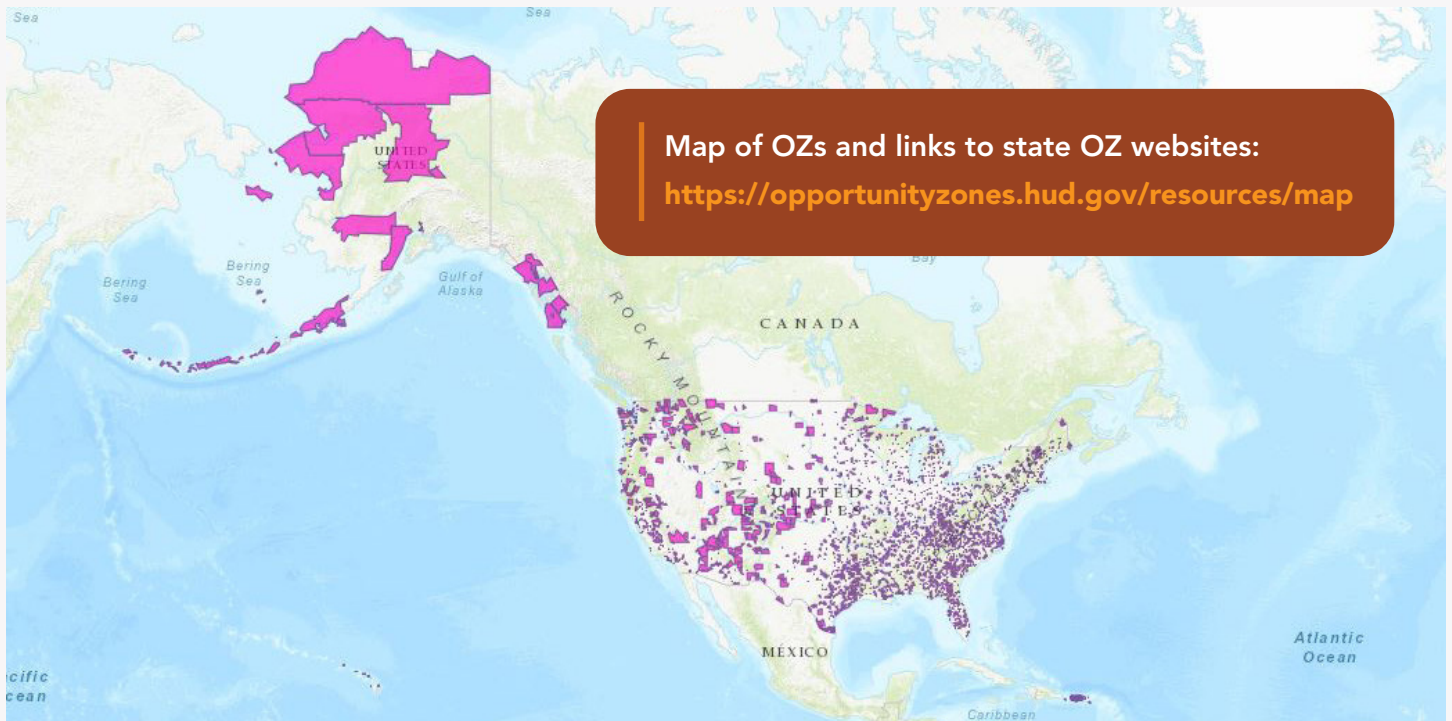


# SUPERFUND SITE REDEVELOPMENT USING OPPORTUNITY ZONE TAX INCENTIVES

## WHAT ARE OPPORTUNITY ZONES?

Opportunity Zones (OZs) attract long-term private investors and stimulate economic growth. They were created by the 2017 Tax Cuts and Jobs Act. About 8,756 OZs were established in all 50 states, the District of Columbia and the five U.S. territories. For communities, OZs can help revitalize contaminated and formerly contaminated properties, including Superfund sites. They attract private investment and strengthen the financial viability of redevelopment projects.

Opportunity Zones are a powerful way to encourage revitalization in economically distressed communities. Redevelopment of current or former Superfund sites may qualify for Opportunity Zone tax benefits.



Map of OZs and links to state OZ websites:  
<https://opportunityzones.hud.gov/resources/map>



## HOW MANY SUPERFUND SITES ARE LOCATED IN OPPORTUNITY ZONES?

There are 343 Superfund National Priorities List (NPL) sites located in or partially in OZs. Estimates indicate there are thousands of Superfund removal sites located in OZs across the nation.

## CAN SUPERFUND SITES QUALIFY FOR OPPORTUNITY ZONE BENEFITS?

Superfund site property in an OZ qualifies for tax benefits when the qualifying investment commences an "original use" on the property or "substantially improves" the property (doubles the basis in the property) in a specified timeframe. An "original use" on a Superfund site property means the site was significantly unused (defined as 80% of usable square feet of land or buildings are unused) for the past three years or significantly unused one year prior to the OZ being designated and through the date of acquisition.

## WHAT ARE OPPORTUNITY ZONE TAX BENEFITS?

U.S. taxpayers are eligible to receive tax benefits on realized capital gains reinvested in OZs through Qualified Opportunity Funds (QOFs). These benefits include:

### 1. Temporary Deferral of Capital Gains Taxes

Investors are not taxed on the capital gains invested in a QOF until they exit the fund or December 31, 2026, whichever comes first.

### 2. Step Up in Basis

Investments held for a minimum of five years will be taxed at the reduced rates of 90% for investments held for at least five years (10% basis increase) and 85% for investments held for at least seven years (15% basis increase).

### 3. Tax-Free Gains After Year 10

If an investor holds a reinvestment for 10 years, capital gains achieved by the QOF investment during that period will not be taxed. This is a permanent exclusion from taxable income.

## CAN COMMUNITIES PROMOTE OPPORTUNITY ZONES AND REUSE OF SUPERFUND SITES?

Yes! Many communities are using OZs to attract investors and developers. The U.S. Department of Housing and Urban Development (HUD) and the U.S. Environmental Protection Agency (EPA) have tools and resources to help local leaders achieve equitable outcomes in OZ development projects.



## LEARN MORE ABOUT SUPERFUND REDEVELOPMENT AND OPPORTUNITY ZONES:

EPA Superfund Redevelopment Program's support, tools and resources:

[www.epa.gov/superfund-redevelopment-initiative](http://www.epa.gov/superfund-redevelopment-initiative)

EPA's Opportunity Zone information:

[www.epa.gov/opportunity-zones](http://www.epa.gov/opportunity-zones)

EPA's Opportunity Zones and Brownfield Redevelopment fact sheet:

[www.epa.gov/brownfields/irs-regulations-opportunity-zones-and-brownfields-redevelopment](http://www.epa.gov/brownfields/irs-regulations-opportunity-zones-and-brownfields-redevelopment)

HUD's information for communities, including toolkits:

<https://opportunityzones.hud.gov/localleaders>

HUD's information for investors:

<https://opportunityzones.hud.gov/investors>

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For a list of Superfund NPL sites located in OZs, please contact your regional EPA Superfund Redevelopment Program Coordinator:

[www.epa.gov/superfund-redevelopment-initiative/regional-redevelopment-contacts](http://www.epa.gov/superfund-redevelopment-initiative/regional-redevelopment-contacts)

For more information on OZs, please contact:

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