

TEXAS OPPORTUNITY ZONE 2.0
TEXAS ECONOMIC DEVELOPMENT AND TOURISM OFFICE
OFFICE OF THE GOVERNOR

The Opportunity Zone program is the largest federal economic development tool. The One Big Beautiful Bill Act (OBBBA) signed on July 4, 2025 established the new Opportunity Zone 2.0 as a permanent program under the tax code with rolling 10-year designation cycles. Opportunity Zone 2.0 designations are effective for 10 years beginning **January 1, 2027**.

KEY PROVISIONS

1. **Permanent feature of the tax code** with rolling **10-year designations**
2. **Smaller Map** – tighter eligibility requirements
3. **Simplified Investor Benefits** - 5-year deferral and 10% basis step-ups
4. **Additional Incentives for Rural OZ investments** - 5-year deferral and 30% basis step-ups; lower threshold “substantial improvement” from 100% to 50%.
“Rural” is defined as any area not within or adjacent to a town with over 50,000 inhabitants.
5. **Expanded Reporting Requirements**

DESIGNATION PROCESS

State governors could nominate 25% of their respective state’s eligible census tracts every ten years as Opportunity Zone tracts. The U.S. Department of Treasury will begin the Opportunity Zone 2.0 designation on **July 1, 2026**.

The **Texas Economic Development & Tourism Office (EDT)** within the Office of the Governor will lead the efforts to develop transparent, data-driven selection process for Opportunity Zone 2.0. To do so, EDT will ask **Economic Development Organizations (EDOs)** and **County Judges** to submit eligible tracts in their communities for consideration based on the following criteria:

1. **Statutory compliance:** Communities should only nominate tracts that clearly meet federal eligibility.
2. **Local Support (up to 4 points):** Strong consideration will be given for those tracts which the local community will support through incentives offered, rebates, and agreements.
3. **Project Viability (up to 4 points):** Communities should prioritize sites where private capital can realistically deploy in 24–48 months and where investments drive inclusive growth in the community (E.g. affordable housing commitments, anti-displacement tools, workforce initiatives, etc.).
4. **Geographic balance (up to 2 points):** EDT will ensure representation across regions of Texas; leverage **rural incentives (1 point)** without selecting unworkable tracts and provide an additional incentive for tracts which have been affected by a **declared disaster** over the last three (3) years (**1 point**).

From the list of eligible tracts nominated by the local communities, EDT intends to finalize and submit tracts for Opportunity Zone 2.0 designations to the U.S. Department of Treasury **no later than August 3, 2026**.

TEXAS OPPORTUNITY ZONE 2.0
TEXAS ECONOMIC DEVELOPMENT AND TOURISM OFFICE
OFFICE OF THE GOVERNOR

NOMINATION PACKET

In **December 2025**, EDT will make the **Opportunity Zone 2.0 Nomination Packet** available to **local economic development organizations (EDOs)** and **county judges** (for those counties with no local or regional economic development organization) and posted on the [Texas Federal Opportunity Zone website](#).

Because of the federally-imposed limit on the number of tract designations, the number of nominations EDOs and County Judges could submit for consideration to EDT will be based on the number of eligible tracts in their counties and the following schedule:

Number of Eligible Tracts	Percentage Allowed to Submit for Consideration (Maximum)
1 to 50	100%
51 to 100	90%
101 to 200	80%
201 to 300	70%
301 and over	60%

Example:

- A county with 10 eligible tracts could submit up to 10 tracts, or 100% of its eligible tracts, to EDT for consideration.
- A county with 325 eligible tracts could submit up to 195 tracts, or 60% of its eligible tracts, to EDT for consideration.

To ensure that both communities and EDT have sufficient time to review, compile and make their final determination, EDT asks that communities submit their nominations **no later than June 26, 2026**.

RESOURCES

The U.S. Department of Treasury is expected to release the **official list of eligible tracts** in **Spring 2026**. To assist communities in preparing for the nomination process, EDT has created a [Mapping Tool](#) to identify “Likely Eligible” and “Unlikely Eligible” census tracts based on the latest estimates from the American Community Survey (ACS 2019 -2023).

The [Texas Federal Opportunity Zone website](#) will be updated with the most up-to-date program information. In addition, EDT will provide communities, stakeholders and members of the public with the most up-to-date program information through official EDT email announcements.

For questions and comments, please contact the Opportunity Zone Team at OppZone2.0@gov.texas.gov or (512) 936-0100.