OPPORTUNITY ZONES: SECOND ROUND OF PROPOSED REGULATIONS ARE HELPFUL FOR AGRIBUSINESS AND FORESTRY, BUT REFINEMENTS ARE NEEDED TO SUPPORT REVITALIZATION OF OZS IN FARM AND TIMBER COUNTRY

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The Opportunity Zones ("OZ") incentive created in the 2017 Tax Cuts and Jobs Act (the "TCJA") can be a powerful tool for many industries, as we discussed soon after the TCJA became law. The first set of proposed regulations interpreting the complicated statutory provisions governing the incentive were released in October 2018 (the "First Round Regulations"), which are discussed in an alert we released at that time.

As we discussed in a subsequent alert, the OZ incentive can be beneficial for small farmers and big agribusiness for a number of reasons, including financing new infrastructure and large assets. However, we and many members of the agribusiness community have been waiting for valuable clarifications to the rules. On April 17, 2019, our patience was rewarded with a 169 page release (the "Second Round Regulations") from the Department of the Treasury ("Treasury") that lays the groundwork for many more ways to use the OZ incentive in farm country, including through the use of leased assets and, potentially, conversion of land to a new type of crop.

To read the full alert, click here.

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