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116TH CONGRESS
1ST SESSION

H. R. 5011

To amend the Internal Revenue Code of 1986 to require reporting by qualified opportunity funds.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 8, 2019

Mr. KIND (for himself, Mr. KELLY of Pennsylvania, and Ms. SEWELL of Alabama) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to require reporting by qualified opportunity funds.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Opportunity Zone Accountability and Transparency Act’’.

SEC. 2. REPORTING REQUIREMENTS FOR QUALIFIED OPPORTUNITY FUNDS.

(a) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 of the Internal Revenue Code of

1986 is amended by inserting after section 6039J the following new section:

"SEC. 6039K. RETURNS BY QUALIFIED OPPORTUNITY FUNDS.

"(a) IN GENERAL.—Every qualified opportunity fund shall electronically file an annual return which contains the information described in subsection (b).

"(b) INFORMATION REQUIRED.—The information described in this subsection is as follows:

"(1) FUND INFORMATION.—

"(A) The name, address, and TIN of the qualified opportunity fund.

"(B) The entity classification of the qualified opportunity fund, such as whether such fund is a partnership, C corporation, S corporation, or real estate investment trust.

"(C) Certification that the purpose of the qualified opportunity fund is investing in qualified opportunity zone property.

"(D) The total assets held by the qualified opportunity fund determined as of each measurement date in the reporting period.

"(E) The aggregate amount of each of the following which is held in the qualified opportunity fund as of each measurement date in the reporting period:

"(i) Qualified opportunity zone stock.

"(ii) Qualified opportunity zone partnership interests.

"(iii) Qualified opportunity zone business property.

"(F) As of each measurement date in the reporting period, the aggregate amount of investments in the qualified opportunity fund which are described in section 1400Z–2(e)(1)(A)(i) and the ratio of such investments to all investments in such fund.

"(2) INFORMATION REGARDING QUALIFIED OPPORTUNITY ZONE CORPORATIONS AND PARTNERSHIPS.—With respect to each corporation or partnership any qualified opportunity zone stock or qualified opportunity zone partnership interest of which is held by the qualified opportunity fund:

"(A) The name, address, and TIN of each such corporation or partnership.

"(B) Certification that such corporation or partnership satisfies each of the requirements of subclauses (I), (II), and (III) of section 1400Z–2(d)(2)(B)(i) or clauses (i), (ii), and

(iii) of section 1400Z–2(d)(2)(C) (as the case may be) with respect to the qualified opportunity fund.

"(C) The total investment by the qualified opportunity fund in such corporation or partnership determined as of each measurement date in the reporting period.

"(D) The percentage of stock in such corporation, or interest in such partnership (as the case may be) which is held by the qualified opportunity fund (determined separately on the basis of both vote and value) as of each measurement date in the reporting period.

"(3) INFORMATION REGARDING QUALIFIED OPPORTUNITY ZONE BUSINESSES.—With respect to each trade or business carried on by any corporation or partnership referred to in paragraph (2) and each trade or business with respect to which the qualified opportunity fund holds qualified opportunity zone business property (and determined as of each measurement date in the reporting period):

"(A) The principal line of business of the trade or business.

"(B) With respect to any real property used in such trade or business—

“(i) the address of such real property,

“(ii) whether such real property is owned or leased by such corporation, partnership, or fund,

“(iii) the square footage of any buildings which are part of such real property,

“(iv) the number of residential units which are part of such real property, and the number of such units which are rental units, and

“(v) to the extent known by such corporation, partnership, or fund, the number of residential rental units that are part of such property which are occupied by individuals whose income is 50 percent or less of area median gross income (within the meaning of section 42(g)(1)(A)).

“(C) With respect to any property held by such corporation, partnership or fund, and used in such trade or business, the qualified opportunity zone in which such property is primarily used and the aggregate value of the investment in such property used in such zone, separately stated with respect to each of the following categories of property (and separately stated with respect to each such category on the basis of whether such property is owned or leased):

"(i) Real property (including improvements to real property).

"(ii) Improvements to real property.

"(iii) Tangible personal property.

"(iv) Intangible property (excluding leases of real or tangible personal property).

"(v) Any other property.

"(D) The number of employees (stated in full-time equivalents) employed in such trade or business.

"(4) OTHER INFORMATION.—Such other information as the Secretary may reasonably require.

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) IN GENERAL.—Any term used in this section which is also used in subchapter Z of chapter 1 shall have the meaning given such term in such subchapter.

"(2) MEASUREMENT DATE.—The term 'measurement date' means—

"(A) the date referred to in subparagraph (A) of section 1400Z–2(d)(1), and

"(B) the date referred to in subparagraph (B) of such section.

"(3) REPORTING PERIOD.—The term 'reporting period' means the taxable year for which the report under this section is made.

"(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section, including the time and manner of filing the return required under subsection (a).

"(e) PUBLIC AVAILABILITY OF RETURNS.—Annual returns filed under this section shall be made available by the Secretary to the public as soon as practicable in a machine readable format. Prior to making any return available to the public under this subsection, the Secretary shall redact any individual's TIN which appears in such return.".

(b) PENALTY FOR FAILURE TO FILE COMPLETE AND CORRECT RETURN.—Section 6652 of such Code is amended by adding at the end the following new subsection:

"(q) FAILURE OF QUALIFIED OPPORTUNITY FUND TO FILE CORRECT INFORMATION RETURN.—In the case of a qualified opportunity fund's failure to file a complete and correct return under section 6039K at the time and in the manner prescribed therefor, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall be paid (upon notice and demand by the Secretary and in the same manner as tax) by such fund $500 for each day during which such failure continues. The maximum penalty under this subsection on failures with respect to any 1 return shall not exceed $200,000.''.

(c) COLLECTION AND AVAILABILITY OF STATISTICAL INFORMATION.—The Secretary of the Treasury, or the Secretary's designee shall—

(1) collect and compile statistical information with respect to each qualified opportunity zone, including the number of qualified opportunity funds that have made an investment in each qualified opportunity zone, the aggregate amount of investment in each zone by qualified opportunity funds, and such other metrics concerning job creation, poverty reduction, and community and economic development that the Secretary considers appropriate, and

(2) make such information available to the public on an annual basis.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to reports for taxable years ending after the date of the enactment of this Act.

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