

OPPORTUNITY ZONE INVESTING



Opportunity Zone Investing

Jimerson Birr professionals perform a plenitude of services for clients looking to take advantage of the greatest tax incentives in American history through Opportunity Zone investing. In recent years, advances in laws and regulations enable any qualified taxpayer (individual or business) who sells an asset with an existing capital gain to reinvest capital equaling their capital gain into an Opportunity Zone investment, thus deferring paying tax on their capital gain until December 31, 2026, and reducing their tax payment by 10%. Most importantly, under the right set of circumstances, and with a well-managed fund, a qualified Opportunity Zone investment will allow investors who hold onto their investment for ten years to sell that investment free of federal taxes. Congress created Opportunity Zones as part of the 2017 Tax Cuts and Jobs Act. The legislative goal of the Opportunity Zone program was to stimulate economic development in underdeveloped areas, and states can designate up to 25% of their qualifying census tracts as Opportunity Zones. Opportunity Zone investments are also eligible for other economic development incentives such as tax credits, grants, and refunds. Jimerson Birr's attorneys help clients pursue lucrative openings in Opportunity Zone investing and qualifying tax-free growth for investing into businesses located in Opportunity Zone. Imagine buying 10,000,000 shares of stock for \$1.00 per share in an Opportunity Zone start-up company that becomes the next Amazon. Just the tax savings alone could buy you the Jacksonville Jaguars and a world-class yacht.

Opportunity Zone investments are as complex as they are lucrative. While investors are free to invest an unlimited amount of capital into an Opportunity Zone investment, only the portion equaling their capital gain will qualify for tax-free growth. The simplest (and most common) manner to structure an Opportunity Zone investment is for an investor to create a Qualified Opportunity Fund (QOF) and then sell their asset with an existing capital gain. The investor will then have 180 days to reinvest cash from the sale, equaling their capital gain, into the QOF. Once cash is invested into the QOF, the investor needs to create a Qualified Opportunity Zone Business (QOZB) into which the QOF will reinvest the cash. After the QOF has reinvested the cash into the QOZB, the QOZB will purchase new Qualified Opportunity Zone Business Property (QOZBP) or substantially improve existing QOZBP by an amount equal to at least the portion of the purchase price allocated to existing buildings. After QOZBP has been purchased, the QOZB will operate a new business in the opportunity zone. On December 31, 2026, the investor will pay capital gain tax (less 10%) on the amount they initially invested into the QOF. After 10 years, the investor can sell the QOZBP, liquidate the QOZB into the QOF, and cash out their opportunity zone investment tax-free. Easy enough?

Jimerson Birr Opportunity Zone Services

Our firm provides Opportunity Zone investment services designed with your interests in mind. Our expertise in business and real estate law allows our firm to not only create the required investment funds and operating businesses, but also facilitate purchase and redevelopment of the opportunity zone property. By combining these services into a single package, we can create value for our clients and ensure compliance with all relevant opportunity zone rules and regulations throughout the duration of your investment.

The bifurcation of opportunity zone investment services between experts at our firm ensures that you will receive the best advice on every aspect of your investment, while also enjoying the synergies created by streamlined management of your investment. Our business attorneys work with our clients to set up the necessary investment entities and facilitate the issuance of equity interests. Our real estate attorneys then work with our clients to acquire opportunity zone property, secure financing, obtain construction permits, and advocate for re-zoning or specific land use designations. After the property is acquired, our real estate attorneys will utilize our extensive network of contractors and developers to minimize construction costs and assist our clients with construction and redevelopment. Additionally, our firm maintains working relationships with tax attorneys who specialize in opportunity zone investments and can ensure compliance throughout your investment.

Opportunity Zone investment services offered by our firm include:

- > Consultation on Opportunity Zone investments and their procedural requirements
- > Preparing and drafting of all documents necessary to create the qualified opportunity fund and qualified opportunity zone business, and facilitating the issuance of equity
- > Identifying available state, local, and federal economic development incentives
- > Assistance with obtaining financing from public and private sources
- > Negotiating and drafting documents facilitating property acquisitions, including sale agreements, lease agreements, purchase agreements, and easement agreements
- > Coordinating all aspects of permitting, land use, and zoning, including representation during administrative proceedings
- > Sourcing price quotes from contractors and developers to provide construction and redevelopment services
- > Negotiating and drafting third-party contracts necessary to complete construction or redevelopment
- > Coordinating with tax attorneys to ensure investment compliance

Jimerson Birr is a premier law firm with a market-leading practice tailored to the nuances of the industries we serve. Our teams have a global perspective and strong Florida roots. Our clients look to us to bring a distinctively high degree of quality, passion and creativity to resolve their opportunity zone investment challenges effectively and cost efficiently.

We're honored to work with some of the world's most accomplished organizations and the leaders who drive them. We know that on any given day our clients are confronting competition, corporate advancement, risk management, process and product innovation, resource allocation, efficiency stewardship and talent oversight problems; some days all the above. When our clients' opportunity zone investment challenges with us, they enlist sets of broad shoulders that carry their burdens for them so that they no longer feel their weight. This deep business partnership will give us both an opportunity to be at our best.

We draw on the strength of our character and talents to deliver the best of our firm to every client through true collaboration. We don't confuse effort with results, and we focus on the immutable, allied goals at all times. Partnership with Jimerson Birr means that you are not looking in any direction but ahead.

Attorneys

