

## Opportunity Zones

October 8, 2008

In 2004, Governor Sonny Perdue signed into law legislation that allowed local governments to create Opportunity Zones to provide tax incentives for economic development and revitalization of "pockets of poverty" that exist in communities. In 2008, the legislature amended the law to make it easier for communities to access this important community development tool and improve targeted, hard to develop areas.

### What are Opportunity Zones?

The Opportunity Zone Job Tax Credit Program is a program created within the state's Job Tax Credit Program. O.C.G.A. § 48-7-40.1(c)(4) authorizes the Georgia Department of Community Affairs (DCA) to designate certain areas to be "less developed areas," and benefits include eligibility for job tax credits of up to \$3,500 per new job, the ability to use job tax credits against 100 percent of income tax liability and withholding. The law also allows for any lawful business to qualify for the credit, including retail, so it is not limited to specific industries like the state's regular job tax credit program. Businesses may claim the job tax credits for up to five years, as long as the jobs created are maintained.

**What impact will this year's legislative changes have on Opportunity Zones?** Legislative changes earlier this year are intended to streamline the program and expand the areas eligible for Opportunity Zones (OZ) and job tax credits. Also, recent legislative changes allow businesses to qualify for the tax credits in OZs if they create two new jobs. By comparison, the state's regular job tax credit program requires the creation of five new jobs.

### What types of areas are benefitted from OZs?

The program is designed to provide incentives for developing small geographic areas which may not be served by existing economic development programs, such as brownfields, blighted areas, declining commercial corridors, deteriorating in-town neighborhoods, rural areas with substandard housing, reuse of industrial housing and pockets of urban poverty. Throughout the state there are "pockets of poverty" - areas in need of redevelopment that are situated within otherwise strong economic areas. Through the revised program, within a designated OZ, communities are now able to offer the same incentives as a Tier 1 community, or the maximum job tax credit allowed by the state.

### What other requirements pertain to the creation of jobs?

Businesses must create two full-time, permanent jobs, with no pre-established end date. They must offer health insurance (but are not required to pay for it). Finally, to be eligible for the tax credits, the two new jobs created may not be for a husband and wife.

### What are the criteria for designation as an Opportunity Zone?

In order to be classified as an Opportunity Zone, an area must meet three criteria. The Opportunity Zone Job Tax Credit Program authorizes DCA to designate as a "less developed area" an area within or adjacent to a census block group with 15 percent or greater poverty; where a state enterprise zone or urban redevelopment plan is in place, and where the area evidences pervasive poverty, underdevelopment, general distress and blight. DCA's website contains a map showing potential OZ areas, along with a searchable interactive map showing all census blocks in the state.

### What must be included in the application for designation of a less developed area?

The procedures for applying for designation can be found on the [DCA website](#). The application must include copies of ordinances establishing state enterprise zones and/or urban redevelopment areas and plans. Applicants must also include maps, photos and other documentation of conditions of pervasive poverty, underdevelopment, general distress and blight and to show evidence that the area falls within the boundaries required under the statute.

### How many Opportunity Zones are there currently?

There are presently six cities in Georgia with Opportunity Zones in place: Ocilla, Milledgeville, Washington, Tifton, Monroe and Quitman. Two cities - Monroe and Quitman - achieved the designation following the recent changes to the law.

### Is there a deadline to apply?

Applications for Opportunity Zones may be submitted at any time.

### What cities are eligible to apply?

Opportunity Zones may be designated anywhere in the State of Georgia, and communities in all economic tiers may apply. As long as a community meets the criteria listed above, it is eligible to apply.

### How long do Opportunity Zones remain in effect?

An Opportunity Zone stays in effect for 10 years, or for the life of the state enterprise zone or urban redevelopment plan within which the OZ lies, whichever is shorter. Opportunity Zones may be renewed at the end of the 10 years. They may also be revoked if 1) no local incentives are offered to businesses within the OZ for a period of three years; 2) there is no demonstrated progress toward the urban redevelopment plan goals for a three year period; or 3) there are other indications of inactivity in the state enterprise zones or urban redevelopment plans.

**What are other advantages of having an Opportunity Zone?**

Opportunity Zones provide benefits for businesses, residents and local governments. Cities that designate Opportunity Zones create incentives for businesses to locate in areas that are blighted, underdeveloped or generally distressed. These areas are often already served by municipal utilities and services including water, sewer, fire and police. The benefits to residents living in or near Opportunity Zones can include a cleaner, safer and more thriving area. And the incentives for businesses which choose to locate in these hard to develop areas can include job tax credits, property tax abatements and a reduction of permit fees, development regulations and occupational taxes.

**Where can I find more information about other job tax credits, Enterprise Zones and Urban Redevelopment Plans?**DCA can direct cities to resources for more information about each of these items. RDC can provide technical assistance in preparing an Urban Redevelopment Plan for a community.

**Where can I find more information about Opportunity Zones?**

Cities interested in creating Opportunity Zones should contact DCA to request designation of a less developed area. DCA administers the process for applying for designation and can provide local officials with information about the applicable policies and procedures. More detailed program information is available on DCA's website. Additional questions about the Opportunity Zone Tax Credit Program should be directed to Joanie Perry ([jperry@dca.state.ga.us](mailto:jperry@dca.state.ga.us) or 404-679-3173) or Dawn Sturbaum ([dsturbau@dca.state.ga.us](mailto:dsturbau@dca.state.ga.us) or 404-679-1585) in DCA's Office of Economic Development.

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