

## OPPORTUNITY ZONES: FEDERAL AND STATE LAWS

### LEGISLATOR NOTICE

The Legislative Services Division is required to offer a brief history on the subject matter of a bill draft request prior to drafting. (5-4-105, MCA; [Chapter 309, Laws of 2017](#)) The history must include related legislation introduced over the last five sessions and hyperlinks to the bill, hearing information, and fiscal notes. The legislation links below open to the page showing the status and history of bills introduced on this topic in the past. The bill text and any related fiscal notes can be accessed through the link at the top of that page.

**Legislation can be complex and this history is not intended to be exhaustive. Please contact the drafter of the requested bill for more information.**

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### Background Materials and Research

**Topic Summary:** In 2017, Congress passed the Tax Cuts and Jobs Act. Among other things, this bill created an Opportunity Zones tax incentive to encourage economic development and job creation in low-income areas throughout the country. The law allows people with capital gains to defer payment of taxes on those gains if the money is invested in Qualified Opportunity Funds. Money from a Qualified Opportunity Fund can be directed toward projects in any designated Opportunity Zone around the country. Projects often involve development of commercial space and housing units.

To qualify as an Opportunity Zone under the federal law, at least 20% of the residents in the area must live in poverty or their earnings must be below 80% of the area's median income. Governors had to designate Opportunity Zones within their states by April 2018. Montana was limited to 25 Opportunity Zones (see [list](#)).

Meanwhile, some states have passed legislation — before and since the federal law was enacted — to create so-called "opportunity zones" in their own states. Some zones were created and operate independently of the federal law, while others tie into the zones designated by the 2017 federal law. For example, Kansas created Rural Opportunity Zones in 2011 to encourage people to move to less-populated areas of the state. Vermont, meanwhile, considered but did not pass a bill in 2020 to provide homebuyer assistance and student debt relief to people who moved into Opportunity Zones designated pursuant to the federal tax law.

### Legislative Services Division Materials

- [Opportunity Zones](#), Toni Henneman for the Local Government Interim Committee, November 2019

## Other Materials:

- [Montana Opportunity Zones](#), Montana Department of Commerce Website
- [Opportunity Zones: State Strategies to Support Investments](#), National Conference of State Legislatures, June 2019
- [Opportunity Zones Best Practices Report to the President](#), The White House Opportunity and Revitalization Council, May 2020
- [The Impact of Opportunity Zones: An Initial Assessment](#), The Council of Economic Advisers, August 2020
- [Kansas Rural Opportunity Zones](#), Kansas Department of Commerce Website
- [Rural Opportunity Zones Overview and Economic Impact](#), Kansas Department of Commerce, Feb. 25, 2015

## Introduced Legislation

**Note:** A status of "Chapter Number Assigned" means the bill was passed by the Legislature and approved by the governor.

### 2019

[House Bill No. 458](#) (Tabled in House Committee) -- AN ACT PROVIDING THAT CAPITAL GAINS INCOME INVESTED IN A QUALIFIED OPPORTUNITY FUND IS DEFERRED; CLARIFYING THE APPLICATION OF FEDERAL TAX LAW TO MONTANA FOR OPPORTUNITY ZONES; EXTENDING THE DEFERRAL FROM DECEMBER 31, 2026, TO DECEMBER 31, 2030, FOR THE INDIVIDUAL INCOME TAX; PROVIDING THAT A TAXPAYER THAT DEFERS CAPITAL GAIN INCOME FROM AN OPPORTUNITY ZONE AFTER DECEMBER 31, 2026, IS NOT ELIGIBLE FOR A 2% REDUCTION IN TAXATION OF CAPITAL GAIN INCOME; AMENDING SECTIONS 15-30-2110, 15-30-2301, AND 15-31-113, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

[Senate Bill No. 340](#) (Tabled in Senate Committee) -- AN ACT CREATING THE STATEWIDE ECONOMIC IMPACT DISTRICTS ACT; PROVIDING FOR THE FORMATION OF STATEWIDE ECONOMIC IMPACT DISTRICTS BY LOCAL AND TRIBAL GOVERNMENTS; PROVIDING FOR THE CREATION OF DISTRICTS IN MORE THAN ONE COUNTY; ALLOWING A PROPERTY TAX EXEMPTION FOR CERTAIN CIVIC INFRASTRUCTURE PROJECTS THAT ARE APPROVED BY A LOCAL GOVERNMENT; PROVIDING FOR DEVELOPMENT PLAN REQUIREMENTS; PROVIDING THAT CIVIC INFRASTRUCTURE PROJECTS ARE EXEMPTED FROM STATE PROCUREMENT LAWS; PROVIDING FOR RESIDENT CONTRACTOR PREFERENCE; PROVIDING FOR STATE GRANTS TO COVER CIVIC INFRASTRUCTURE COSTS WHEN A DISTRICT HAS CERTAIN LEVELS OF DEVELOPMENT COSTS; REQUIRING A LOCAL FUNDING MATCH OF CIVIC INFRASTRUCTURE COSTS AS A CONDITION TO RECEIVING STATE GRANTS; PROVIDING FOR CERTIFICATION OF EXPENDITURES BY THE DEPARTMENT OF COMMERCE PRIOR TO RECEIVING GRANTS; PROVIDING FOR A PUBLIC PURPOSE; PROVIDING DEFINITIONS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 7-15-4288, 15-6-201, 18-4-132, AND 18-8-210, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

### 2017

[Senate Bill No. 349](#) (Died in Senate Committee) -- AN ACT PROVIDING FOR A CITY OR COUNTY PROPERTY TAX EXEMPTION FOR CERTAIN LAND ON OR ADJACENT TO INDIAN RESERVATIONS; PROVIDING FOR EMPOWERMENT ZONES ON OR ADJACENT TO INDIAN RESERVATIONS BASED ON LOCAL GOVERNMENT DETERMINATIONS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 7-21-3703, MCA; AND PROVIDING AN APPLICABILITY DATE.

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**2015:** None

**2013:** None

**2011:** None

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