

116TH CONGRESS
1ST SESSION

H. R. 4999

To amend the Internal Revenue Code of 1986 to require fairness and diversity
in opportunity zone investment.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 8, 2019

Mr. JOHNSON of Georgia (for himself and Mr. RUSH) 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
fairness and diversity in opportunity zone investment.

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. OPPORTUNITY ZONE FAIRNESS AND INCLU-**
4 **SION.**

5 (a) IN GENERAL.—Section 1400Z–2(d) of the Inter-
6 nal Revenue Code of 1986 is amended by adding at the
7 end the following new paragraph:

8 “(4) OPPORTUNITY FUND FAIRNESS AND IN-
9 CLUSION.—

1 “(A) IN GENERAL.—A fund shall not be
2 treated as a qualified opportunity fund for pur-
3 poses of this section unless such fund—

4 “(i) meets the investment advisory
5 board requirements of subparagraph (B),

6 “(ii) meets the investment diversity
7 requirements of subparagraph (C),

8 “(iii) meets the affordable housing in-
9 vestment requirements of subparagraph
10 (D), and

11 “(iv) with respect to each investment
12 in an opportunity zone, assesses, and pre-
13 pares a written report detailing, how such
14 investment will affect different racial and
15 ethnic groups within the zone and submits
16 such report to the Committee on Ways and
17 Means of the House of Representatives,
18 the Committee on Finance of the Senate,
19 and the Joint Committee on Taxation.

20 “(B) INVESTMENT ADVISORY BOARD.—
21 The requirements of this subparagraph shall
22 not be treated as met with respect to any fund
23 unless such fund has, for each qualified oppor-
24 tunity zone within which the fund invests in

1 qualified opportunity zone property, an invest-
2 ment advisory board which—

3 “(i) is appointed by the local govern-
4 ment of the jurisdiction within which the
5 zone to which such advisory board relates
6 is located, and

7 “(ii) advises the fund in directing in-
8 vestments in the zone for the benefit of the
9 zone.

10 “(C) INVESTMENT DIVERSITY REQUIRE-
11 MENTS.—The requirements of this subpara-
12 graph shall not be treated as met with respect
13 to any fund unless—

14 “(i) at least 30 percent of the fund’s
15 qualified opportunity zone property is
16 qualified opportunity zone property with
17 respect to an opportunity zone within a
18 county, or local jurisdiction, the population
19 of which is 200,000 or less,

20 “(ii) at least 50 percent of the fund’s
21 qualified opportunity zone property con-
22 sists of interests in partnerships, and stock
23 of corporations, which are—

24 “(I) small business concerns
25 owned and controlled by women (with-

1 in the meaning of section 3(n) of the
2 Small Business Act (15 U.S.C.
3 632(n)), or

4 “(II) small business concerns
5 owned and controlled by socially and
6 economically disadvantaged individ-
7 uals under section 8(d)(3)(C) of such
8 Act (15 U.S.C. 637(d)(3)(C)), and

9 “(iii) at least 40 percent of the fund’s
10 qualified opportunity zone property con-
11 sists of—

12 “(I) stock in corporations, inter-
13 ests in a partnerships, or other prop-
14 erty, the value of each of which does
15 not exceed \$20 million, and

16 “(II) stock in corporations, or in-
17 terests in partnerships, the price-earn-
18 ings ratio of each of which is under 5.

19 “(D) AFFORDABLE HOUSING INVESTMENT
20 REQUIREMENTS.—The requirements of this
21 subparagraph shall not be treated as met with
22 respect to any fund unless in the case of any
23 investment in qualified opportunity zone prop-
24 erty which consists of a residential property
25 project, at least 20 percent of the units in the

1 project are occupied by individuals whose in-
2 come is—

3 “(i) not more than 30 percent of area
4 median gross income, or

5 “(ii) not more than 200 percent of the
6 poverty line (as defined in section 673 of
7 the Community Services Block Grant Act
8 (42 U.S.C. 9902)) for a family of the size
9 involved.

10 “(E) INVESTMENT MEASUREMENT.—For
11 purposes of this paragraph, percentages of
12 qualified opportunity zone property held by a
13 qualified opportunity fund shall be determined
14 under rules similar to the rules of paragraph
15 (1).

16 “(F) FAILURE TO MEET REQUIREMENT.—
17 In the case of a qualified opportunity fund
18 which fails to meet any of the requirements of
19 this paragraph, subsection (b) shall be applied
20 by substituting the date of such failure for ‘De-
21 cember 31, 2026’ in paragraph (1)(B) there-
22 of.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall take effect on the date of the enactment
3 of this Act.

