



Opportunity Zones in Idaho
Idaho Economic Development Association
November 6, 2019

What is an Opportunity Zone?

- Tax Cuts and Jobs Act of 2017.
- Opportunity Zones are economically distressed Census Tracts.
 - Poverty Rate 20% plus or
 - Median family income below 80% of state
 - New Market Tax Credit Census Tract
- Each state was allowed to designate 25% of their eligible census tracts for the program.



Opportunity Zone Designation

- State issued an RFP for nominations. 59 Request for 28 spots.
- Governor's Economic Advisory Council vetted proposals and made recommendations to Governor Otter.
- 20 Rural (70%) – 8 Urban (30%)
- Official Opportunity Zone Map
https://www.cims.cdfifund.gov/preparation/?config=config_nmtc.xml



Opportunity Zone Investment Benefits

Benefit	Timing
Deferral	Deferred payment on existing capital gains taxes. Expires December 31, 2026
10% Exclusion	If capital gains are invested for 5 years or more. Expires December 31, 2026.
15% Exclusion	If capital gains are invested for 7 years or more. Expires December 31, 2026.
No New Gains	No taxes on new gains earned on the Opportunity Fund Investment (Sunsets 12/31/47).
Anytime	Can be used alongside other local and state incentives. Federal incentives TBD.

Opportunity Funds

- Must be organized as a corporate entity.
- Must be certified by the U.S. Treasury (self certification).
- Only capital gains qualify for tax benefits.



Opportunity Funds Targeting Idaho

- [Galena Opportunity Fund \(Boise\)](#)
- [HR Capital \(Chicago\)](#)
- [Sortis Opportunity Zone Funds \(Portland\)](#)
- Opportunity Fund Directory
<https://www.ncsha.org/resource/opportunity-zone-fund-directory/>



Real Estate

- In an Opportunity Zone.
- Acquired after 12/31/17.
- 20% Related Party Test
- Must be a Business Property
- Property must be improved.



Real Estate (cont)

- Original Use (New Construction)
- Rehab Investment = Acquisition Costs – Land
- 5 Year Vacancy = Original Use
- 31 months to spend with exceptions.
- Projects may include mixed funds. (debt & other capital)



Property Incentives

Incentive	Qualifications – Responsible Agency
Property Tax Relief	\$500K Investment Non Retail Business Property. Contact County Commission for more info.
Large Business Property Tax Exemption	\$1billion in capital improvements = Assessment capped at \$400 million – Idaho Tax Commission
Historic Tax Credits	Certified Historic Structure – National Park Service/Idaho Historical Society
Energy Incentives	Rebates & Discounts - Contact local power company
Brownfields	Assessment & Clean up - Idaho Department of Environmental Quality
Low Income Housing Tax Credits	Competitive Process– Idaho Housing and Finance
Public Infrastructure Grants.	Address specific – Idaho Commerce & Local Cities

Business Investments

- OF may own stock or equity.
- OF funds may be used along side other capital and/or debt
- 70% Asset Test



Active Business Test

- 50% Gross income generated by business operations in the zone.
- 50% of Hours Worked (Employees & Contractors) in the zone
- 50% of Payroll (Employees & Contractors)
- Facts and Circumstances



Business Incentives

Incentive	Qualifications – Responsible Agency
Tax Reimbursement Incentive	Up to 30% of Income, Payroll & Sales taxes for companies creating jobs (20 Rural, 50 Urban) and an average payroll exceeding a counties average wage – Idaho Commerce
3% Investment Tax Credit	3% Credit on all new, depreciable personal property (equipment & machinery) - ID Tax Commission
Workforce Development Training Fund	Grants to train new employees. Jobs must pay \$12 per hour or higher and offer benefits – Idaho Workforce Development Council
Workforce Opportunity Tax Credit	Tax credits for hiring targeted populations. – Idaho Department of Labor

1031 vs Opportunity Fund

	1031	Opportunity Fund
Rollover	180 Days From Sale	180 Days From Sale
Intermediary	Yes	No
Investment Structure	Real Estate Asset	Real Estate or Business
Proceeds to be invested	All	Capital Gains
Capital Gains Deferral	Indefinite	Dec 31, 2026
Capital Gains Reduction	None except through step up basis on death	5 Years = 10% Exclusion 7 years = 15% Exclusion
Capital Gains on Final Sale	Owe on sale of asset	None if investment is held for held for 10 years or more

Ineligible Businesses

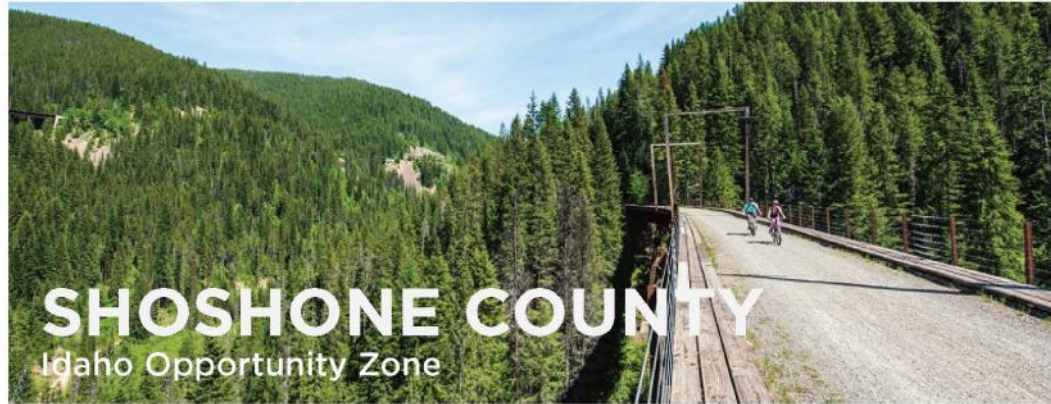
- Golf Courses & Country clubs
- Massage parlors
- Hot Tub facilities
- Suntan Facilities
- Racetrack or Gambling Facility
- Liquor Stores (Breweries & Wineries?)
- Farmland/Forest Land?



Outstanding OZ Issues

- Integration with other federal programs
- Unsettled rules
- Gentrification
- Historic Preservation
- Other tax credits and public investment tools
- Reporting Requirements





OPPORTUNITY ZONE OVERVIEW

This zone includes the communities of Kellogg, Wardner, Smeltonville and Shoshone County. Once home to the largest silver processing facility in the world, it contains a destination resort, Silver Mountain, with skiing and mountain biking. The trail of the Coeur d'Alenes which ranks as one of the top trails in

the country runs through the area.

The zone contains several historic buildings and a number of parcels have been cleared or are in the process of being approved by the Idaho Department of Environmental Quality for redevelopment.

WHAT'S IN THE ZONE?



Access to Interstate 90



Recreation including Silver Mountain Ski Resort, Silver Rapids indoor water park, Silver Mountain Bike Park and a golf course



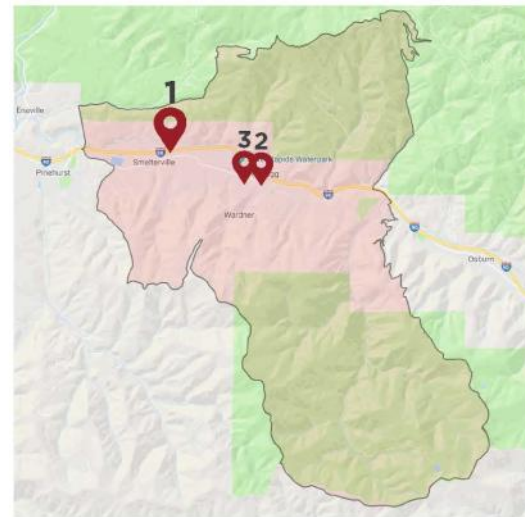
Shoshone County Airport



North Idaho College campus in Kellogg

INVESTMENT SITES

1. **163 E. Commerce Drive, Smeltonville**
13.9 acre mill site with office building, storage facility and 14,900 sq. ft. planner building.
2. **8 McKinley Avenue, Kellogg**
10,000 sq.ft. mixed-use retail office with loading dock, basement and apartment.
3. **210 McKinley Avenue, Kellogg**
Two story building with retail/restaurant space and eight lodging rooms.



CENSUS TRACT 16079960300

Quick Facts About Shoshone County, Idaho

12,529

Population

6.4%

Unemployment
Rate

\$40,908

Median Income

23.8%

Population With
College Degree

LOCAL PRIORITIES

Housing is a top priority for this opportunity zone. The county's proximity to Coeur d'Alene has created a rise in the real estate market, and multi-family dwellings and newer residential homes are in short supply. Affordable housing is quickly becoming a major concern for the area.

To support housing developments as well as other investments, new water lines, sewer lines and pavement have been placed through most of the Silver Valley.

In addition to housing needs, the county is focused on creating a more inviting place to raise a family. This includes investment in educational opportunities for higher compensated jobs, as well as creating a more attractive community environment. Kellogg has an "uptown" that currently has a ghost town feel to it. The town is in need of businesses to fill store fronts.



FOR INFORMATION USE ONLY. The information and statistics stated herein are based upon publicly available resources developed by other local, state, or federal entities. The Idaho Department of Commerce is not responsible for incorrect information stated herein.

INVESTMENTS

The three communities in this zone are a part of a Superfund site. This designation creates unique grant and redevelopment funding opportunities.

Infrastructure and recreational upgrades have been made in the communities including the 72-mile, award-winning Trail of the Coeur d'Alene and wetland habitat revitalization. Over 7,000 properties within the Superfund site boundaries have been remediated and more than 1,800 acres of cleaned-up property have been transferred for economic development projects.



Additional recent investment projects include a technology and innovation hub, including residential, retail and office space. A large investor has also purchased several properties to be rehabilitated for office space and mixed use space. Several of those properties are available for lease or purchase, and are either shovel-ready or move-in ready.



Colleen Rosson, Silver Valley Econ. Dev., 208-752-5511, director@silvervalleyedc.com
Dan Martinsen, Shoshone County, 208-752-8891, pz@co.shoshone.id.us
Andy Helkey, Panhandle Health District, 208-783-0707, ahelkey@phd1.idaho.gov
Mark Magnus, City of Kellogg, 208-786-9131, mark.magnus@kellogg.id.gov

Contact Idaho Commerce for information on doing business in Idaho
info@commerce.idaho.gov | 800.842.5858 | www.commerce.idaho.gov

My Contact Info...

Jerry Miller

jerry.miller@commerce.idaho.gov

208.287.0780

208.334.2470

<https://commerce.idaho.gov/communities/opportunity-zones/>

Engage With Us



commerce.idaho.gov



Idaho Commerce



@idahocommerce



Idaho Commerce