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**COLORADO**  
Office of Economic Development & International Trade

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# Colorado Opportunity Zone Program

## Program Summary

The Opportunity Zone program is a federal incentive that encourages long-term private investments in designated low-income communities by giving investors tax benefits for investing in real estate projects and operating businesses. Investors receive tax incentives in the form of deferral and elimination of state and federal capital gains taxes.

As we near the December 2026 program sunset, OEDIT has reduced its active programming to support the incentive. However, we are still happy to help answer questions and provide information to support communities, project sponsors, and investors to help them make the most of the incentive.

OEDIT has historically supported Opportunity Zone program by:

- Coordinating the designation of the zones in 2018
- Hosting in-person and virtual events to educate investors, community leaders, developers, and other stakeholders
- Helping businesses in opportunity zones secure investment through the Opportunity Zone Capital Accelerator Program
- Providing technical support grants to help early-stage projects attract investment

We continue to provide ongoing support by:

- Connecting investors and projects through [Colorado's Investment Database](#)
- Answering questions from community leaders, investors, and other stakeholders

We are proud to have played a role in the Opportunity Zone program's substantial impact across the state. To learn more, check out the following articles and reports that gauge the impact and lessons learned from the past several years:

- Denver Business Journal: "[59 projects and \\$1B in investment: The story of Colorado's Opportunity Zone program](#) "
- The Colorado Sun: "[Five years in, Opportunity Zone investments in Colorado are yielding important dividends](#) "

### How opportunity zones work

Investors receive tax benefits when they reinvest capital gains, or profits from the sale of an asset, into opportunity zones. Investors may benefit in three ways.

- They can defer paying taxes on the original capital gain until they dispose of the investment or until 2026, whichever comes first.
- If they hold the investment for at least ten years, they will not have to pay any capital gains tax on their opportunity zone investment.

For example, assume an investor sells their company stock for \$1 million and has \$100,000 in capital gains from that sale. The investor puts the \$100,000 into an opportunity business in an opportunity zone.

The investor can defer paying capital gains tax until they have disposed of the opportunity zone investment or December 31, 2026, whichever comes first.

If they continue to hold the opportunity zone investment for at least 10 years, they will not have to pay any capital gains tax on that investment. If their \$100,000 oppo

## Overview

Type: Program

For: Communities, business

Current zone designations

OEDIT division: [Business Funding and Incentives](#)

100% over 10 years, they owe \$0 in capital gains tax instead of \$20,000. Investors can dispose of their OZ investment as late as 2046 and still get the benefit of eliminating the OZ investment.

## ▼ Colorado opportunity zones interactive map

Areas highlighted in yellow are designated opportunity zones. If you use the search tool, you may need to zoom out to see if your location is located in a yellow zone.

## ▼ Business eligibility

Businesses will need to meet these qualifications to take advantage of this program.

70% of the business' tangible property needs to be:

- acquired after 2017 from an unrelated party
- used in any opportunity zone 70% or more of the time
- original use property or be substantially improved

A business needs to:

- get 50% of its revenue from active conduct in any opportunity zone
- use 40% or more of its intangible property in any opportunity zone
- not hold non-qualified financial property
- not operate a sin business

You will also need to consider whether you are:

- willing to give up equity in your business

- likely to grow significantly over the next 10 years
- likely to remain in a qualified opportunity zone for the 10 years

## ✓ How communities take advantage of the program

Not all projects are a good fit for opportunity zones. We encourage communities to think about how this program fits into your existing economic development tools.

We recommend that communities:

- be proactive - the best way to ensure that your community attracts the investment it would like is to make projects attractive and easy to find
- respond quickly - an OZ investment needs to occur before the end of 2021 for the investor to realize the full benefits
- think like an investor - focus on projects that will help investors realize a return
- layer additional programs and incentives

Communities will need to follow this process to attract investment.

1. Build community investment prospectuses. More information about this prospectuses opportunity can be found below this list.
2. Structure deals.
3. Work to engage investors.

## ✓ How investors find opportunities in Colorado

# Invest in Colorado

If you are looking for projects to invest in, visit [Colorado's Investment Database](#) . You don't have to live, work, or have a business in an opportunity zone to invest the

## Qualified opportunity funds

A qualified opportunity fund specializes in attracting investors with similar risk and reward profiles to collect and place capital in rural and low-income urban communi

Qualified opportunity funds:

- need to be funded by private capital and guided by market principles
- need to invest 90% of their assets in opportunity zone assets
- may invest in opportunity zones via stock, partnership interests, or business property
- need to use assets to create new business activity
- need to double the investment basis over 30 months if investing in an existing business
- can create new businesses or new real estate or infrastructure
- may not invest in certain types of business like golf courses, country clubs, gambling establishments, and a few other specifically excluded types of business

If you have realized capital gains, you need to invest your gains within 180 days into a qualified opportunity fund. Then the fund needs to place 90% of the funds into q business within six months.

## ✓ How Colorado determined its opportunity zones

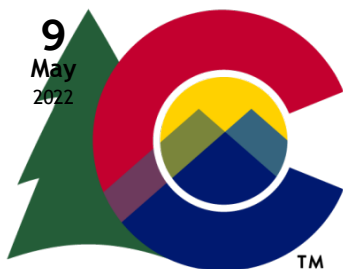
When the U.S. Tax Cuts and Jobs Act of 2017 passed, the federal government asked each state and territory to nominate up to 25% of its low-income community census consulted with mayors, county commissioners, and local economic development organizations to ensure that our state's nominations matched local priorities.

A commission reviewed local submissions, and the governor submitted final 126 opportunity zone nominations to the federal government. The federal government certi April 2018. Current opportunity zone designations are active for 10 years through 2028.

The following criteria defined how those zones were defined. Definitions used 2011-2015 American Community Survey data. Low-income community census tracts are d these criteria:

- poverty rate is at least 20%
- median family income does not exceed 80% of the statewide median family income if located outside of a metropolitan area
- median family income does not exceed 80% of the statewide median family income or the metropolitan area median family income, whichever is higher

## Success Stories

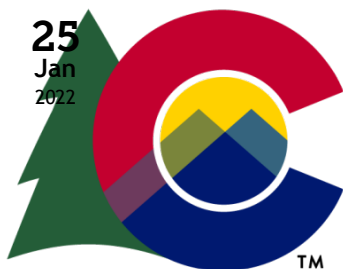


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[gBETA Opportunity Zone Capital Accelerator Announces Spring 2022 Cohort \(/press-release/gbeta-opp-accelerator-spring-2022-cohort\)](#)

[4 OEDIT's and CDLE's Impactful Work for the Just Transition National Strategy \(/blog-post/oedits-and-cdle-for-the-just-transition-national-strategy\)](#)



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## Office of Economic Dev & International Trade

[gBETA Opportunity Zone Capital Accelerator Announces Inaugural Cohort \(/press-release/gbeta-opp-accelerator-announces-inaugural-cohort\)](#)

## Program Managers

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## Connect Further

## Related Programs

[Enterprise Zone Program \(/enterprise-zone-program\)](/enterprise-zone-program)

[Rural Jump-Start Program \(/rural-jump-start-program\)](/rural-jump-start-program)

[Rural Technical Assistance Program \(/rural-technical-assistance-program\)](/rural-technical-assistance-program)

[Community Development Block Grant Planning and Feasibility Studies \(/community-development-block-grant-planning-feasibility-studies\)](/community-development-block-grant-planning-and-feasibility-studies)

## Sign up for email updates

Sign up for email updates related to Colorado opportunity zone

First Name \*

Last Name \*

Email \*

I consent to receive regular updates about oportu events.

By clicking submit below, you consent to allow OEDIT t personal information submitted above.

[View All Programs \(/programs-and-funding\)](/programs-and-funding)

## OEDIT

Colorado Office of Economic Development and International Trade (OEDIT)

A [Colorado Governor's Office](https://www.colorado.gov/governor/) (https://www.colorado.gov/governor/) state agency

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Staff meets by appointment only.

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## Areas of Support

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[Cannabis Business Office \(/cannabis-business-office\)](/cannabis-business-office)

[Colorado Creative Industries \(/colorado-creative-industries\)](/colorado-creative-industries)

[Colorado Employee Ownership Office \(/colorado-employee-ownership-office\)](/colorado-employee-ownership-office)

[Colorado Office of Film, Television and Media \(/colorado-office-film-television-media\)](/colorado-office-film-television-media)

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