shall be $25,000.

“(5) Inflation adjustment.—

“(A) In general.—In the case of any failure relating to a statement required to be filed in a calendar year beginning after 2023, each of the dollar amounts in paragraphs (1), (2), and (4) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year determined by substituting ‘calendar year 2022’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

“(B) Rounding.—The amount of any increase under subparagraph (A) shall be rounded to the nearest multiple of $100 ($10 in the
case of any increase in the amount under para-
graph (2)).”.

(B) INFORMATION REQUIRED TO BE SENT
TO OTHER TAXPAYERS.—Section 6724(d)(2) of
such Code is amended—

(i) by striking “or” at the end of sub-
paragraph (II),

(ii) by striking the period at the end
of the first subparagraph (JJ) (relating to
section 6226) and inserting a comma,

(iii) by redesignating the second sub-
paragraph (JJ) (relating to section 6050Y)
as subparagraph (KK),

(iv) by striking the period at the end
of subparagraph (KK) (as redesignated by
clause (iii)) and inserting a comma, and

(v) by inserting after subparagraph
(KK) (as so redesignated) the following
new subparagraphs:

“(LL) section 6039K(c) (relating to dis-
position of qualified opportunity fund invest-
ments), or

“(MM) section 6039M (relating to infor-
mation required from certain qualified oppor-
tunity zone businesses).”.
(3) ELECTRONIC FILING.—Section 6011(e) of such Code is amended by adding at the end the following new paragraph:

“(8) QUALIFIED OPPORTUNITY FUNDS.—Notwithstanding paragraphs (1) and (2), any return filed by a qualified opportunity fund shall be filed on magnetic media or other machine-readable form.”.

(4) CLERICAL AMENDMENTS.—

(A) The table of sections for subpart A of part III of subchapter A of chapter 61 of such Code is amended by inserting after the item relating to section 6039J the following new items:

“Sec. 6039K. Returns with respect to qualified opportunity funds.
Sec. 6039L. Information on persons investing in qualified opportunity funds.
Sec. 6039M. Information required from certain qualified opportunity zone businesses.”.

(B) The table of sections for part II of subchapter B of chapter 68 of such Code is amended by inserting after the item relating to section 6725 the following new item:

“Sec. 6726. Failure to comply with information reporting requirements relating to qualified opportunity funds.”.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after the date of the enactment of this Act.

(b) REPORTING OF DATA ON OPPORTUNITY ZONE TAX INCENTIVES.—
(1) IN GENERAL.—As soon as practical after the date of the enactment of this Act, and annually thereafter, the Secretary of the Treasury, or the Secretary’s delegate (referred to in this section as the “Secretary”), in consultation with the Director of the Bureau of the Census and such other agencies as the Secretary determines appropriate, shall make publicly available a report on qualified opportunity funds.

(2) INFORMATION INCLUDED.—The report required under paragraph (1) shall include, to the extent available, the following information:

(A) The number of qualified opportunity funds.

(B) The aggregate dollar amount of assets held in qualified opportunity funds.

(C) The aggregate dollar amount of investments made by qualified opportunity funds in qualified opportunity fund property across each industry class under the North American Industry Classification Code.

(D) The percentage of population census tracts designated as qualified opportunity zones that have received qualified opportunity fund investments.
(E) For each population census tract designated as a qualified opportunity zone, the approximate average monthly number of full-time equivalent employees of the qualified opportunity zone businesses in such qualified opportunity zone for the preceding 12-month period (within numerical ranges identified by the Secretary) or such other indication of the employment impact of such qualified opportunity fund businesses as determined appropriate by the Secretary.

(F) The percentage of the total amount of investments made by qualified opportunity funds in—

(i) qualified opportunity zone property which is real property; and

(ii) other qualified opportunity zone property.

(G) For each population census tract, the aggregate approximate number of residential units resulting from investments made by qualified opportunity funds in real property.

(H) The aggregate dollar amount of investments made by qualified opportunity funds in each population census tract.
(3) **ADDITIONAL INFORMATION.**—

(A) **IN GENERAL.**—Beginning with the report submitted under paragraph (1) for the 6th year after the date of the enactment of this Act, the Secretary shall include in such report the impacts and outcomes of a designation of a population census tract as a qualified opportunity zone as measured by economic indicators, such as job creation, poverty reduction, new business starts, and other metrics as determined by the Secretary.

(B) **SEMI-DECENNIAL INFORMATION.**—

(i) **IN GENERAL.**—In the case of any report submitted under paragraph (1) in the 6th year or the 11th year after the date of the enactment of this Act, the Secretary shall include the following information:

(I) For population census tracts designated as a qualified opportunity zone, a comparison (based on aggregate information) of the factors listed in clause (iii) between the 5-year period ending on the date of the enactment of Public Law 115–97 and the
most recent 5-year period for which data is available.

(II) For population census tracts designated as a qualified opportunity zone, a comparison (based on aggregate information) of the factors listed in clause (iii) for the most recent 5-year period for which data is available between such population census tracts and a similar population census tracts that were not designated as a qualified opportunity zone.

(ii) CONTROL GROUPS.—For purposes of clause (i), the Secretary may combine population census tracts into such groups as the Secretary determines appropriate for purposes of making comparisons.

(iii) FACTORS LISTED.—The factors listed in this paragraph are the following:

(I) The unemployment rate.

(II) The number of persons working in the population census tract, including the percentage of such persons who were not residents in the
(III) Individual, family, and household poverty rates.

(IV) Median family income of residents of the population census tract.

(V) Demographic information on residents of the population census tract, including age, income, education, race, and employment.

(VI) The average percentage of income of residents of the population census tract spent on rent annually.

(VII) The number of residences in the population census tract.

(VIII) The rate of homeownership in the population census tract.

(IX) The average value of residential property in the population census tract.

(X) The number of affordable housing units in the population census tract.
(XI) The number and percentage of residents in the population census tract that were not employed for the preceding year.

(XII) The number of new business starts in the population census tract.


(4) PROTECTION OF IDENTIFIABLE RETURN INFORMATION.—In making reports required under this subsection, the Secretary—

(A) shall establish appropriate procedures to ensure that any amounts reported do not disclose taxpayer return information that can be associated with any particular taxpayer or competitive or proprietary information, and

(B) if necessary to protect taxpayer return information, may combine information required with respect to individual population census tracts into larger geographic areas.

(5) DEFINITIONS.—Any term used in this subsection which is also used in subchapter Z of chapter
1 of the Internal Revenue Code of 1986 shall have
the meaning given such term under such subchapter.

TITLE III—MODIFICATION OF
RULES FOR INVESTMENTS IN
QUALIFIED OPPORTUNITY
FUNDS

SEC. 301. EXTENSION OF DEFERRAL PERIOD.
(a) In General.—Subparagraph (B) of section
1400Z–2(b)(1) of the Internal Revenue Code of 1986 is
amended by striking “December 31, 2026” and inserting
“December 31, 2028”.
(b) Modification of Basis Rule.—Clause (iv) of
section 1400Z–2(b)(2)(B) of such Code is amended by
striking “7” each place it appears in the text and in the
heading and inserting “6”.
(c) Effective Date.—The amendments made by
this section shall apply to amounts invested after Decem-

SEC. 302. MODIFICATION OF DEFINITION OF QUALIFIED
OPPORTUNITY FUND.
(a) In General.—Section 1400Z–2(d)(1) of the In-
ternal Revenue Code of 1986 is amended to read as fol-
lows:
“(1) In General.—The term ‘qualified oppor-
tunity fund’ means—
“(A) any qualified feeder fund, or
“(B) any other investment vehicle if—
“(i) such investment vehicle is organized as a corporation or a partnership for the purpose of investing in qualified opportunity zone property (other than another qualified opportunity fund), and
“(ii) such investment vehicle holds at least 90 percent of its assets in qualified opportunity zone property, determined by the average of the percentage of qualified opportunity zone property held in the fund as measured—
“(I) on the last day of the first 6-month period of the taxable year of the fund, and
“(II) on the last day of the taxable year of the fund.”.

(b) Qualified Feeder Fund.—Section 1400Z–2(d) of such Code is amended by adding at the end the following new paragraph:
“(4) Qualified Feeder Fund.—The term ‘qualified feeder fund’ means any investment vehicle that invests in a qualified opportunity fund if—
“(A) such investment vehicle is organized as a domestic partnership for the purpose of investing in one more corporations or partnerships described in paragraph (1)(B),

“(B) all investments made in the investment vehicle are made in cash, and

“(C) not less than 95 percent of the assets of which are equity investments in corporations or partnerships described in paragraph (1)(B).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

TITLE IV—STATE AND COMMUNITY DYNAMISM FUND

SEC. 401. STATE AND COMMUNITY DYNAMISM FUND.

(a) ESTABLISHMENT.—There is established a State and Community Dynamism Fund to support public and private investment, including capital for qualified opportunity zones designated under section 1400Z–1(a) of the Internal Revenue Code of 1986, and existing small business and community economic development programs and incentives, to underserved businesses and communities.

(b) ALLOCATION.—
(1) **IN GENERAL.**—Funds appropriated to the State and Community Dynamism Fund shall be allocated to States.

(2) **FORMULA.**—

(A) **IN GENERAL.**—The Secretary of the Treasury shall determine the allocation by allocating Federal funds among the States based on the proportion of prime working age adults in each State bears to the total of prime working age adults for all the States.

(B) **MINIMUM ALLOCATION.**—The Secretary shall adjust the allocations under subparagraph (A) for each State to the extent necessary to ensure that no State receives less than 0.9 percent of the Federal funds.

(3) **REQUIREMENT.**—To receive an allocation under paragraph (2), a State shall certify that the State will use funds to—

(A) build capacity in high-poverty, underbanked, rural, and otherwise underserved communities;

(B) advance investment in minority-, women, and veteran-owned businesses;

(C) address workforce development in strategic sectors of the State’s economy; and
(D) align priorities to support affordably priced housing.

(4) Suballocation.—A State may spend funds allocated under this subsection directly or suballocate the funds to other entities, including units of general local government and nonprofits.

(5) Eligible Uses.—Funds allocated under this subsection shall be used for any eligible use in a low-income community, as defined in section 45D(e) of the Internal Revenue Code of 1986, including for—

(A) operating support and community capacity building, with priority to given to operating support and community capacity building in qualified opportunity zones, including—

(i) personnel to support activities, including coordination, education, and investment;

(ii) community-level capacity building, training, and strategic planning;

(iii) outreach, technical assistance, and professional services to underserved businesses and underserved opportunity zone fund managers;

(B) high-impact projects, including—
(i) predevelopment costs associated with individual Qualified Opportunity Zone projects; and

(ii) risk mitigation for qualified opportunity zone funds; and

(C) administrative costs, not to exceed 3 percent of the funds allocated.

(6) ELIGIBLE PROJECTS.—Funds used for high-impact project activities, as described in paragraph (5)(B), shall only be used for—

(A) business with less than 200 employees;

(B) projects that provide community goods or services, including health care, social services, healthy food access, education, broadband, and culture; or

(C) affordable housing with at least 50 percent of the units that are affordable to families making less than 80 percent of area median family income.

(7) PRIORITIZATION.—A State that receives funds under this section must prioritize activities that—

(A) promote investment in projects that substantially support minorities, as defined in section 1204(c) of the Financial Institutions
Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1811 note), or other targeted populations, as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702); and

(B) have demonstrated meaningful engagement with community stakeholders.

(e) Authorization of Appropriations.—There is authorized to be appropriated $1,000,000,000 to carry out this section.

(d) GAO Audit.—The Comptroller General of the United States shall perform an annual audit of the Fund and submit to the appropriate committees of Congress a report containing the results of the audit.

(e) Annual Report.—Not later than March 31 of each year, each State receiving funds under this title shall submit to the Secretary a report on the performance of the State and participating entities in the State that includes—

(1) an accounting of the expenditure of funds received by the State, including on administrative or indirect costs;

(2) information on the number and characteristics of participants served under this title; and
(3) a summary describing the training, capacity-building, and technical assistance offered by the State and participating entities.

(f) **Definitions.**—In this section:

1. **Prime working age adults not employed.**—The term “prime working age adults not employed” means, with respect to a State, the share of the adult population aged 25 to 54 that was not employed for the most recent year for which data is available.

2. **State.**—The term “State” includes the District of Columbia, any territory or possession of the United States, and any Indian Tribe.