ONEACADIANA

Opportunity Zones 2.0

How the federal tax incentive works, and what it means for Acadiana

Opportunity Zones (OZs) are a federal tax incentive that encourages people with capital gains to reinvest them in designated census tracts. Investors receive tax benefits, and communities gain the investment that follows. On November 5, the U.S. Treasury and IRS announced the official OZ 2.0 designations, including **all 22 Acadiana tracts recommended by One Acadiana**. Designations take effect January 1, 2027, and run through December 31, 2036.

HOW IT WORKS

1 Realize a capital gain

An investor sells an asset, such as stock, real estate, or a business, at a profit.

2 Reinvest within 180 days

The investor puts that gain into a Qualified Opportunity Fund (QOF).

3 Invest in the zone

The fund invests in real estate or businesses located in a designated Opportunity Zone.

THE TAX BENEFITS

Benefit	What it means	Standard tract	Rural tract
Defer	Tax on the original gain is put off until the investment is sold or five years pass, whichever is first.	**Up to 5 years**	Up to 5 years
Reduce	After five years, the taxable portion of the deferred gain is reduced.	**10% reduction**	30% reduction
Exclude	Hold 10 years or more, and the investment's appreciation is free of capital gains tax (up to 30 years).	**Tax-free growth**	Tax-free growth
Rehab threshold	To qualify an existing building, improvements made within 30 months must exceed this share of the building's adjusted tax basis (not counting land).	**100% of basis**	50% of basis

Rural tracts get the strongest benefits. 13 of the 22 tracts are classified rural, including every tract outside Lafayette Parish. The 30% reduction requires investing through a Qualified Rural Opportunity Fund (at least 90% of assets in rural zones). The 50% rural rehab threshold has applied since July 4, 2025; other OZ 2.0 benefits apply to investments made on or after January 1, 2027.

CAN EXISTING BUSINESSES BENEFIT? YES.

A business in a designated tract can raise OZ fund money to expand, renovate, or add equipment. A few rules:

- **It has to be new equity.** The fund buys a newly issued ownership stake, not an existing owner's shares.
- **Most of the business's property has to qualify.** Generally, at least 70% of its tangible property must be qualifying Opportunity Zone business property (based on original-use, substantial-improvement, and leased-property rules), and at least half its income must come from operations in the zone.
- **Common approaches:** funding an expansion where new assets make up most of the business, forming a new entity for a new location, or having a fund buy and renovate the building the business leases.
- **A few business types are excluded,** including golf courses, country clubs, gambling facilities, and liquor stores.

GETTING STARTED

- **Talk with a tax advisor.** OZ benefits depend on how an investment is structured.
- **You don't need a large fund.** Investors and developers can set up their own QOF for one project by self-certifying on IRS Form 8996.
- **See where the tracts are.** Acadiana Planning Commission's OZ 2.0 map shows the region's designated tracts.
- **Questions?** Contact André Breaux at One Acadiana: andre@oneacadiana.org or 337.408.3674.

This summary is for general information only and is not tax or legal advice. Some program details are pending U.S. Treasury guidance.