



COLORADO

**Office of Economic Development
& International Trade**

Business Funding & Incentives

Opportunity Zone 2.0

Fall 2025



OZ 1.0

OZ incentive encourages investors to reinvest capital gains into designated economically distressed census tracts.

Benefits:

- Defer capital gains tax on original gain until 2026
- Step-up in basis:
 - 10% step-up in basis if held for 5+ years (expired in 2021)
 - Additional 5% step-up in basis if held for 7+ years (expired in 2019)
- Eliminate capital gains tax on OZ investment if held 10+ years
- Original zones expire in 2028

OZ 2.0

The recently signed federal reconciliation bill includes provisions that update and make permanent the Opportunity Zone (OZ) program.

Changes & Improvements:

- Makes the OZ incentive permanent
- Establishes new reporting and transparency requirements
- Introduces a simplified and boosted incentive structure
- Tightens geographic eligibility requirements
- Enhances the incentive for rural investment

Two Phase Approach

The EDC approved funding for OEDIT to implement a multi-year, two phase OZ 2.0 program.

Selection Process (Present - Jan. 2027):

- Nominate up to 25% of eligible tracts
- Seek robust stakeholder outreach and engagement
- Establish strategic priorities for zones, including local input

Implementation Process (Jan. 2026 - ~2028):

- Establish implementation grants
- Update Investment Database

Selection Process Timeline

- **Fall 2025 - Spring 2026**: Webinars, stakeholder meetings, and speaking opportunities, w/ goal of encouraging local feedback on zones
- **Winter 2025 - Spring 2026**: Regional convenings in January, February, and March, w/goal of encouraging local feedback on zones
- **Early 2026*****: Release of public GIS tool and method to gather local feedback on zones
- **Spring 2026**: Deadline for public feedback to OEDIT on zones
- **July 1, 2026**: Colorado nominations for new OZs due to U.S. Treasury
- **January 1, 2027**: New OZs made official

Key Takeaways

- Sign up for the OEDIT OZ newsletter at the bottom of the [OZ webpage](#)
- Stay updated on upcoming engagement opportunities (webinars in mid-November)
- Help us spread the word and reach out with ideas on community stakeholders we should engage

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