

# OPPORTUNITY ZONES FAQs



Texas Economic Development & Tourism Office | Office of the Governor

## What is Opportunity Zone 2.0?

Opportunity Zone 2.0 is the new, permanent version of the Qualified Opportunity Zone program established by Congress in 2025 through the One Big Beautiful Bill Act. The program is designed to promote long-term private investment in economically distressed communities through federal tax incentives.

## What are the benefits of Opportunity Zone 2.0?

Opportunity Zone 2.0 provides federal tax incentives to encourage private investment in designated areas. These incentives are intended to support business development, job creation, and long-term economic growth in qualifying communities. Specific tax benefits are administered by the Internal Revenue Service (IRS), and investors should consult tax professionals for guidance.

## Who administers Opportunity Zone 2.0?

Opportunity Zone 2.0 is authorized under federal law and administered at the federal level by the U.S. Department of the Treasury and the Internal Revenue Service. States are responsible for nominating eligible census tracts for designation in accordance with federal guidelines. In Texas, that will be through the Texas Economic Development and Tourism Office, in the Governor's Office.

## What census tracts are eligible?

A census tract is eligible for consideration if it meets **one** of the following criteria:

- The tract has a median family income that is **70% or less** of the applicable area or statewide median family income; **or**
- The tract has a poverty rate of **20% or greater** and a median family income that is **125% or less** of the applicable area or statewide median family income.

Under Opportunity Zone 2.0, the **contiguous tract rule has been eliminated**. Each tract must independently meet the eligibility criteria to be nominated.

## If a tract does not meet these requirements, can it still be nominated?

No. Eligibility for nomination is limited to census tracts that satisfy the statutory criteria established under Opportunity Zone 2.0. Tracts that do not meet these thresholds are ineligible for designation and cannot be submitted for consideration.

## Will 2018 Opportunity Zone automatically qualify again?

No. Opportunity Zones designated in 2018 will **not automatically carry over** into Opportunity Zone 2.0. Existing zones remain in effect through **December 31, 2028**. New Opportunity Zone 2.0 designations, effective **January 1, 2027**, will be based on updated eligibility criteria. Census tracts previously designated under Opportunity Zone 1.0 must independently meet the eligibility requirements of Opportunity Zone 2.0 in order to be nominated again.

## How many tracts can Texas nominate?

Each governor may nominate up to **25% of the state's eligible census tracts** for designation as Opportunity Zones every ten years.

**How long do Opportunity Zone designations last?**

Each designated Opportunity Zone remains in effect for **10 years**. Designations are updated on a **10-year cycle**, beginning with the first Opportunity Zone 2.0 designations becoming active on **January 1, 2027** and ending 10 years later on **January 1, 2037**.

**How can I nominate a tract for Opportunity Zone 2.0?**

Entities interested in nominating a tract should coordinate with their local **economic development organization (EDO) or county judge**. Eligible entities may complete and submit the official nomination packet, available [here](#). Nominations will begin **July 1, 2026**.

**When will the OZ 2.0 eligible tract list be finalized?**

The U.S. Department of the Treasury is expected to release the official list of eligible census tracts in **Spring 2026**. The Texas Economic Development & Tourism Office, within the Office of the Governor, will provide updates as new information becomes available.

**How can I determine if a census tract may be eligible?**

The official list of **eligible census tracts has not yet been released**. In the interim, a predictive mapping tool identifying potentially eligible tracts is available [here](#) to assist communities with preliminary planning and evaluation.

**How will tracts be selected?**

Tracts submitted via the nomination packet will be evaluated using a scoring framework that considers:

- **Project viability**
- **Demonstrated local support**
- **Geographic balance across the state**

**How many tracts can a community submit?**

The number of nominations the local economic development groups or county judges can submit for consideration is based on the number of eligible tracts in the county. See schedule below:

<b>Number of Eligible Tracts</b>	<b>Percentage of Eligible Tracts to Submit for Consideration</b>
1 to 50	100%
51 to 100	90%
101 to 200	80%
201 to 300	70%
301 and over	60%

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**Who should I contact with questions about Opportunity Zone 2.0?**

For questions regarding Opportunity Zone 2.0, please contact the Texas Economic Development & Tourism Office’s Opportunity Zone team at [oppzone2.0@gov.texas.gov](mailto:oppzone2.0@gov.texas.gov).

