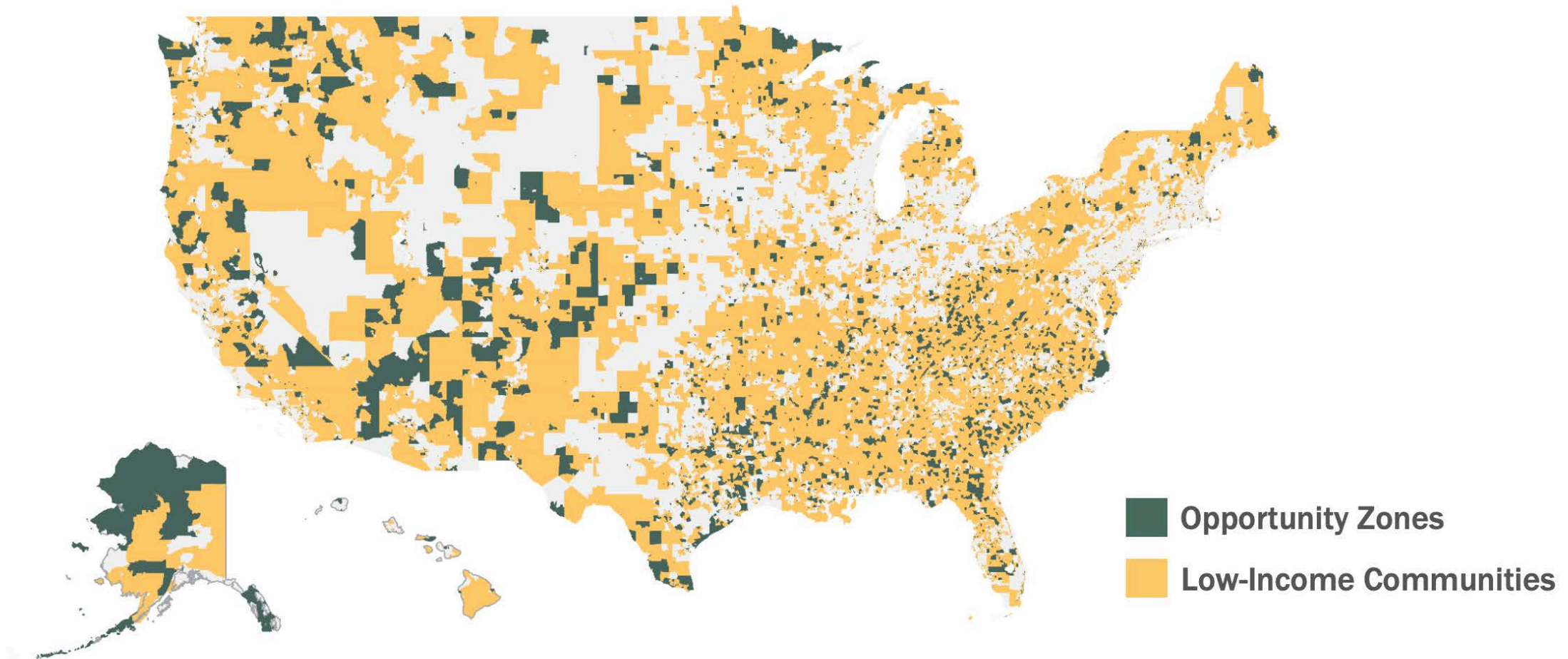


Opportunity Zones Nevada

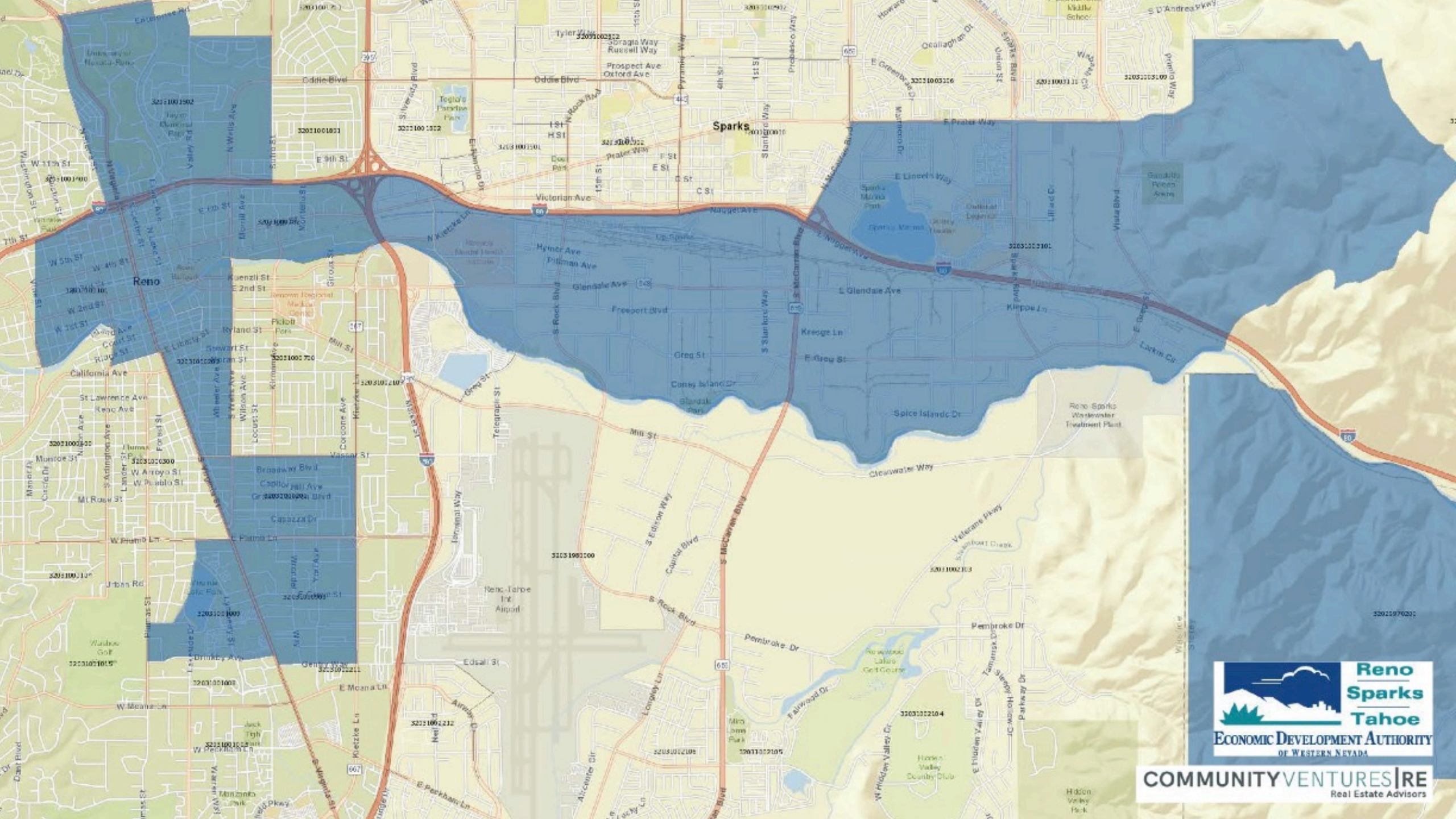
- Kaya Bromley, JD/MSW
- General Counsel, Community Ventures RE
- Founder of the Reno-Sparks OZ Task Force

What Are Opportunity Zones?

- Part of 2017 Tax Cuts and Jobs Act
 - Tim Scott (R-SC)
 - Cory Booker (D-NJ)
- Encourages long-term investment into low-income and rural communities
- 8,700 Opportunity Zones across the country



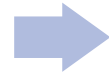
8,700 Opportunity Zones



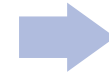
COMMUNITYVENTURES|RE
Real Estate Advisors

Opportunity Zone Program Offers Three Tax Benefits:

**Temporary
Deferral**



**Step-Up in
Basis**



**Permanent
Exclusion**



Investor Realizes a Capital Gain

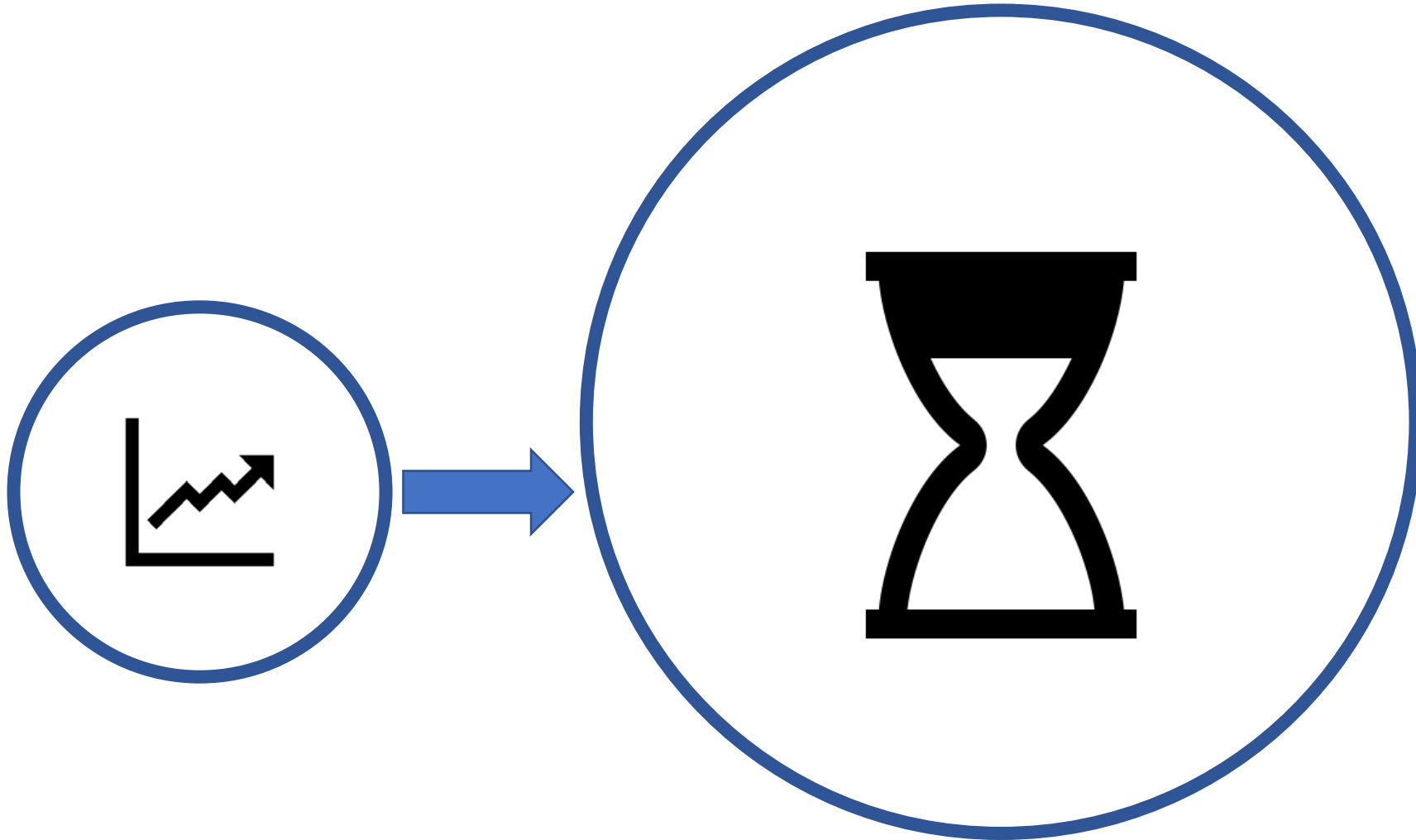
Example:

Investor bought stock for \$1M and sold it for \$3M.

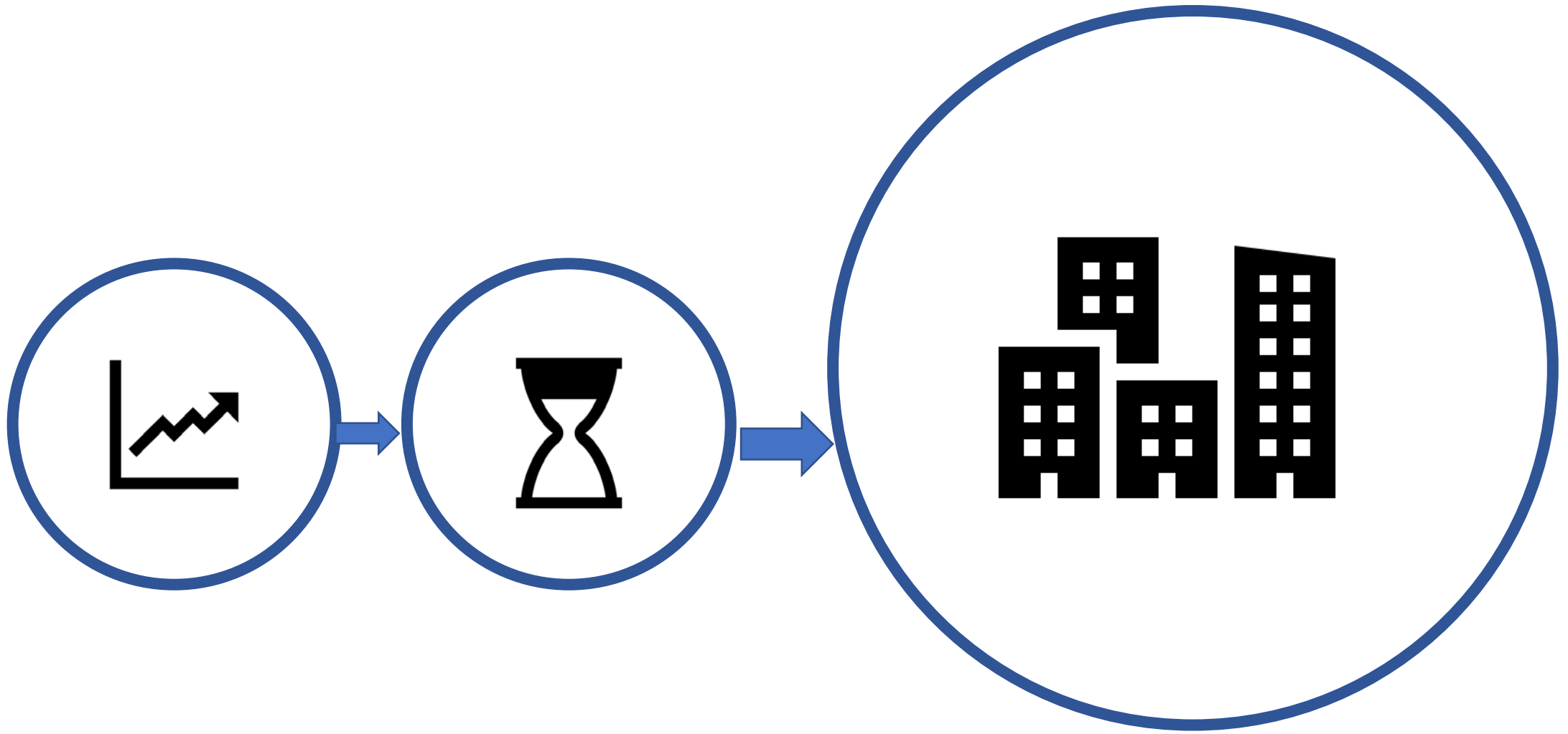
Investor has a \$2M Capital Gain.

Investor can either:

1. Pay 23.8% tax on the Capital Gain; or
2. Invest it in in an Opportunity Zone and receive tax incentives.



Investor Places Gains Into
Qualified OZ Fund within 180 Days



OZ Fund Invests in Real Estate or
Business in OZone



OZ Fund Makes Substantial Improvement
To OZ Business



Hold 5 Years – 10% Step-Up in Basis
(pay taxes on 90% of cap gains)



Hold 7 Years – Additional 5% Step-Up in Basis
(pay taxes on 85% of cap gains)



Pay Taxes on Original Cap Gains (Less Reductions)
Dec. 31, 2026



Hold 10 Years

Pay No Capital Gains on Acquired Property



After 5 Years,
there is a 10%
reduction in Cap
Gains



After 7 Years,
there is another
5% reduction in
Cap Gains



After 10 Years, investor
sells investment for
\$1M and pays Zero
Capital Gains upon that
sale.



December 31, 2026 – Investor pays
deferred capital gains tax less any
reductions

Additional Points:

- In order to get full 15% reduction of deferred cap gains, investment must be made before end of 2019.
- OZ does not make a bad deal a good deal. It still must cash flow.

Reno-Sparks Opportunity Zone Task Force

**Northern Nevada Opportunity Zone
Summit (February 2019)**