

116TH CONGRESS
2D SESSION

H. R. 6529

To amend the Internal Revenue Code of 1986 to modify the opportunity zone tax incentives.

IN THE HOUSE OF REPRESENTATIVES

APRIL 17, 2020

Mr. CURTIS (for himself and Mr. CUELLAR) 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 modify
the opportunity zone tax incentives.

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 “COVID-19-Impacted
5 Small Business Opportunity Zone Act”.

6 **SEC. 2. MODIFICATION OF OPPORTUNITY ZONE TAX INCEN-**
7 **TIVES.**

8 (a) SMALL BUSINESSES AFFECTED BY COVID-19
9 TREATED AS QUALIFIED OPPORTUNITY ZONE BUSI-
10 NESSES.—Section 1400Z–2(d)(3) of the Internal Revenue

1 Code of 1986 is amended by adding at the end the fol-
2 lowing new subparagraph:

3 “(C) CERTAIN SMALL BUSINESSES AF-
4 FECTED BY COVID-19 TREATED AS QUALIFIED
5 OPPORTUNITY ZONE BUSINESSES.—

6 “(i) IN GENERAL.—Subparagraph
7 (A)(i) shall not apply with respect to any
8 qualified small business.

9 “(ii) QUALIFIED SMALL BUSINESS.—
10 For purposes of this subparagraph, the
11 term ‘qualified small business’ means any
12 small business if such small business has
13 experienced any of the following as a result
14 of the spread of, or of the public’s or any
15 government’s response to, COVID-19—

16 “(I) supply chain disruptions, in-
17 cluding changes in quantity, lead
18 time, delay, or the number of ship-
19 ments of components; changes in the
20 quality of supplied components; and
21 disruption by reason of compromised
22 payment networks or other techno-
23 logical reasons,

24 “(II) staffing challenges,

1 “(III) decrease in sales or cus-
2 tomers, or

3 “(IV) partial or full suspension
4 of business.

5 “(iii) SMALL BUSINESS.—For pur-
6 poses of this subparagraph, the term ‘small
7 business’ means any trade or business if
8 the gross receipts (as determined under the
9 rules of section 448(c)(3), without regard
10 to subparagraph (A) thereof) of such trade
11 or business (when combined with all re-
12 lated trades or businesses) for the relevant
13 taxable year do not exceed \$999,999. For
14 purposes of the preceding sentence, a trade
15 or business shall be treated as related if it
16 is a trade or business of the same person
17 or of any person treated as one person
18 under section 448(c)(2). For purposes of
19 this clause, the term ‘relevant taxable year’
20 means the last taxable year which ends be-
21 fore the date on which the qualified oppor-
22 tunity zone fund acquires the qualified op-
23 portunity fund property to which such
24 trade or business relates.

1 “(iv) APPLICATION OF SUBPARA-
2 GRAPH.—Clause (i) shall only apply with
3 respect to qualified opportunity fund prop-
4 erty acquired by a qualified opportunity
5 zone fund during the 1-year period begin-
6 ning on the date of the enactment of this
7 subparagraph.”.

8 (b) APPLICATION OF CAPITAL GAINS RATE FOR TAX-
9 ABLE YEAR IN WHICH INVESTMENT IS ACQUIRED.—Sec-
10 tion 1400Z–2(b) of such Code is amended by adding at
11 the end the following new paragraph:

12 “(3) APPLICATION OF CAPITAL GAINS RATES.—
13 The rate of tax which applies to gain which is in-
14 cluded in income as provided in this subsection shall
15 not exceed the rate applicable to such gain in the
16 taxable year in which the investment was acquired.
17 Proper adjustments shall be made in the application
18 of section 1(h) for the taxable year in which such
19 gain is included in gross income to take into account
20 the preceding sentence.”.

21 (c) EXTENSION OF DEFERRAL OF GAIN INVESTED
22 IN OPPORTUNITY ZONES.—Section 1400Z–2(b)(1)(B) of
23 such Code is amended to read as follows:

24 “(B) the date which is 7 years after the
25 date on which such investment was acquired.”.

1 (d) EXEMPTION FROM TAX FOR INVESTMENTS
2 HELD FOR AT LEAST 10 YEARS WITHOUT REGARD TO
3 WHETHER INVESTMENT CONSISTS OF REINVESTED
4 GAIN.—Section 1400Z–2(c) of such Code is amended by
5 striking “any investment” and inserting “any investment
6 in a qualified opportunity fund (without regard to whether
7 such investment is described in subsection (a))”.

8 (e) EFFECTIVE DATES.—

9 (1) IN GENERAL.—Except as otherwise pro-
10 vided in this subsection, the amendments made by
11 this section shall apply to investments in qualified
12 opportunity funds made after the date of the enact-
13 ment of this Act.

14 (2) SMALL BUSINESSES AFFECTED BY COVID-19
15 TREATED AS QUALIFIED OPPORTUNITY ZONE BUSI-
16 NESSES.—The amendment made by subsection (a)
17 shall apply to property acquired by qualified oppor-
18 tunity zone funds after the date of the enactment of
19 this Act.

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