

**(b) Recovery zone facility bond****(1) In general**

For purposes of this section, the term “recovery zone facility bond” means any bond issued as part of an issue if—

(A) 95 percent or more of the net proceeds (as defined in section 150(a)(3)) of such issue are to be used for recovery zone property,

(B) such bond is issued before January 1, 2011, and

(C) the issuer designates such bond for purposes of this section.

**(2) Limitation on amount of bonds designated**

The maximum aggregate face amount of bonds which may be designated by any issuer under paragraph (1) shall not exceed the amount of recovery zone facility bond limitation allocated to such issuer under section 1400U-1.

**(c) Recovery zone property**

For purposes of this section—

**(1) In general**

The term “recovery zone property” means any property to which section 168 applies (or would apply but for section 179) if—

(A) such property was constructed, reconstructed, renovated, or acquired by purchase (as defined in section 179(d)(2)) by the taxpayer after the date on which the designation of the recovery zone took effect,

(B) the original use of which in the recovery zone commences with the taxpayer, and

(C) substantially all of the use of which is in the recovery zone and is in the active conduct of a qualified business by the taxpayer in such zone.

**(2) Qualified business**

The term “qualified business” means any trade or business except that—

(A) the rental to others of real property located in a recovery zone shall be treated as a qualified business only if the property is not residential rental property (as defined in section 168(e)(2)), and

(B) such term shall not include any trade or business consisting of the operation of any facility described in section 144(c)(6)(B).

**(3) Special rules for substantial renovations and sale-leaseback**

Rules similar to the rules of subsections (a)(2) and (b) of section 1397D shall apply for purposes of this subsection.

**(d) Nonapplication of certain rules**

Sections 146 (relating to volume cap) and 147(d) (relating to acquisition of existing property not permitted) shall not apply to any recovery zone facility bond.

(Added Pub. L. 111-5, div. B, title I, § 1401(a), Feb. 17, 2009, 123 Stat. 350.)

**Subchapter Z—Opportunity Zones**

Sec.

1400Z-1. Designation.

1400Z-2. Special rules for capital gains invested in opportunity zones.

**§ 1400Z-1. Designation****(a) Qualified opportunity zone defined**

For the purposes of this subchapter, the term “qualified opportunity zone” means a population census tract that is a low-income community that is designated as a qualified opportunity zone.

**(b) Designation****(1) In general**

For purposes of subsection (a), a population census tract that is a low-income community is designated as a qualified opportunity zone if—

(A) not later than the end of the determination period, the chief executive officer of the State in which the tract is located—

(i) nominates the tract for designation as a qualified opportunity zone, and

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

(B) the Secretary certifies such nomination and designates such tract as a qualified opportunity zone before the end of the consideration period.

**(2) Extension of periods**

A chief executive officer of a State may request that the Secretary extend either the determination or consideration period, or both (determined without regard to this subparagraph),<sup>1</sup> for an additional 30 days.

**(c) Other definitions**

For purposes of this subsection—

**(1) Low-income communities**

The term “low-income community” has the same meaning as when used in section 45D(e).

**(2) Definition of periods****(A) Consideration period**

The term “consideration period” means the 30-day period beginning on the date on which the Secretary receives notice under subsection (b)(1)(A)(ii), as extended under subsection (b)(2).

**(B) Determination period**

The term “determination period” means the 90-day period beginning on the date of the enactment of the Tax Cuts and Jobs Act, as extended under subsection (b)(2).

**(3) State**

For purposes of this section, the term “State” includes any possession of the United States.

**(d) Number of designations****(1) In general**

Except as provided by paragraph (2), the number of population census tracts in a State that may be designated as qualified opportunity zones under this section may not exceed 25 percent of the number of low-income communities in the State.

**(2) Exception**

If the number of low-income communities in a State is less than 100, then a total of 25 of

<sup>1</sup> So in original. Probably should be “paragraph”).