

# REINVESTING ALONG THE LAKESHORE: OPPORTUNITY ZONES IN MUSKEGON COUNTY, MICH.



Muskegon County is in the midst of a historic transformation from an old industrial town to a vibrant community boasting advanced manufacturing, world-class recreation, a tourist destination and a regional health care center. It is home to five Opportunity Zone census tracts in the cities of Muskegon and Muskegon Heights with a variety of dynamic investment possibilities.

## MUSKEGON COUNTY IS HOME TO:

- The largest kayak manufacturer in the world
- The top rated community college in Michigan
- A Top 10 summer art festival among dozens of major events
- The largest deep-water port on MI west coast
- The Lakeshore destination for state-of-the-art medical services
- An industrial legacy and expertise in metal
- Large, open waterfront properties with Great Lakes access
- Affordable near-water living options
- Miles of open, public sugar-sand beaches
- Abundant water and a world-class wastewater system



# OPPORTUNITY ZONES EXPLAINED



Opportunity Zones are a new federal tax incentive program found in the Tax Cuts and Jobs Act of 2017 to spur private investment and economic activity in specific distressed or low-income census tracts. Muskegon County has five Opportunity Zone census tracts – three in the city of Muskegon and two in the city of Muskegon Heights – as designated by the state of Michigan.

At their core, Opportunity Zone allows for those with federal capital gain liabilities to delay or eliminate their tax burdens by making substantial investments in the designated zones. Capital gain liabilities can be generated by the sale of real property, businesses or stocks and bonds.

Opportunity Zone funds can be set up by financial institutions or groups of individual investors through a “self-certification” process with the U.S. Internal Revenue Service. Using Form 8996 with a federal income tax return, an eligible corporation or partnership can become a Qualified Opportunity Fund.

Qualified Opportunity Funds can receive three types of federal tax benefits by investing in Opportunity Zones. An investor can defer federal taxes on any income that generates a capital gain. Opportunity Zone investments held for a minimum of five years receive a 10 percent tax break and a 15 percent tax break if held for seven years. Long-term investments in an Opportunity Zone of 10 years or longer are permanently excluded from any future capital taxes.

Qualified Opportunity Funds can invest in real estate or businesses located in Opportunity Zones such as interest in real estate developments and infrastructure along with investments in for-profit businesses located in an Opportunity Zone. The funds can be invested in existing businesses and developments if “substantial improvement” is obtained by at least doubling the value of the initial business or development over the course of 30 months.

Finally, Qualified Opportunity Fund investments can be combined with other incentives such as New Market Tax Credits, Low-Income Housing Tax Credits, historic rehabilitation tax credits and other state of Michigan economic development programs. Local incentives available through the cities of Muskegon and Muskegon Heights are also available.



For more general information on Opportunity Zones in Muskegon County, contact:

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# OPPORTUNITY ZONES MAP

