

MEMO

To: Vermont Interested Parties in Opportunity Zones Designations  
Fr: Ted Brady, Deputy Secretary, Agency of Commerce and Community Development  
Dt: February 6, 2018  
Re: Opportunity Zone Designation Recommendations

The Tax Cuts and Jobs Act of 2017 included the creation of a new tax-incentive aimed at increasing private investment in low income census tracts (the same census tracts as defined by the New Market Tax Credit program). The law requires the Governor of Vermont to submit a recommendation to the Secretary of the Treasury naming up to 25 census tracts as "Opportunity Zones." Investors in these zones will receive preferential tax treatment when they invest in a newly created "Opportunity Funds." This memo outlines the Agency of Commerce's plan for making recommendations to the Governor concerning which census tracts will be designated Opportunity Zones. This process does not address the formation of Opportunity Funds.

The Governor has until March 22, 2018, to make recommendations to the Secretary of Treasury, with the ability to seek a 30 day extension to April 22, 2018. The Agency is seeking input on which census tracts should be designated Opportunity Zones. The Agency plans to recommend the Governor name 24 NMTC-eligible census tracts as Opportunity Zones, and as permitted by law, one adjoining non-NMTC census tract with a median family income below 125 percent of median family income, as an Opportunity Zone. There are approximately 48 eligible New Market Tax Credit census tracts.

The Agency anticipates the Treasury Department to issue additional guidance and rules in the immediate future. This guidance may drastically change the Agency's approach. If this occurs, the Agency will issued new guidance to supplement this memo. The Agency is working under the assumption, based on expert advice, that multiple adjoining NMTC eligible census tracts may be joined to form one Opportunity Zone. Should this be the case, the Agency intends to recommend the Governor designate every NMTC eligible census tract in Vermont as an Opportunity Zone. In the event Treasury disallows this consolidation, recommendations will be based on need and development readiness.

The authorizing law also allows five percent of a state's total Opportunity Zones to be non-NMTC census tracts. In Vermont, we believe this will only allow one non-NMTC census tract to be included (five percent of 25 is less than 2). To that end, the Agency is seeking input from development partners on which adjoining census tracts would be best designated based on need, state development priorities, and readiness to develop.

The Agency plans to seek input and provide feedback in the coming month:

Parties provide input on census tract selection,  
including adjoining non-NMTC census tracts:

February 14, 2018

The Agency publishes a draft recommendation on

the web at [accd.vermont.gov/OpportunityZones](http://accd.vermont.gov/OpportunityZones): February 23, 2018

Parties provide feedback on the draft recommendation: February 2, 2018

The Agency publishes a final draft recommendation on the web at [accd.vermont.gov/OpportunityZones](http://accd.vermont.gov/OpportunityZones): March 9, 2018

Parties provide feedback on the final draft: March 16, 2018

Final recommendation made to Governor March 20, 2018

All input should be submitted via email to [ted.brady@vermont.gov](mailto:ted.brady@vermont.gov). If an organization has already submitted material before issuance of this memo, there is no need to resubmit.

Attached, please find a spreadsheet of eligible NMTC census tracts in Vermont, and eligible adjoining census tracts. Please note that this data reflects the 2011-2015 American Community Survey data the Treasury Department issued guidance on in Fall 2017 which changes NMTC eligibility as of November 2017.

You may find a map online at:

Also, please find the authorizing language from the Tax Cut and Jobs Act of 2017.