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WEDA Applauds Introduction of Opportunity Zones Legislation to Drive Private Investment to Wisconsin Communities

Madison, WI – The Wisconsin Economic Development Association (WEDA) applauds the introduction of the Opportunity Zones Development Act (AB 532 / SB 440) in the Wisconsin Legislature by Rep. Nancy VanderMeer (R-Tomah) and Sen. Dan Feyen (R-Fond du Lac). The bipartisan bill will leverage the federal Opportunity Zones Program and help drive additional capital to economically challenged areas of state, accelerating economic growth and job creation.

Under the federal Opportunity Zones program established by Congress in 2017, designated geographical zones were created across the county to spur economic development in distressed communities by providing tax benefits to investors who invest in eligible projects located in Opportunity Zones. Wisconsin has 120 Opportunity Zones that are in both urban and rural areas of the state.

“The federal program has the potential to unlock billions of dollars in unrealized capital gains, driving investment to distressed census tracts and sparking new development,” said WEDA Executive Director Brian Doudna. “The Wisconsin Opportunity Zones Development Act will significantly enhance the federal program for Wisconsin investors and provide capital for residential development and business expansion projects.”

Individuals can invest in Opportunity Zones through Opportunity Funds, a new type of investment vehicle that connects investors with Opportunity Zone projects. Tax benefits for investing in Opportunity Zone projects include tax deferral on invested capital gains and tax-free growth on investment earnings. Investors also receive a 10 percent reduction on the original capital gains tax if the Opportunity Fund investment is held for at least five years and a 15 percent reduction after seven years. In the 2017-18 legislative session, lawmakers incorporated the federal Opportunity Zones tax provisions into state law, which means the deferral and exclusion treatments apply when calculating state income taxes.

The Wisconsin Opportunity Zones Development Act would double the capital gains tax reduction at the state level for investors who invest in Opportunity Funds that hold at least 90 percent of their assets in Opportunity Zone projects located in Wisconsin. Under the bill, investors would receive a 20 percent state capital gains tax reduction if they hold an investment in a Wisconsin Opportunity Fund for at least five years, and a 30 percent reduction after seven years.

“I want to thank Rep. VanderMeer and Sen. Feyen for their leadership on this important legislation,” said Michael Welsh, WEDA Legislative Affairs Director. “The Opportunity Zones program is a critical new community and economic development tool, and WEDA encourages the Legislature to pass the proposed legislation to strengthen the program in Wisconsin.”

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