

117TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to modify the rules relating to qualified opportunity zones, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

Mr. BOOKER (for himself, Mr. SCOTT of South Carolina, Mr. WARNER, Mr. YOUNG, and Mr. VAN HOLLEN) introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Internal Revenue Code of 1986 to modify the rules relating to qualified opportunity zones, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Opportunity Zones  
5 Transparency, Extension, and Improvement Act”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

8 (1) The 8,764 population census tracts des-  
9 igned as qualified opportunity zones under section

1 1400Z–1 of the Internal Revenue Code of 1986 span  
2 across all 50 States, the District of Columbia, and  
3 5 Territories and overwhelmingly represent commu-  
4 nities that have been economically left behind as the  
5 American economy has surged forward.

6 (2) The average poverty rate of qualified oppor-  
7 tunity zone residents is 26.4 percent.

8 (3) Fifty-four percent of the country’s pockets  
9 of concentrated persistent poverty—meaning census  
10 tracts in which at least 40 percent of the population  
11 has lived in poverty since at least 1980— are quali-  
12 fied opportunity zones.

13 (4) More adults in qualified opportunity zones  
14 lack a high school diploma than have a four-year col-  
15 lege degree.

16 (5) The Investing in Opportunity Act, which  
17 originally proposed opportunity zones, originally in-  
18 corporated reporting requirements to evaluate the  
19 impact the incentive will have on designated commu-  
20 nities and it is critical that Congress act to reinstate  
21 reporting requirements as soon as possible.

1 **TITLE I—MODIFICATION OF POP-**  
2 **ULATION CENSUS TRACTS**  
3 **DESIGNATED AS QUALIFIED**  
4 **OPPORTUNITY ZONES**

5 **SEC. 101. MODIFICATION OF POPULATION CENSUS TRACTS**  
6 **DESIGNATED AS QUALIFIED OPPORTUNITY**  
7 **ZONES.**

8 Section 1400Z–1 of the Internal Revenue Code of  
9 1986 is amended by adding at the end the following new  
10 subsection:

11 “(g) **DISQUALIFICATION OF CERTAIN POPULATION**  
12 **CENSUS TRACTS.—**

13 “(1) **IN GENERAL.—**Except as provided in para-  
14 graph (5), any disqualified census tract shall not be  
15 treated as a qualified opportunity zone for any pe-  
16 riod after the date that is 30 days after the date on  
17 which the Secretary publishes the final list of dis-  
18 qualified census tracts under paragraph (4)(B).

19 “(2) **REPLACEMENT ZONES.—**

20 “(A) **IN GENERAL.—**The chief executive of-  
21 ficer of a State may nominate additional popu-  
22 lation census tracts to replace any population  
23 census tract the designation of which as a  
24 qualified opportunity zone was terminated by  
25 reason of paragraph (1). Except as otherwise

1 provided in this paragraph, the rules of sub-  
2 sections (b), (c), (d), and (f) shall apply to any  
3 population census tract nominated under this  
4 paragraph.

5 “(B) CONSULTATION.—No population cen-  
6 sus tract nominated under subparagraph (A)  
7 may be designated as a qualified opportunity  
8 zone unless the chief executive officer of the  
9 State certifies in writing to the Secretary that  
10 the chief executive officer has consulted with  
11 the chief executive officer (or the equivalent) of  
12 each local jurisdiction in which the population  
13 census tract is located.

14 “(C) SPECIAL RULES.—For purposes of  
15 this subchapter—

16 “(i) any population census tract which  
17 is a disqualified census tract (as defined in  
18 paragraph (3) without regard to subpara-  
19 graph (A)(i) thereof) may not be nomi-  
20 nated as a qualified opportunity zone  
21 under this paragraph,

22 “(ii) the determination period with re-  
23 spect to a nomination under subparagraph  
24 (A) shall be the 45-day period beginning  
25 on the date on which the Secretary pub-

1 lishes the final list of disqualified census  
2 tracts under paragraph (4)(B), as ex-  
3 tended under subsection (b)(2), and

4 “(iii) the period for which any such  
5 designation is in effect shall be the period  
6 beginning on the date such designation  
7 takes effect and ending on the last day of  
8 the 10th calendar year beginning on or  
9 after the designation date as a qualified  
10 opportunity zone for the population census  
11 tract which it is replacing as such a zone  
12 by reason of the termination under para-  
13 graph (1).

14 “(D) REGULATIONS AND GUIDANCE.—The  
15 Secretary shall prescribe such regulations or  
16 other guidance as may be necessary or appro-  
17 priate to carry out the purposes of this para-  
18 graph.

19 “(3) DISQUALIFIED CENSUS TRACT.—For pur-  
20 poses of this subsection—

21 “(A) IN GENERAL.—The term ‘disqualified  
22 census tract’ means any population census tract  
23 which—

1 “(i) was designated as a qualified op-  
2 portunity zone before the date of the en-  
3 actment of this subsection, and

4 “(ii) is described in subparagraph (B)  
5 or (C).

6 “(B) HIGH MEDIAN FAMILY INCOME  
7 TRACTS.—

8 “(i) IN GENERAL.—Except as pro-  
9 vided in clauses (ii) and (iii), a population  
10 census tract is described in this subpara-  
11 graph if the median family income for such  
12 tract exceeds 130 percent of the national  
13 median family income.

14 “(ii) EXCEPTION.—Clause (i) shall  
15 not apply if the poverty rate of such popu-  
16 lation census tract (excluding students en-  
17 rolled in an institution of higher education  
18 (as defined in section 101 of the Higher  
19 Education Act of 1965)) is equal to or  
20 greater than 30 percent.

21 “(iii) REQUEST TO RETAIN DESIGNA-  
22 TION FOR CERTAIN POPULATION CENSUS  
23 TRACTS.—Clause (i) shall not apply if the  
24 Secretary, upon a request of the chief exec-  
25 utive officer of the State made not later

1 than 60 days after the date the Secretary  
2 publishes the list described in paragraph  
3 (4)(A), determines that—

4 “(I) the designation of such pop-  
5 ulation census tract was consistent  
6 with the purposes of this subchapter,  
7 or

8 “(II) the median family income  
9 for the population census tract does  
10 not exceed 130 percent of the national  
11 median family income.

12 “(C) ELECTION TO INCLUDE ADDITIONAL  
13 POPULATION CENSUS TRACTS.—

14 “(i) IN GENERAL.—A population cen-  
15 sus tract is described in this subparagraph  
16 if the Secretary, upon the request of the  
17 chief executive officer of the State sub-  
18 mitted not later than 60 days after the  
19 date the Secretary publishes the list de-  
20 scribed in paragraph (4)(A), determines  
21 that the continued designation of such pop-  
22 ulation census tract as a qualified oppor-  
23 tunity zone is not consistent with the pur-  
24 poses of this subchapter.

1                   “(ii) REGULATIONS AND GUIDANCE.—  
2                   Not later than 12 months after the date of  
3                   the enactment of this subsection, the Sec-  
4                   retary shall issue regulations or guidance  
5                   with respect to the criteria to be used for  
6                   making a determination by the Secretary  
7                   under clause (i).

8                   “(4) IDENTIFICATION AND PUBLICATION OF  
9                   DISQUALIFIED CENSUS TRACTS.—

10                   “(A) INITIAL IDENTIFICATION.—As soon  
11                   as practical, but not later than 12 months after  
12                   the date of the enactment of this subsection,  
13                   the Secretary shall make public—

14                   “(i) a list of population census tracts  
15                   described in paragraph (3)(B) (determined  
16                   without regard to clause (iii) thereof), and

17                   “(ii) a list of population census tracts  
18                   which are low-income communities and  
19                   were not designated as a qualified oppor-  
20                   tunity zone before the date of enactment of  
21                   this subsection.

22                   “(B) FINAL LIST OF DISQUALIFIED CEN-  
23                   SUS TRACTS.—Not later than 105 days after  
24                   the date the Secretary publishes the list de-  
25                   scribed in subparagraph (A), the Secretary shall



1 Federal Regulations (or successor reg-  
2 ulations), promulgated under the Se-  
3 curities Act of 1933, that discloses the  
4 intent of such trade or business to in-  
5 vest in the disqualified census tract,

6 “(II) before the first date on  
7 which the disqualified census tract ap-  
8 pears on any list published under  
9 paragraph (4), has made, or has en-  
10 tered into to binding agreements to  
11 make, investments in the disqualified  
12 census tract which—

13 “(aa) aggregate more than  
14 \$250,000, and

15 “(bb) have been designated  
16 in writing for the use in, or the  
17 development of, such trade or  
18 business, or

19 “(III) is determined by the Sec-  
20 retary to have relied on the designa-  
21 tion of the disqualified census tract as  
22 a qualified opportunity zone and to  
23 have suffered a loss as a result of the  
24 application of paragraph (1).

1                   “(ii) TRADE OR BUSINESS.—The term  
2                   ‘trade or business’ includes any activity in-  
3                   tended to qualify as a trade or business  
4                   within the meaning of section 162.

5                   “(C) REGULATIONS AND GUIDANCE.—The  
6                   Secretary shall prescribe such regulations or  
7                   guidance as may be necessary or appropriate to  
8                   carry out the purposes of this paragraph, in-  
9                   cluding guidance to prevent speculative invest-  
10                  ment solely for the purpose of falling within the  
11                  definition of a qualified preexisting trade or  
12                  business.

13                  “(6) DETERMINATION OF POPULATION CENSUS  
14                  TRACT DATA.—For purposes of applying this sub-  
15                  section, in determining whether a population census  
16                  tract meets any qualification with respect to poverty  
17                  rate or any aspect of median income, such deter-  
18                  mination shall be made using the most recent census  
19                  data that has been published by the Bureau of the  
20                  Census as of the date of enactment of this sub-  
21                  section.”.

1 **SEC. 102. CERTAIN FORMER INDUSTRIAL TRACTS PER-**  
2 **MITTED TO BE DESIGNATED AS OPPOR-**  
3 **TUNITY ZONES.**

4 Section 1400Z-1 of the Internal Revenue Code of  
5 1986, as amended by section 101, is amended by adding  
6 at the end the following new subsection:

7 “(h) SPECIAL RULE FOR FORMER INDUSTRIAL  
8 TRACTS CONTIGUOUS TO DESIGNATED OPPORTUNITY  
9 ZONES.—

10 “(1) IN GENERAL.—For purposes of this chap-  
11 ter, the term ‘qualified opportunity zone’ means an  
12 population census tract which is described in para-  
13 graph (2) and designated as a qualified opportunity  
14 zone under this subsection.

15 “(2) POPULATION CENSUS TRACT DE-  
16 SCRIBED.—A population census tract is described in  
17 this subparagraph if—

18 “(A) the tract—

19 “(i) has a population of zero,

20 “(ii) was previously used for industrial  
21 purposes and is a brownfield industrial  
22 site, and

23 “(iii) is contiguous, including by  
24 water, to a population census tract on at  
25 least 1 side that has been designated as a

1 qualified opportunity zone under this sec-  
2 tion, or

3 “(B) the tract was merged, as a result of  
4 the 2020 decennial census, into a census tract  
5 described in subparagraph (A)(iii) and met all  
6 requirements described in subparagraph (A).

7 “(3) DESIGNATION.—For purposes of para-  
8 graph (1), a population census tract that is de-  
9 scribed in paragraph (2) is designated as a qualified  
10 opportunity zone if—

11 “(A) not later than 30 days after the date  
12 of the enactment of this subsection, the chief  
13 executive officer of the State in which the tract  
14 is located—

15 “(i) nominates the tract for designa-  
16 tion as a qualified opportunity zone, and

17 “(ii) notifies the Secretary in writing  
18 of such nomination, and

19 “(B) not later than 30 days after receiving  
20 the notification under subparagraph (A)(ii), the  
21 Secretary certifies such nomination and des-  
22 ignates such tract as a qualified opportunity  
23 zone.

24 “(4) DETERMINATION OF CENSUS TRACT IN-  
25 FORMATION.—For purposes of this subsection, the

1 boundaries and population of a census tract shall be  
2 determined based on United States Census Bureau  
3 data for the 2010 decennial census.

4 “(5) NUMBER OF DESIGNATIONS.—Population  
5 census tracts designated as a qualified opportunity  
6 zone under this subsection shall not be taken into  
7 account for purposes of subsection (d).

8 “(6) DEFINITIONS.—For purposes of this sub-  
9 section—

10 “(A) BROWNFIELD INDUSTRIAL SITE.—  
11 The term ‘brownfield industrial site’ means a  
12 population census tract that includes real prop-  
13 erty the expansion, redevelopment, or reuse of  
14 which may be complicated by the presence or  
15 potential presence of a hazardous substance or  
16 pollutant or contaminant, including real prop-  
17 erty covered by a prospective purchaser agree-  
18 ment or similar agreement entered into by the  
19 Environmental Protection Agency or the appro-  
20 priate State authority.

21 “(B) HAZARDOUS SUBSTANCE.—The term  
22 ‘hazardous substance’ means—

23 “(i) a hazardous substance as defined  
24 in section 101(14) of the Comprehensive  
25 Environmental Response, Compensation,

1 and Liability Act of 1980 (42 U.S.C.  
2 9601(14)), or

3 “(ii) petroleum or a petroleum prod-  
4 uct.

5 “(C) POLLUTANT OR CONTAMINANT.—The  
6 term ‘pollutant or contaminant’ has the mean-  
7 ing given such term in section 101(33) of such  
8 Act.”.

9 **TITLE II—INFORMATION**  
10 **REPORTING REQUIREMENTS**

11 **SEC. 201. INFORMATION REPORTING ON QUALIFIED OP-**  
12 **PORTUNITY FUNDS.**

13 (a) IN GENERAL.—

14 (1) FILING REQUIREMENTS FOR FUNDS AND  
15 INVESTORS.—Subpart A of part III of subchapter A  
16 of chapter 61 of the Internal Revenue Code of 1986  
17 is amended by inserting after section 6039J the fol-  
18 lowing new sections:

19 **“SEC. 6039K. RETURNS WITH RESPECT TO QUALIFIED OP-**  
20 **PORTUNITY FUNDS.**

21 “(a) IN GENERAL.—Every qualified opportunity fund  
22 shall file an annual return (at such time and in such man-  
23 ner as the Secretary may prescribe) containing the infor-  
24 mation described in subsection (b).

1           “(b) INFORMATION FROM QUALIFIED OPPORTUNITY  
2 FUNDS.—The information described in this subsection  
3 is—

4           “(1) the name, address, and taxpayer identifica-  
5 tion number of the qualified opportunity fund,

6           “(2) whether the qualified opportunity fund is  
7 organized as a corporation or a partnership,

8           “(3) the value of the total assets held by the  
9 qualified opportunity fund as of each date described  
10 in section 1400Z–2(d)(1),

11           “(4) the value of all qualified opportunity zone  
12 property held by the qualified opportunity fund on  
13 each such date,

14           “(5) with respect to each investment held by  
15 the qualified opportunity fund in qualified oppor-  
16 tunity zone stock or a qualified opportunity zone  
17 partnership interest—

18           “(A) the name, address, and taxpayer  
19 identification number of the corporation in  
20 which such stock is held or the partnership in  
21 which such interest is held, as the case may be,

22           “(B) each North American Industry Clas-  
23 sification Code that applies to the trades or  
24 businesses conducted by such corporation or  
25 partnership,

1           “(C) the population census tracts in which  
2 the qualified opportunity zone business property  
3 of such corporation or partnership is located,

4           “(D) the amount of the investment in such  
5 stock or partnership interest as of each date de-  
6 scribed in section 1400Z-2(d)(1),

7           “(E) the value of tangible property held by  
8 such corporation or partnership on each such  
9 date which is owned by such corporation or  
10 partnership,

11           “(F) the value of tangible property held by  
12 such corporation or partnership on each such  
13 date which is leased by such corporation or  
14 partnership,

15           “(G) the approximate number of residen-  
16 tial units (if any) for any real property held by  
17 such corporation or partnership, and

18           “(H) the approximate average monthly  
19 number of full-time equivalent employees of  
20 such corporation or partnership for the year  
21 (within numerical ranges identified by the Sec-  
22 retary) or such other indication of the employ-  
23 ment impact of such corporation or partnership  
24 as determined appropriate by the Secretary,

1           “(6) with respect to the items of qualified op-  
2           portunity zone business property held by the quali-  
3           fied opportunity fund—

4                   “(A) the North American Industry Classi-  
5                   fication Code that applies to the trades or busi-  
6                   nesses in which such property is held,

7                   “(B) the population census tract in which  
8                   the property is located,

9                   “(C) whether the property is owned or  
10                  leased,

11                  “(D) the aggregate value of the items of  
12                  qualified opportunity zone property held by the  
13                  qualified opportunity fund as of each date de-  
14                  scribed in section 1400Z-2(d)(1), and

15                  “(E) in the case of real property, number  
16                  of residential units (if any),

17                  “(7) the approximate average monthly number  
18                  of full-time equivalent employees for the year of the  
19                  trades or businesses of the qualified opportunity  
20                  fund in which qualified opportunity zone business  
21                  property is held (within numerical ranges identified  
22                  by the Secretary) or such other indication of the em-  
23                  ployment impact of such trades or businesses as de-  
24                  termined appropriate by the Secretary,

1           “(8) with respect to each person who disposed  
2 of an investment in the qualified opportunity fund  
3 during the year—

4           “(A) the name and taxpayer identification  
5 number of such person,

6           “(B) the date or dates on which the invest-  
7 ment disposed was acquired, and

8           “(C) the date or dates on which any such  
9 investment was disposed and the amount of the  
10 investment disposed, and

11          “(9) such other information as the Secretary  
12 may require.

13          “(c) STATEMENT REQUIRED TO BE FURNISHED TO  
14 INVESTORS.—Every person required to make a return  
15 under subsection (a) shall furnish to each person whose  
16 name is required to be set forth in such return by reason  
17 of subsection (b)(9) a written statement showing—

18          “(1) the name, address and phone number of  
19 the information contact of the person required to  
20 make such return, and

21          “(2) the information required to be shown on  
22 such return by reason of subsection (b)(9) with re-  
23 spect to such person.

24          “(d) DEFINITIONS.—For purposes of this section—

1           “(1) IN GENERAL.—Any term used in this sec-  
2           tion which is also used in subchapter Z of chapter  
3           1 shall have the meaning given such term under  
4           such subchapter.

5           “(2) FULL-TIME EQUIVALENT EMPLOYEES.—  
6           The term ‘full-time equivalent employees’ means,  
7           with respect to any month, the sum of—

8                   “(A) the number of full-time employees (as  
9                   defined in section 4980H(c)(4)) for the month,  
10                  plus

11                   “(B) the number of employees determined  
12                   (under rules similar to the rules of section  
13                   4980H(c)(2)(E)) by dividing the aggregate  
14                   number of hours of service of employees who  
15                   are not full-time employees for the month by  
16                  120.

17           **“SEC. 6039L. INFORMATION ON PERSONS INVESTING IN**  
18                   **QUALIFIED OPPORTUNITY FUNDS.**

19           “(a) IN GENERAL.—Every taxpayer who makes an  
20           investment in a qualified opportunity fund shall provide  
21           an annual statement (at such time and in such manner  
22           as the Secretary may prescribe) containing the informa-  
23           tion described in subsection (b) with respect to each such  
24           investment.

1       “(b) INFORMATION FROM INVESTORS.—The infor-  
2 mation described in this subsection is—

3               “(1) the name, address, and taxpayer identifica-  
4 tion number of the taxpayer,

5               “(2) the name and taxpayer identification num-  
6 ber of the qualified opportunity fund in which the  
7 investment was made,

8               “(3) a description of such investment,

9               “(4) the date such investment was made,

10              “(5) the amount of short-term and long-term  
11 capital gains for which an election was made under  
12 section 1400Z–2(a)(1) for such investment,

13              “(6) in the case of any disposition of any in-  
14 vestment in a qualified opportunity fund during the  
15 taxable year—

16                      “(A) a description of the investment dis-  
17 posed,

18                      “(B) the date of the disposition, and

19                      “(C) the amount of any previously deferred  
20 short-term and long-term capital gain included  
21 in income as a result of such disposition, and

22              “(7) such other information as the Secretary  
23 may require.

1           “(c) DEFINITIONS.—Any term used in this section  
2 which is also used in subchapter Z of chapter 1 shall have  
3 the meaning given such term under such subchapter.

4           **“SEC. 6039M. INFORMATION REQUIRED FROM CERTAIN**  
5                           **QUALIFIED OPPORTUNITY ZONE BUSI-**  
6                           **NESSES.**

7           “(a) IN GENERAL.—Every applicable qualified oppor-  
8 tunity zone business shall furnish to the qualified oppor-  
9 tunity fund described in subsection (b) a written state-  
10 ment in such manner and setting forth such information  
11 as the Secretary may by regulations prescribe for purposes  
12 of enabling such qualified opportunity fund to meet the  
13 requirements of section 6039(b)(5).

14           “(b) APPLICABLE QUALIFIED OPPORTUNITY ZONE  
15 BUSINESS.—For purposes of subsection (a), the term ‘ap-  
16 plicable qualified opportunity zone business’ means any  
17 qualified opportunity zone business (as defined in section  
18 1400Z-2(d)(3))—

19                   “(1) which is a trade or business of a qualified  
20 opportunity fund,

21                   “(2) in which a qualified opportunity fund holds  
22 qualified opportunity zone stock, or

23                   “(3) in which a qualified opportunity fund holds  
24 a qualified opportunity zone partnership interest.

1           “(c) OTHER TERMS.—Any term used in this section  
2 which is also used in subchapter Z of chapter 1 shall have  
3 the meaning given such term under such subchapter.”.

4           (2) PENALTIES.—

5                   (A) IN GENERAL.—Part II of subchapter  
6 B of chapter 68 of the Internal Revenue Code  
7 of 1986 is amended by inserting after section  
8 6725 the following new section:

9   **“SEC. 6726. FAILURE TO COMPLY WITH INFORMATION RE-**  
10                   **PORTING REQUIREMENTS RELATING TO**  
11                   **QUALIFIED OPPORTUNITY FUNDS.**

12           “(a) INFORMATION RETURNS BY QUALIFIED OPPOR-  
13 TUNITY FUNDS.—

14                   “(1) IN GENERAL.—In the case of any person  
15 required to file a return under section 6039K fails  
16 to file a complete and correct return under such sec-  
17 tion in the time and in the manner prescribed there-  
18 for, such person shall pay a penalty of \$500 for each  
19 day during which such failure continues.

20                   “(2) LIMITATION.—

21                           “(A) IN GENERAL.—The maximum penalty  
22 under this subsection on failures with respect to  
23 any 1 return shall not exceed \$10,000.

24                           “(B) LARGE QUALIFIED OPPORTUNITY  
25 FUNDS.—In the case of any failure described in

1 paragraph (1) with respect to a fund the gross  
2 assets of which (determined on the last day of  
3 the taxable year) are in excess of \$10,000,000,  
4 subparagraph (A) shall be applied by sub-  
5 stituting ‘\$50,000’ for ‘\$10,000’.

6 “(3) PENALTY IN CASES OF INTENTIONAL DIS-  
7 REGARD.—If a failure described in paragraph (1) is  
8 due to intentional disregard, then—

9 “(A) paragraph (1) shall be applied by  
10 substituting ‘\$2,500’ for ‘\$500’,

11 “(B) paragraph (2)(A) shall be applied by  
12 substituting ‘\$50,000’ for ‘\$10,000’, and

13 “(C) paragraph (2)(B) shall be applied by  
14 substituting ‘\$250,000’ for ‘\$50,000’.

15 “(4) INFLATION ADJUSTMENT.—

16 “(A) IN GENERAL.—In the case of any  
17 failure relating to a return required to be filed  
18 in a calendar year beginning after 2023, each  
19 of the dollar amounts in paragraphs (1), (2),  
20 and (3) shall be increased by an amount equal  
21 to such dollar amount multiplied by the cost-of-  
22 living adjustment determined under section  
23 1(f)(3) for the calendar year determined by  
24 substituting ‘calendar year 2022’ for ‘calendar  
25 year 2016’ in subparagraph (A)(ii) thereof.

1 “(B) ROUNDING.—

2 “(i) IN GENERAL.—If the \$500 dollar  
3 amount in paragraphs (1) and (3)(A) or  
4 the \$2,500 amount in paragraph (3)(A),  
5 after being increased under subparagraph  
6 (A), is not a multiple of \$10, such dollar  
7 amount shall be rounded to the next lowest  
8 multiple of \$10.

9 “(ii) ASSET THRESHOLD.—If the  
10 \$10,000,000 dollar amount in paragraph  
11 (2)(B), after being increased under sub-  
12 paragraph (A), is not a multiple of  
13 \$10,000, such dollar amount shall be  
14 rounded to the next lowest multiple of  
15 \$10,000.

16 “(iii) OTHER DOLLAR AMOUNTS.—If  
17 any dollar amount in paragraph (2) or (3)  
18 (other than any amount to which clause (i)  
19 or (ii) applies), after being increased under  
20 subparagraph (A), is not a multiple of  
21 \$1,000, such dollar amount shall be round-  
22 ed to the next lowest multiple of \$1,000.

23 “(b) STATEMENTS BY INVESTORS.—

24 “(1) IN GENERAL.—If—

1           “(A) any person is required to file a state-  
2           ment under section 6039L for any period, and

3           “(B) fails—

4                 “(i) to file such statement on or be-  
5                 fore the required filing date, or

6                 “(ii) fails to include all of the infor-  
7                 mation required to be shown on the state-  
8                 ment or includes incorrect information,

9           such person shall pay a penalty of \$5,000.

10           “(2) REDUCTION WHERE CORRECTION IN SPEC-  
11           IFIED PERIOD.—If any failure described in para-  
12           graph (1)(B) is corrected on or before the day 60  
13           days after the required filing date, the penalty im-  
14           posed by paragraph (1) shall be \$500 in lieu of the  
15           amount determined under such paragraph.

16           “(3) DE MINIMIS ERRORS.—If—

17                 “(A) there are one or more such failures  
18                 described in paragraph (1)(B)(ii) relating to an  
19                 incorrect dollar amount, and

20                 “(B) no single amount in error differs  
21                 from the correct amount by more than \$100,

22           then no correction shall be required, and, for pur-  
23           poses of this section, such statement shall be treated  
24           as having been filed with all correct required infor-  
25           mation.

1           “(4) PENALTY IN CASES OF INTENTIONAL DIS-  
2           REGARD.—If one or more failures described in para-  
3           graph (1)(B) are due to intentional disregard of the  
4           filing requirement (or the correct information report-  
5           ing requirement), then, with respect to each such  
6           failure—

7                   “(A) paragraphs (2) and (3) shall not  
8                   apply, and

9                   “(B) the amount of the penalty determined  
10                  under paragraph (1) shall be \$25,000.

11           “(5) INFLATION ADJUSTMENT.—

12                   “(A) IN GENERAL.—In the case of any  
13                  failure relating to a statement required to be  
14                  filed in a calendar year beginning after 2023,  
15                  each of the dollar amounts in paragraphs (1),  
16                  (2), and (4) shall be increased by an amount  
17                  equal to such dollar amount multiplied by the  
18                  cost-of-living adjustment determined under sec-  
19                  tion 1(f)(3) for the calendar year determined by  
20                  substituting ‘calendar year 2022’ for ‘calendar  
21                  year 2016’ in subparagraph (A)(ii) thereof.

22                   “(B) ROUNDING.—The amount of any in-  
23                  crease under subparagraph (A) shall be round-  
24                  ed to the nearest multiple of \$100 (\$10 in the

1 case of any increase in the amount under para-  
2 graph (2)).”.

3 (B) INFORMATION REQUIRED TO BE SENT  
4 TO OTHER TAXPAYERS.—Section 6724(d)(2) of  
5 such Code is amended—

6 (i) by striking “or” at the end of sub-  
7 paragraph (II),

8 (ii) by striking the period at the end  
9 of the first subparagraph (JJ) (relating to  
10 section 6226) and inserting a comma,

11 (iii) by redesignating the second sub-  
12 paragraph (JJ) (relating to section 6050Y)  
13 as subparagraph (KK),

14 (iv) by striking the period at the end  
15 of subparagraph (KK) (as redesignated by  
16 clause (iii)) and inserting a comma, and

17 (v) by inserting after subparagraph  
18 (KK) (as so redesignated) the following  
19 new subparagraphs:

20 “(LL) section 6039K(c) (relating to dis-  
21 position of qualified opportunity fund invest-  
22 ments), or

23 “(MM) section 6039M (relating to infor-  
24 mation required from certain qualified oppor-  
25 tunity zone businesses).”.

1           (3) ELECTRONIC FILING.—Section 6011(e) of  
2           such Code is amended by adding at the end the fol-  
3           lowing new paragraph:

4           “(8) QUALIFIED OPPORTUNITY FUNDS.—Not-  
5           withstanding paragraphs (1) and (2), any return  
6           filed by a qualified opportunity fund shall be filed on  
7           magnetic media or other machine-readable form.”.

8           (4) CLERICAL AMENDMENTS.—

9           (A) The table of sections for subpart A of  
10           part III of subchapter A of chapter 61 of such  
11           Code is amended by inserting after the item re-  
12           lating to section 6039J the following new items:

“Sec. 6039K. Returns with respect to qualified opportunity funds.

“Sec. 6039L. Information on persons investing in qualified opportunity funds.

“Sec. 6039M. Information required from certain qualified opportunity zone  
businesses.”.

13           (B) The table of sections for part II of  
14           subchapter B of chapter 68 of such Code is  
15           amended by inserting after the item relating to  
16           section 6725 the following new item:

“Sec. 6726. Failure to comply with information reporting requirements relating  
to qualified opportunity funds.”.

17           (5) EFFECTIVE DATE.—The amendments made  
18           by this subsection shall apply to taxable years begin-  
19           ning after the date of the enactment of this Act.

20           (b) REPORTING OF DATA ON OPPORTUNITY ZONE  
21           TAX INCENTIVES.—

1           (1) IN GENERAL.—As soon as practical after  
2           the date of the enactment of this Act, and annually  
3           thereafter, the Secretary of the Treasury, or the  
4           Secretary’s delegate (referred to in this section as  
5           the “Secretary”), in consultation with the Director  
6           of the Bureau of the Census and such other agencies  
7           as the Secretary determines appropriate, shall make  
8           publicly available a report on qualified opportunity  
9           funds.

10           (2) INFORMATION INCLUDED.—The report re-  
11           quired under paragraph (1) shall include, to the ex-  
12           tent available, the following information:

13                   (A) The number of qualified opportunity  
14                   funds.

15                   (B) The aggregate dollar amount of assets  
16                   held in qualified opportunity funds.

17                   (C) The aggregate dollar amount of invest-  
18                   ments made by qualified opportunity funds in  
19                   qualified opportunity fund property across each  
20                   industry class under the North American Indus-  
21                   try Classification Code.

22                   (D) The percentage of population census  
23                   tracts designated as qualified opportunity zones  
24                   that have received qualified opportunity fund  
25                   investments.

1           (E) For each population census tract des-  
2           ignated as a qualified opportunity zone, the ap-  
3           proximate average monthly number of full-time  
4           equivalent employees of the qualified oppor-  
5           tunity zone businesses in such qualified oppor-  
6           tunity zone for the preceding 12-month period  
7           (within numerical ranges identified by the Sec-  
8           retary) or such other indication of the employ-  
9           ment impact of such qualified opportunity fund  
10          businesses as determined appropriate by the  
11          Secretary.

12          (F) The percentage of the total amount of  
13          investments made by qualified opportunity  
14          funds in—

15               (i) qualified opportunity zone property  
16               which is real property; and

17               (ii) other qualified opportunity zone  
18               property.

19          (G) For each population census tract, the  
20          aggregate approximate number of residential  
21          units resulting from investments made by quali-  
22          fied opportunity funds in real property.

23          (H) The aggregate dollar amount of in-  
24          vestments made by qualified opportunity funds  
25          in each population census tract.

1 (3) ADDITIONAL INFORMATION.—

2 (A) IN GENERAL.—Beginning with the re-  
3 port submitted under paragraph (1) for the 6th  
4 year after the date of the enactment of this Act,  
5 the Secretary shall include in such report the  
6 impacts and outcomes of a designation of a  
7 population census tract as a qualified oppor-  
8 tunity zone as measured by economic indicators,  
9 such as job creation, poverty reduction, new  
10 business starts, and other metrics as deter-  
11 mined by the Secretary.

12 (B) SEMI-DECENNIAL INFORMATION.—

13 (i) IN GENERAL.—In the case of any  
14 report submitted under paragraph (1) in  
15 the 6th year or the 11th year after the  
16 date of the enactment of this Act, the Sec-  
17 retary shall include the following informa-  
18 tion:

19 (I) For population census tracts  
20 designated as a qualified opportunity  
21 zone, a comparison (based on aggre-  
22 gate information) of the factors listed  
23 in clause (iii) between the 5-year pe-  
24 riod ending on the date of the enact-  
25 ment of Public Law 115–97 and the

1 most recent 5-year period for which  
2 data is available.

3 (II) For population census tracts  
4 designated as a qualified opportunity  
5 zone, a comparison (based on aggre-  
6 gate information) of the factors listed  
7 in clause (iii) for the most recent 5-  
8 year period for which data is available  
9 between such population census tracts  
10 and a similar population census tracts  
11 that were not designated as a quali-  
12 fied opportunity zone.

13 (ii) CONTROL GROUPS.—For purposes  
14 of clause (i), the Secretary may combine  
15 population census tracts into such groups  
16 as the Secretary determines appropriate  
17 for purposes of making comparisons.

18 (iii) FACTORS LISTED.—The factors  
19 listed in this paragraph are the following:

20 (I) The unemployment rate.

21 (II) The number of persons  
22 working in the population census  
23 tract, including the percentage of such  
24 persons who were not residents in the

1 population census tract in the pre-  
2 ceding year.

3 (III) Individual, family, and  
4 household poverty rates.

5 (IV) Median family income of  
6 residents of the population census  
7 tract.

8 (V) Demographic information on  
9 residents of the population census  
10 tract, including age, income, edu-  
11 cation, race, and employment.

12 (VI) The average percentage of  
13 income of residents of the population  
14 census tract spent on rent annually.

15 (VII) The number of residences  
16 in the population census tract.

17 (VIII) The rate of home owner-  
18 ship in the population census tract.

19 (IX) The average value of resi-  
20 dential property in the population cen-  
21 sus tract.

22 (X) The number of affordable  
23 housing units in the population census  
24 tract.

1 (XI) The number and percentage  
2 of residents in the population census  
3 tract that were not employed for the  
4 preceding year.

5 (XII) The number of new busi-  
6 ness starts in the population census  
7 tract.

8 (XIII) The distribution of em-  
9 ployees in the population census tract  
10 by North American Industry Classi-  
11 fication Code.

12 (4) PROTECTION OF IDENTIFIABLE RETURN IN-  
13 FORMATION.—In making reports required under this  
14 subsection, the Secretary—

15 (A) shall establish appropriate procedures  
16 to ensure that any amounts reported do not dis-  
17 close taxpayer return information that can be  
18 associated with any particular taxpayer or com-  
19 petitive or proprietary information, and

20 (B) if necessary to protect taxpayer return  
21 information, may combine information required  
22 with respect to individual population census  
23 tracts into larger geographic areas.

24 (5) DEFINITIONS.—Any term used in this sub-  
25 section which is also used in subchapter Z of chapter

1 1 of the Internal Revenue Code of 1986 shall have  
2 the meaning given such term under such subchapter.

3 **TITLE III—MODIFICATION OF**  
4 **RULES FOR INVESTMENTS IN**  
5 **QUALIFIED OPPORTUNITY**  
6 **FUNDS**

7 **SEC. 301. EXTENSION OF DEFERRAL PERIOD.**

8 (a) IN GENERAL.—Subparagraph (B) of section  
9 1400Z–2(b)(1) of the Internal Revenue Code of 1986 is  
10 amended by striking “December 31, 2026” and inserting  
11 “December 31, 2028”.

12 (b) MODIFICATION OF BASIS RULE.—Clause (iv) of  
13 section 1400Z–2(b)(2)(B) of such Code is amended by  
14 striking “7” each place it appears in the text and in the  
15 heading and inserting “6”.

16 (c) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to amounts invested after Decem-  
18 ber 22, 2017.

19 **SEC. 302. MODIFICATION OF DEFINITION OF QUALIFIED**  
20 **OPPORTUNITY FUND.**

21 (a) IN GENERAL.—Section 1400Z–2(d)(1) of the In-  
22 ternal Revenue Code of 1986 is amended to read as fol-  
23 lows:

24 “(1) IN GENERAL.—The term ‘qualified oppor-  
25 tunity fund’ means—

1 “(A) any qualified feeder fund, or

2 “(B) any other investment vehicle if—

3 “(i) such investment vehicle is orga-  
4 nized as a corporation or a partnership for  
5 the purpose of investing in qualified oppor-  
6 tunity zone property (other than another  
7 qualified opportunity fund), and

8 “(ii) such investment vehicle holds at  
9 least 90 percent of its assets in qualified  
10 opportunity zone property, determined by  
11 the average of the percentage of qualified  
12 opportunity zone property held in the fund  
13 as measured—

14 “(I) on the last day of the first  
15 6-month period of the taxable year of  
16 the fund, and

17 “(II) on the last day of the tax-  
18 able year of the fund.”.

19 (b) QUALIFIED FEEDER FUND.—Section 1400Z-  
20 2(d) of such Code is amended by adding at the end the  
21 following new paragraph:

22 “(4) QUALIFIED FEEDER FUND.—The term  
23 ‘qualified feeder fund’ means any investment vehicle  
24 that invests in a qualified opportunity fund if—

1           “(A) such investment vehicle is organized  
2           as a domestic partnership for the purpose of in-  
3           vesting in one more corporations or partner-  
4           ships described in paragraph (1)(B),

5           “(B) all investments made in the invest-  
6           ment vehicle are made in cash, and

7           “(C) not less than 95 percent of the assets  
8           of which are equity investments in corporations  
9           or partnerships described in paragraph  
10          (1)(B).”.

11          (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall take effect on the date of the enactment  
13 of this Act.

14                           **TITLE IV—STATE AND**  
15                           **COMMUNITY DYNAMISM FUND**

16 **SEC. 401. STATE AND COMMUNITY DYNAMISM FUND.**

17          (a) ESTABLISHMENT.—There is established a State  
18 and Community Dynamism Fund to support public and  
19 private investment, including capital for qualified oppor-  
20 tunity zones designated under section 1400Z–1(a) of the  
21 Internal Revenue Code of 1986, and existing small busi-  
22 ness and community economic development programs and  
23 incentives, to underserved businesses and communities.

24          (b) ALLOCATION.—

1           (1) IN GENERAL.—Funds appropriated to the  
2 State and Community Dynamism Fund shall be allo-  
3 cated to States.

4           (2) FORMULA.—

5                 (A) IN GENERAL.—The Secretary of the  
6 Treasury shall determine the allocation by allo-  
7 cating Federal funds among the States based  
8 on the proportion of prime working age adults  
9 in each State bears to the total of prime work-  
10 ing age adults for all the States.

11                 (B) MINIMUM ALLOCATION.—The Sec-  
12 retary shall adjust the allocations under sub-  
13 paragraph (A) for each State to the extent nec-  
14 essary to ensure that no State receives less than  
15 0.9 percent of the Federal funds.

16           (3) REQUIREMENT.—To receive an allocation  
17 under paragraph (2), a State shall certify that the  
18 State will use funds to—

19                 (A) build capacity in high-poverty, under-  
20 banked, rural, and otherwise underserved com-  
21 munities;

22                 (B) advance investment in minority-,  
23 women, and veteran-owned businesses;

24                 (C) address workforce development in stra-  
25 tegic sectors of the State's economy; and

1 (D) align priorities to support affordably  
2 priced housing.

3 (4) SUBALLOCATION.—A State may spend  
4 funds allocated under this subsection directly or sub-  
5 allocate the funds to other entities, including units  
6 of general local government and nonprofits.

7 (5) ELIGIBLE USES.—Funds allocated under  
8 this subsection shall be used for any eligible use in  
9 a low-income community, as defined in section  
10 45D(e) of the Internal Revenue Code of 1986, in-  
11 cluding for—

12 (A) operating support and community ca-  
13 pacity building, with priority to given to oper-  
14 ating support and community capacity building  
15 in qualified opportunity zones, including—

16 (i) personnel to support activities, in-  
17 cluding coordination, education, and in-  
18 vestment;

19 (ii) community-level capacity building,  
20 training, and strategic planning;

21 (iii) outreach, technical assistance,  
22 and professional services to underserved  
23 businesses and underserved opportunity  
24 zone fund managers;

25 (B) high-impact projects, including—

1 (i) predevelopment costs associated  
2 with individual Qualified Opportunity Zone  
3 projects; and

4 (ii) risk mitigation for qualified oppor-  
5 tunity zone funds; and

6 (C) administrative costs, not to exceed 3  
7 percent of the funds allocated.

8 (6) ELIGIBLE PROJECTS.—Funds used for  
9 high-impact project activities, as described in para-  
10 graph (5)(B), shall only be used for —

11 (A) business with less than 200 employees;

12 (B) projects that provide community goods  
13 or services, including health care, social serv-  
14 ices, healthy food access, education, broadband,  
15 and culture; or

16 (C) affordable housing with at least 50  
17 percent of the units that are affordable to fami-  
18 lies making less than 80 percent of area median  
19 family income.

20 (7) PRIORITIZATION.—A State that receives  
21 funds under this section must prioritize activities  
22 that—

23 (A) promote investment in projects that  
24 substantially support minorities, as defined in  
25 section 1204(c) of the Financial Institutions

1 Reform, Recovery, and Enforcement Act of  
2 1989 (12 U.S.C. 1811 note), or other targeted  
3 populations, as defined in section 103 of the  
4 Riegle Community Development and Regulatory  
5 Improvement Act of 1994 (12 U.S.C. 4702);  
6 and

7 (B) have demonstrated meaningful engage-  
8 ment with community stakeholders.

9 (c) AUTHORIZATION OF APPROPRIATIONS.—There is  
10 authorized to be appropriated \$1,000,000,000 to carry out  
11 this section.

12 (d) GAO AUDIT.—The Comptroller General of the  
13 United States shall perform an annual audit of the Fund  
14 and submit to the appropriate committees of Congress a  
15 report containing the results of the audit.

16 (e) ANNUAL REPORT.—Not later than March 31 of  
17 each year, each State receiving funds under this title shall  
18 submit to the Secretary a report on the performance of  
19 the State and participating entities in the State that in-  
20 cludes—

21 (1) an accounting of the expenditure of funds  
22 received by the State, including on administrative or  
23 indirect costs;

24 (2) information on the number and characteris-  
25 tics of participants served under this title; and

1           (3) a summary describing the training, capac-  
2           ity-building, and technical assistance offered by the  
3           State and participating entities.

4           (f) DEFINITIONS.—In this section:

5           (1) PRIME WORKING AGE ADULTS NOT EM-  
6           PLOYED.—The term “prime working age adults not  
7           employed” means, with respect to a State, the share  
8           of the adult population aged 25 to 54 that was not  
9           employed for the most recent year for which data is  
10          available.

11          (2) STATE.—The term “State” includes the  
12          District of Columbia, any territory or possession of  
13          the United States, and any Indian Tribe.