

117TH CONGRESS
2D SESSION

S. 4065

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.

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

3 **SECTION 1. SHORT TITLE.**

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

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

8 (1) The 8,764 population census tracts des-
9 igned as qualified opportunity zones under section

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 (2) The average poverty rate of qualified oppor-
7 tunity zone residents is 26.4 percent.

8 (3) Fifty-four percent of the country’s pockets
9 of concentrated persistent poverty—meaning census
10 tracts in which at least 40 percent of the population
11 has lived in poverty since at least 1980—are quali-
12 fied opportunity zones.

13 (4) More adults in qualified opportunity zones
14 lack a high school diploma than have a four-year col-
15 lege degree.

16 (5) The Investing in Opportunity Act, which
17 originally proposed opportunity zones, originally in-
18 corporated reporting requirements to evaluate the
19 impact the incentive will have on designated commu-
20 nities and it is critical that Congress act to reinstate
21 reporting requirements as soon as possible.

1 **TITLE I—MODIFICATION OF POP-**
 2 **ULATION CENSUS TRACTS**
 3 **DESIGNATED AS QUALIFIED**
 4 **OPPORTUNITY ZONES**

5 **SEC. 101. MODIFICATION OF POPULATION CENSUS TRACTS**
 6 **DESIGNATED AS QUALIFIED OPPORTUNITY**
 7 **ZONES.**

8 Section 1400Z–1 of the Internal Revenue Code of
 9 1986 is amended by adding at the end the following new
 10 subsection:

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

13 “(1) **IN GENERAL.—**Except as provided in para-
 14 graph (5), any disqualified census tract shall not be
 15 treated as a qualified opportunity zone for any pe-
 16 riod after the date that is 30 days after the date on
 17 which the Secretary publishes the final list of dis-
 18 qualified census tracts under paragraph (4)(B).

19 “(2) **REPLACEMENT ZONES.—**

20 “(A) **IN GENERAL.—**The chief executive of-
 21 ficer of a State may nominate additional popu-
 22 lation census tracts to replace any population
 23 census tract the designation of which as a
 24 qualified opportunity zone was terminated by
 25 reason of paragraph (1). Except as otherwise

1 provided in this paragraph, the rules of sub-
2 sections (b), (c), (d), and (f) shall apply to any
3 population census tract nominated under this
4 paragraph.

5 “(B) CONSULTATION.—No population cen-
6 sus tract nominated under subparagraph (A)
7 may be designated as a qualified opportunity
8 zone unless the chief executive officer of the
9 State certifies in writing to the Secretary that
10 the chief executive officer has consulted with
11 the chief executive officer (or the equivalent) of
12 each local jurisdiction in which the population
13 census tract is located.

14 “(C) SPECIAL RULES.—For purposes of
15 this subchapter—

16 “(i) any population census tract which
17 is a disqualified census tract (as defined in
18 paragraph (3) without regard to subpara-
19 graph (A)(i) thereof) may not be nomi-
20 nated as a qualified opportunity zone
21 under this paragraph,

22 “(ii) the determination period with re-
23 spect to a nomination under subparagraph
24 (A) shall be the 45-day period beginning
25 on the date on which the Secretary pub-

1 lishes the final list of disqualified census
2 tracts under paragraph (4)(B), as ex-
3 tended under subsection (b)(2), and

4 “(iii) the period for which any such
5 designation is in effect shall be the period
6 beginning on the date such designation
7 takes effect and ending on the last day of
8 the 10th calendar year beginning on or
9 after the designation date as a qualified
10 opportunity zone for the population census
11 tract which it is replacing as such a zone
12 by reason of the termination under para-
13 graph (1).

14 “(D) REGULATIONS AND GUIDANCE.—The
15 Secretary shall prescribe such regulations or
16 other guidance as may be necessary or appro-
17 priate to carry out the purposes of this para-
18 graph.

19 “(3) DISQUALIFIED CENSUS TRACT.—For pur-
20 poses of this subsection—

21 “(A) IN GENERAL.—The term ‘disqualified
22 census tract’ means any population census tract
23 which—

1 “(i) was designated as a qualified op-
 2 portunity zone before the date of the en-
 3 actment of this subsection, and

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

6 “(B) HIGH MEDIAN FAMILY INCOME
 7 TRACTS.—

8 “(i) IN GENERAL.—Except as pro-
 9 vided in clauses (ii) and (iii), a population
 10 census tract is described in this subpara-
 11 graph if the median family income for such
 12 tract exceeds 130 percent of the national
 13 median family income.

14 “(ii) EXCEPTION.—Clause (i) shall
 15 not apply if the poverty rate of such popu-
 16 lation census tract (excluding students en-
 17 rolled in an institution of higher education
 18 (as defined in section 101 of the Higher
 19 Education Act of 1965)) is equal to or
 20 greater than 30 percent.

21 “(iii) REQUEST TO RETAIN DESIGNA-
 22 TION FOR CERTAIN POPULATION CENSUS
 23 TRACTS.—Clause (i) shall not apply if the
 24 Secretary, upon a request of the chief exec-
 25 utive officer of the State made not later

1 than 60 days after the date the Secretary
2 publishes the list described in paragraph
3 (4)(A), determines that—

4 “(I) the designation of such pop-
5 ulation census tract was consistent
6 with the purposes of this subchapter,
7 or

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

12 “(C) ELECTION TO INCLUDE ADDITIONAL
13 POPULATION CENSUS TRACTS.—

14 “(i) IN GENERAL.—A population cen-
15 sus tract is described in this subparagraph
16 if the Secretary, upon the request of the
17 chief executive officer of the State sub-
18 mitted not later than 60 days after the
19 date the Secretary publishes the list de-
20 scribed in paragraph (4)(A), determines
21 that the continued designation of such pop-
22 ulation census tract as a qualified oppor-
23 tunity zone is not consistent with the pur-
24 poses of this subchapter.

1 “(ii) REGULATIONS AND GUIDANCE.—
2 Not later than 12 months after the date of
3 the enactment of this subsection, the Sec-
4 retary shall issue regulations or guidance
5 with respect to the criteria to be used for
6 making a determination by the Secretary
7 under clause (i).

8 “(4) IDENTIFICATION AND PUBLICATION OF
9 DISQUALIFIED CENSUS TRACTS.—

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

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

17 “(ii) a list of population census tracts
18 which are low-income communities and
19 were not designated as a qualified oppor-
20 tunity zone before the date of enactment of
21 this subsection.

22 “(B) FINAL LIST OF DISQUALIFIED CEN-
23 SUS TRACTS.—Not later than 105 days after
24 the date the Secretary publishes the list de-
25 scribed in subparagraph (A), the Secretary shall

1 make public a final list of disqualified census
2 tracts.

3 “(5) RULES FOR QUALIFIED PREEXISTING IN-
4 VESTMENTS.—

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

9 “(B) QUALIFIED PREEXISTING TRADE OR
10 BUSINESS.—For purposes of this paragraph—

11 “(i) IN GENERAL.—The term ‘quali-
12 fied preexisting trade or business’ means
13 any trade or business of a qualified oppor-
14 tunity zone fund or qualified opportunity
15 zone business which meets the require-
16 ments of clauses (ii) and (iii) of section
17 1400Z–2(d)(3)(A) and which—

18 “(I) before the date of the enact-
19 ment of this subsection, filed a reg-
20 istration statement under the Securi-
21 ties Act of 1933 (15 U.S.C. 77a et
22 seq.) or prepared any comparable of-
23 fering memorandum or similar disclo-
24 sure document provided in reliance on
25 section 230.506 of title 17, Code of

1 Federal Regulations (or successor reg-
2 ulations), promulgated under the Se-
3 curities Act of 1933, that discloses the
4 intent of such trade or business to in-
5 vest in the disqualified census tract,

6 “(II) before the first date on
7 which the disqualified census tract ap-
8 pears on any list published under
9 paragraph (4), has made, or has en-
10 tered into to binding agreements to
11 make, investments in the disqualified
12 census tract which—

13 “(aa) aggregate more than
14 \$250,000, and

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

19 “(III) is determined by the Sec-
20 retary to have relied on the designa-
21 tion of the disqualified census tract as
22 a qualified opportunity zone and to
23 have suffered a loss as a result of the
24 application of paragraph (1).

1 “(ii) TRADE OR BUSINESS.—The term
2 ‘trade or business’ includes any activity in-
3 tended to qualify as a trade or business
4 within the meaning of section 162.

5 “(C) REGULATIONS AND GUIDANCE.—The
6 Secretary shall prescribe such regulations or
7 guidance as may be necessary or appropriate to
8 carry out the purposes of this paragraph, in-
9 cluding guidance to prevent speculative invest-
10 ment solely for the purpose of falling within the
11 definition of a qualified preexisting trade or
12 business.

13 “(6) DETERMINATION OF POPULATION CENSUS
14 TRACT DATA.—For purposes of applying this sub-
15 section, in determining whether a population census
16 tract meets any qualification with respect to poverty
17 rate or any aspect of median income, such deter-
18 mination shall be made using the most recent census
19 data that has been published by the Bureau of the
20 Census as of the date of enactment of this sub-
21 section.”.

1 **SEC. 102. CERTAIN FORMER INDUSTRIAL TRACTS PER-**
 2 **MITTED TO BE DESIGNATED AS OPPOR-**
 3 **TUNITY ZONES.**

4 Section 1400Z–1 of the Internal Revenue Code of
 5 1986, as amended by section 101, is amended by adding
 6 at the end the following new subsection:

7 “(h) SPECIAL RULE FOR FORMER INDUSTRIAL
 8 TRACTS CONTIGUOUS TO DESIGNATED OPPORTUNITY
 9 ZONES.—

10 “(1) IN GENERAL.—For purposes of this chap-
 11 ter, the term ‘qualified opportunity zone’ means an
 12 population census tract which is described in para-
 13 graph (2) and designated as a qualified opportunity
 14 zone under this subsection.

15 “(2) POPULATION CENSUS TRACT DE-
 16 SCRIBED.—A population census tract is described in
 17 this subparagraph if—

18 “(A) the tract—

19 “(i) has a population of zero,

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

23 “(iii) is contiguous, including by
 24 water, to a population census tract on at
 25 least 1 side that has been designated as a

1 qualified opportunity zone under this sec-
2 tion, or

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

7 “(3) DESIGNATION.—For purposes of para-
8 graph (1), a population census tract that is de-
9 scribed in paragraph (2) is designated as a qualified
10 opportunity zone if—

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

15 “(i) nominates the tract for designa-
16 tion as a qualified opportunity zone, and

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

19 “(B) not later than 30 days after receiving
20 the notification under subparagraph (A)(ii), the
21 Secretary certifies such nomination and des-
22 ignates such tract as a qualified opportunity
23 zone.

24 “(4) DETERMINATION OF CENSUS TRACT IN-
25 FORMATION.—For purposes of this subsection, the

1 boundaries and population of a census tract shall be
2 determined based on United States Census Bureau
3 data for the 2010 decennial census.

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

8 “(6) DEFINITIONS.—For purposes of this sub-
9 section—

10 “(A) BROWNFIELD INDUSTRIAL SITE.—

11 The term ‘brownfield industrial site’ means a
12 population census tract that includes real prop-
13 erty the expansion, redevelopment, or reuse of
14 which may be complicated by the presence or
15 potential presence of a hazardous substance or
16 pollutant or contaminant, including real prop-
17 erty covered by a prospective purchaser agree-
18 ment or similar agreement entered into by the
19 Environmental Protection Agency or the appro-
20 priate State authority.

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

23 “(i) a hazardous substance as defined
24 in section 101(14) of the Comprehensive
25 Environmental Response, Compensation,

1 and Liability Act of 1980 (42 U.S.C.
2 9601(14)), or

3 “(ii) petroleum or a petroleum prod-
4 uct.

5 “(C) POLLUTANT OR CONTAMINANT.—The
6 term ‘pollutant or contaminant’ has the mean-
7 ing given such term in section 101(33) of such
8 Act.”.

9 **TITLE II—INFORMATION**
10 **REPORTING REQUIREMENTS**

11 **SEC. 201. INFORMATION REPORTING ON QUALIFIED OP-**
12 **PORTUNITY FUNDS.**

13 (a) IN GENERAL.—

14 (1) FILING REQUIREMENTS FOR FUNDS AND
15 INVESTORS.—Subpart A of part III of subchapter A
16 of chapter 61 of the Internal Revenue Code of 1986
17 is amended by inserting after section 6039J the fol-
18 lowing new sections:

19 **“SEC. 6039K. RETURNS WITH RESPECT TO QUALIFIED OP-**
20 **PORTUNITY FUNDS.**

21 “(a) IN GENERAL.—Every qualified opportunity fund
22 shall file an annual return (at such time and in such man-
23 ner as the Secretary may prescribe) containing the infor-
24 mation described in subsection (b).

1 “(b) INFORMATION FROM QUALIFIED OPPORTUNITY
2 FUNDS.—The information described in this subsection
3 is—

4 “(1) the name, address, and taxpayer identifica-
5 tion number of the qualified opportunity fund,

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

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

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

14 “(5) with respect to each investment held by
15 the qualified opportunity fund in qualified oppor-
16 tunity zone stock or a qualified opportunity zone
17 partnership interest—

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

22 “(B) each North American Industry Clas-
23 sification Code that applies to the trades or
24 businesses conducted by such corporation or
25 partnership,

1 “(C) the population census tracts in which
2 the qualified opportunity zone business property
3 of such corporation or partnership is located,

4 “(D) the amount of the investment in such
5 stock or partnership interest as of each date de-
6 scribed in section 1400Z-2(d)(1),

7 “(E) the value of tangible property held by
8 such corporation or partnership on each such
9 date which is owned by such corporation or
10 partnership,

11 “(F) the value of tangible property held by
12 such corporation or partnership on each such
13 date which is leased by such corporation or
14 partnership,

15 “(G) the approximate number of residen-
16 tial units (if any) for any real property held by
17 such corporation or partnership, and

18 “(H) the approximate average monthly
19 number of full-time equivalent employees of
20 such corporation or partnership for the year
21 (within numerical ranges identified by the Sec-
22 retary) or such other indication of the employ-
23 ment impact of such corporation or partnership
24 as determined appropriate by the Secretary,

1 “(6) with respect to the items of qualified op-
2 portunity zone business property held by the quali-
3 fied opportunity fund—

4 “(A) the North American Industry Classi-
5 fication Code that applies to the trades or busi-
6 nesses in which such property is held,

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

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

11 “(D) the aggregate value of the items of
12 qualified opportunity zone property held by the
13 qualified opportunity fund as of each date de-
14 scribed in section 1400Z-2(d)(1), and

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

17 “(7) the approximate average monthly number
18 of full-time equivalent employees for the year of the
19 trades or businesses of the qualified opportunity
20 fund in which qualified opportunity zone business
21 property is held (within numerical ranges identified
22 by the Secretary) or such other indication of the em-
23 ployment impact of such trades or businesses as de-
24 termined appropriate by the Secretary,

1 “(8) with respect to each person who disposed
2 of an investment in the qualified opportunity fund
3 during the year—

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

6 “(B) the date or dates on which the invest-
7 ment disposed was acquired, and

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

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

13 “(c) STATEMENT REQUIRED TO BE FURNISHED TO
14 INVESTORS.—Every person required to make a return
15 under subsection (a) shall furnish to each person whose
16 name is required to be set forth in such return by reason
17 of subsection (b)(9) a written statement showing—

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

21 “(2) the information required to be shown on
22 such return by reason of subsection (b)(9) with re-
23 spect to such person.

24 “(d) DEFINITIONS.—For purposes of this section—

1 “(1) IN GENERAL.—Any term used in this sec-
2 tion which is also used in subchapter Z of chapter
3 1 shall have the meaning given such term under
4 such subchapter.

5 “(2) FULL-TIME EQUIVALENT EMPLOYEES.—
6 The term ‘full-time equivalent employees’ means,
7 with respect to any month, the sum of—

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

11 “(B) the number of employees determined
12 (under rules similar to the rules of section
13 4980H(c)(2)(E)) by dividing the aggregate
14 number of hours of service of employees who
15 are not full-time employees for the month by
16 120.

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

19 “(a) IN GENERAL.—Every taxpayer who makes an
20 investment in a qualified opportunity fund shall provide
21 an annual statement (at such time and in such manner
22 as the Secretary may prescribe) containing the informa-
23 tion described in subsection (b) with respect to each such
24 investment.

1 “(b) INFORMATION FROM INVESTORS.—The infor-
2 mation described in this subsection is—

3 “(1) the name, address, and taxpayer identifica-
4 tion number of the taxpayer,

5 “(2) the name and taxpayer identification num-
6 ber of the qualified opportunity fund in which the
7 investment was made,

8 “(3) a description of such investment,

9 “(4) the date such investment was made,

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

13 “(6) in the case of any disposition of any in-
14 vestment in a qualified opportunity fund during the
15 taxable year—

16 “(A) a description of the investment dis-
17 posed,

18 “(B) the date of the disposition, and

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

22 “(7) such other information as the Secretary
23 may require.

1 “(c) DEFINITIONS.—Any term used in this section
 2 which is also used in subchapter Z of chapter 1 shall have
 3 the meaning given such term under such subchapter.

4 **“SEC. 6039M. INFORMATION REQUIRED FROM CERTAIN**
 5 **QUALIFIED OPPORTUNITY ZONE BUSI-**
 6 **NESSES.**

7 “(a) IN GENERAL.—Every applicable qualified oppor-
 8 tunity zone business shall furnish to the qualified oppor-
 9 tunity fund described in subsection (b) a written state-
 10 ment in such manner and setting forth such information
 11 as the Secretary may by regulations prescribe for purposes
 12 of enabling such qualified opportunity fund to meet the
 13 requirements of section 6039(b)(5).

14 “(b) APPLICABLE QUALIFIED OPPORTUNITY ZONE
 15 BUSINESS.—For purposes of subsection (a), the term ‘ap-
 16 plicable qualified opportunity zone business’ means any
 17 qualified opportunity zone business (as defined in section
 18 1400Z-2(d)(3))—

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

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

23 “(3) in which a qualified opportunity fund holds
 24 a qualified opportunity zone partnership interest.

1 “(c) OTHER TERMS.—Any term used in this section
2 which is also used in subchapter Z of chapter 1 shall have
3 the meaning given such term under such subchapter.”.

4 (2) PENALTIES.—

5 (A) IN GENERAL.—Part II of subchapter
6 B of chapter 68 of the Internal Revenue Code
7 of 1986 is amended by inserting after section
8 6725 the following new section:

9 **“SEC. 6726. FAILURE TO COMPLY WITH INFORMATION RE-**
10 **PORTING REQUIREMENTS RELATING TO**
11 **QUALIFIED OPPORTUNITY FUNDS.**

12 “(a) INFORMATION RETURNS BY QUALIFIED OPPOR-
13 TUNITY FUNDS.—

14 “(1) IN GENERAL.—In the case of any person
15 required to file a return under section 6039K fails
16 to file a complete and correct return under such sec-
17 tion in the time and in the manner prescribed there-
18 for, such person shall pay a penalty of \$500 for each
19 day during which such failure continues.

20 “(2) LIMITATION.—

21 (A) IN GENERAL.—The maximum penalty
22 under this subsection on failures with respect to
23 any 1 return shall not exceed \$10,000.

24 (B) LARGE QUALIFIED OPPORTUNITY
25 FUNDS.—In the case of any failure described in

1 paragraph (1) with respect to a fund the gross
2 assets of which (determined on the last day of
3 the taxable year) are in excess of \$10,000,000,
4 subparagraph (A) shall be applied by sub-
5 stituting ‘\$50,000’ for ‘\$10,000’.

6 “(3) PENALTY IN CASES OF INTENTIONAL DIS-
7 REGARD.—If a failure described in paragraph (1) is
8 due to intentional disregard, then—

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

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

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

15 “(4) INFLATION ADJUSTMENT.—

16 “(A) IN GENERAL.—In the case of any
17 failure relating to a return required to be filed
18 in a calendar year beginning after 2023, each
19 of the dollar amounts in paragraphs (1), (2),
20 and (3) shall be increased by an amount equal
21 to such dollar amount multiplied by the cost-of-
22 living adjustment determined under section
23 1(f)(3) for the calendar year determined by
24 substituting ‘calendar year 2022’ for ‘calendar
25 year 2016’ in subparagraph (A)(ii) thereof.

1 “(B) ROUNDING.—

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

9 “(ii) ASSET THRESHOLD.—If the
10 \$10,000,000 dollar amount in paragraph
11 (2)(B), after being increased under sub-
12 paragraph (A), is not a multiple of
13 \$10,000, such dollar amount shall be
14 rounded to the next lowest multiple of
15 \$10,000.

16 “(iii) OTHER DOLLAR AMOUNTS.—If
17 any dollar amount in paragraph (2) or (3)
18 (other than any amount to which clause (i)
19 or (ii) applies), after being increased under
20 subparagraph (A), is not a multiple of
21 \$1,000, such dollar amount shall be round-
22 ed to the next lowest multiple of \$1,000.

23 “(b) STATEMENTS BY INVESTORS.—

24 “(1) IN GENERAL.—If—

1 “(A) any person is required to file a state-
2 ment under section 6039L for any period, and

3 “(B) fails—

4 “(i) to file such statement on or be-
5 fore the required filing date, or

6 “(ii) fails to include all of the infor-
7 mation required to be shown on the state-
8 ment or includes incorrect information,

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

10 “(2) REDUCTION WHERE CORRECTION IN SPEC-
11 IFIED PERIOD.—If any failure described in para-
12 graph (1)(B) is corrected on or before the day 60
13 days after the required filing date, the penalty im-
14 posed by paragraph (1) shall be \$500 in lieu of the
15 amount determined under such paragraph.

16 “(3) DE MINIMIS ERRORS.—If—

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

20 “(B) no single amount in error differs
21 from the correct amount by more than \$100,
22 then no correction shall be required, and, for pur-
23 poses of this section, such statement shall be treated
24 as having been filed with all correct required infor-
25 mation.

1 “(4) PENALTY IN CASES OF INTENTIONAL DIS-
2 REGARD.—If one or more failures described in para-
3 graph (1)(B) are due to intentional disregard of the
4 filing requirement (or the correct information report-
5 ing requirement), then, with respect to each such
6 failure—

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

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

11 “(5) INFLATION ADJUSTMENT.—

12 “(A) IN GENERAL.—In the case of any
13 failure relating to a statement required to be
14 filed in a calendar year beginning after 2023,
15 each of the dollar amounts in paragraphs (1),
16 (2), and (4) shall be increased by an amount
17 equal to such dollar amount multiplied by the
18 cost-of-living adjustment determined under sec-
19 tion 1(f)(3) for the calendar year determined by
20 substituting ‘calendar year 2022’ for ‘calendar
21 year 2016’ in subparagraph (A)(ii) thereof.

22 “(B) ROUNDING.—The amount of any in-
23 crease under subparagraph (A) shall be round-
24 ed to the nearest multiple of \$100 (\$10 in the

1 case of any increase in the amount under para-
2 graph (2)).”.

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

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

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

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

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

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

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

23 “(MM) section 6039M (relating to infor-
24 mation required from certain qualified oppor-
25 tunity zone businesses).”.

1 (3) ELECTRONIC FILING.—Section 6011(e) of
2 such Code is amended by adding at the end the fol-
3 lowing new paragraph:

4 “(8) QUALIFIED OPPORTUNITY FUNDS.—Not-
5 withstanding paragraphs (1) and (2), any return
6 filed by a qualified opportunity fund shall be filed on
7 magnetic media or other machine-readable form.”.

8 (4) CLERICAL AMENDMENTS.—

9 (A) The table of sections for subpart A of
10 part III of subchapter A of chapter 61 of such
11 Code is amended by inserting after the item re-
12 lating 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.”.

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

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

17 (5) EFFECTIVE DATE.—The amendments made
18 by this subsection shall apply to taxable years begin-
19 ning after the date of the enactment of this Act.

20 (b) REPORTING OF DATA ON OPPORTUNITY ZONE
21 TAX INCENTIVES.—

1 (1) IN GENERAL.—As soon as practical after
2 the date of the enactment of this Act, and annually
3 thereafter, the Secretary of the Treasury, or the
4 Secretary’s delegate (referred to in this section as
5 the “Secretary”), in consultation with the Director
6 of the Bureau of the Census and such other agencies
7 as the Secretary determines appropriate, shall make
8 publicly available a report on qualified opportunity
9 funds.

10 (2) INFORMATION INCLUDED.—The report re-
11 quired under paragraph (1) shall include, to the ex-
12 tent available, the following information:

13 (A) The number of qualified opportunity
14 funds.

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

17 (C) The aggregate dollar amount of invest-
18 ments made by qualified opportunity funds in
19 qualified opportunity fund property across each
20 industry class under the North American Indus-
21 try Classification Code.

22 (D) The percentage of population census
23 tracts designated as qualified opportunity zones
24 that have received qualified opportunity fund
25 investments.

1 (E) For each population census tract des-
2 ignated as a qualified opportunity zone, the ap-
3 proximate average monthly number of full-time
4 equivalent employees of the qualified oppor-
5 tunity zone businesses in such qualified oppor-
6 tunity zone for the preceding 12-month period
7 (within numerical ranges identified by the Sec-
8 retary) or such other indication of the employ-
9 ment impact of such qualified opportunity fund
10 businesses as determined appropriate by the
11 Secretary.

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

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

17 (ii) other qualified opportunity zone
18 property.

19 (G) For each population census tract, the
20 aggregate approximate number of residential
21 units resulting from investments made by quali-
22 fied opportunity funds in real property.

23 (H) The aggregate dollar amount of in-
24 vestments made by qualified opportunity funds
25 in each population census tract.

1 (3) ADDITIONAL INFORMATION.—

2 (A) IN GENERAL.—Beginning with the re-
3 port submitted under paragraph (1) for the 6th
4 year after the date of the enactment of this Act,
5 the Secretary shall include in such report the
6 impacts and outcomes of a designation of a
7 population census tract as a qualified oppor-
8 tunity zone as measured by economic indicators,
9 such as job creation, poverty reduction, new
10 business starts, and other metrics as deter-
11 mined by the Secretary.

12 (B) SEMI-DECENNIAL INFORMATION.—

13 (i) IN GENERAL.—In the case of any
14 report submitted under paragraph (1) in
15 the 6th year or the 11th year after the
16 date of the enactment of this Act, the Sec-
17 retary shall include the following informa-
18 tion:

19 (I) For population census tracts
20 designated as a qualified opportunity
21 zone, a comparison (based on aggre-
22 gate information) of the factors listed
23 in clause (iii) between the 5-year pe-
24 riod ending on the date of the enact-
25 ment of Public Law 115–97 and the

1 most recent 5-year period for which
2 data is available.

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

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

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

20 (I) The unemployment rate.

21 (II) The number of persons
22 working in the population census
23 tract, including the percentage of such
24 persons who were not residents in the

1 population census tract in the pre-
2 ceding year.

3 (III) Individual, family, and
4 household poverty rates.

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

8 (V) Demographic information on
9 residents of the population census
10 tract, including age, income, edu-
11 cation, race, and employment.

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

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

17 (VIII) The rate of home owner-
18 ship in the population census tract.

19 (IX) The average value of resi-
20 dential property in the population cen-
21 sus tract.

22 (X) The number of affordable
23 housing units in the population census
24 tract.

1 (XI) The number and percentage
2 of residents in the population census
3 tract that were not employed for the
4 preceding year.

5 (XII) The number of new busi-
6 ness starts in the population census
7 tract.

8 (XIII) The distribution of em-
9 ployees in the population census tract
10 by North American Industry Classi-
11 fication Code.

12 (4) PROTECTION OF IDENTIFIABLE RETURN IN-
13 FORMATION.—In making reports required under this
14 subsection, the Secretary—

15 (A) shall establish appropriate procedures
16 to ensure that any amounts reported do not dis-
17 close taxpayer return information that can be
18 associated with any particular taxpayer or com-
19 petitive or proprietary information, and

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

24 (5) DEFINITIONS.—Any term used in this sub-
25 section which is also used in subchapter Z of chapter

1 1 of the Internal Revenue Code of 1986 shall have
 2 the meaning given such term under such subchapter.

3 **TITLE III—MODIFICATION OF**
 4 **RULES FOR INVESTMENTS IN**
 5 **QUALIFIED OPPORTUNITY**
 6 **FUNDS**

7 **SEC. 301. EXTENSION OF DEFERRAL PERIOD.**

8 (a) IN GENERAL.—Subparagraph (B) of section
 9 1400Z–2(b)(1) of the Internal Revenue Code of 1986 is
 10 amended by striking “December 31, 2026” and inserting
 11 “December 31, 2028”.

12 (b) MODIFICATION OF BASIS RULE.—Clause (iv) of
 13 section 1400Z–2(b)(2)(B) of such Code is amended by
 14 striking “7” each place it appears in the text and in the
 15 heading and inserting “6”.

16 (c) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to amounts invested after Decem-
 18 ber 22, 2017.

19 **SEC. 302. MODIFICATION OF DEFINITION OF QUALIFIED**
 20 **OPPORTUNITY FUND.**

21 (a) IN GENERAL.—Section 1400Z–2(d)(1) of the In-
 22 ternal Revenue Code of 1986 is amended to read as fol-
 23 lows:

24 “(1) IN GENERAL.—The term ‘qualified oppor-
 25 tunity fund’ means—

1 “(A) any qualified feeder fund, or

2 “(B) any other investment vehicle if—

3 “(i) such investment vehicle is orga-
4 nized as a corporation or a partnership for
5 the purpose of investing in qualified oppor-
6 tunity zone property (other than another
7 qualified opportunity fund), and

8 “(ii) such investment vehicle holds at
9 least 90 percent of its assets in qualified
10 opportunity zone property, determined by
11 the average of the percentage of qualified
12 opportunity zone property held in the fund
13 as measured—

14 “(I) on the last day of the first
15 6-month period of the taxable year of
16 the fund, and

17 “(II) on the last day of the tax-
18 able year of the fund.”.

19 (b) QUALIFIED FEEDER FUND.—Section 1400Z-
20 2(d) of such Code is amended by adding at the end the
21 following new paragraph:

22 “(4) QUALIFIED FEEDER FUND.—The term
23 ‘qualified feeder fund’ means any investment vehicle
24 that invests in a qualified opportunity fund if—

1 “(A) such investment vehicle is organized
2 as a domestic partnership for the purpose of in-
3 vesting in one more corporations or partner-
4 ships described in paragraph (1)(B),

5 “(B) all investments made in the invest-
6 ment vehicle are made in cash, and

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

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

14 **TITLE IV—STATE AND**
15 **COMMUNITY DYNAMISM FUND**

16 **SEC. 401. STATE AND COMMUNITY DYNAMISM FUND.**

17 (a) ESTABLISHMENT.—There is established a State
18 and Community Dynamism Fund to support public and
19 private investment, including capital for qualified oppor-
20 tunity zones designated under section 1400Z–1(a) of the
21 Internal Revenue Code of 1986, and existing small busi-
22 ness and community economic development programs and
23 incentives, to underserved businesses and communities.

24 (b) ALLOCATION.—

1 (1) IN GENERAL.—Funds appropriated to the
2 State and Community Dynamism Fund shall be allo-
3 cated to States.

4 (2) FORMULA.—

5 (A) IN GENERAL.—The Secretary of the
6 Treasury shall determine the allocation by allo-
7 cating Federal funds among the States based
8 on the proportion of prime working age adults
9 in each State bears to the total of prime work-
10 ing age adults for all the States.

11 (B) MINIMUM ALLOCATION.—The Sec-
12 retary shall adjust the allocations under sub-
13 paragraph (A) for each State to the extent nec-
14 essary to ensure that no State receives less than
15 0.9 percent of the Federal funds.

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

19 (A) build capacity in high-poverty, under-
20 banked, rural, and otherwise underserved com-
21 munities;

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

24 (C) address workforce development in stra-
25 tegic sectors of the State’s economy; and

1 (D) align priorities to support affordably
2 priced housing.

3 (4) SUBALLOCATION.—A State may spend
4 funds allocated under this subsection directly or sub-
5 allocate the funds to other entities, including units
6 of general local government and nonprofits.

7 (5) ELIGIBLE USES.—Funds allocated under
8 this subsection shall be used for any eligible use in
9 a low-income community, as defined in section
10 45D(e) of the Internal Revenue Code of 1986, in-
11 cluding for—

12 (A) operating support and community ca-
13 pacity building, with priority to given to oper-
14 ating support and community capacity building
15 in qualified opportunity zones, including—

16 (i) personnel to support activities, in-
17 cluding coordination, education, and in-
18 vestment;

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

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

25 (B) high-impact projects, including—

1 (i) predevelopment costs associated
2 with individual Qualified Opportunity Zone
3 projects; and

4 (ii) risk mitigation for qualified oppor-
5 tunity zone funds; and

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

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

11 (A) business with less than 200 employees;

12 (B) projects that provide community goods
13 or services, including health care, social serv-
14 ices, healthy food access, education, broadband,
15 and culture; or

16 (C) affordable housing with at least 50
17 percent of the units that are affordable to fami-
18 lies making less than 80 percent of area median
19 family income.

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

23 (A) promote investment in projects that
24 substantially support minorities, as defined in
25 section 1204(c) of the Financial Institutions

1 Reform, Recovery, and Enforcement Act of
2 1989 (12 U.S.C. 1811 note), or other targeted
3 populations, as defined in section 103 of the
4 Riegle Community Development and Regulatory
5 Improvement Act of 1994 (12 U.S.C. 4702);
6 and

7 (B) have demonstrated meaningful engage-
8 ment with community stakeholders.

9 (c) AUTHORIZATION OF APPROPRIATIONS.—There is
10 authorized to be appropriated \$1,000,000,000 to carry out
11 this section.

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

16 (e) ANNUAL REPORT.—Not later than March 31 of
17 each year, each State receiving funds under this title shall
18 submit to the Secretary a report on the performance of
19 the State and participating entities in the State that in-
20 cludes—

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

24 (2) information on the number and characteris-
25 tics of participants served under this title; and

1 (3) a summary describing the training, capac-
2 ity-building, and technical assistance offered by the
3 State and participating entities.

4 (f) DEFINITIONS.—In this section:

5 (1) PRIME WORKING AGE ADULTS NOT EM-
6 PLOYED.—The term “prime working age adults not
7 employed” means, with respect to a State, the share
8 of the adult population aged 25 to 54 that was not
9 employed for the most recent year for which data is
10 available.

11 (2) STATE.—The term “State” includes the
12 District of Columbia, any territory or possession of
13 the United States, and any Indian Tribe.

○