City of Whitewater	Community Development Authority
Meeting Date:	July 16, 2026
Agenda Item:	Memo re: Qualified Opportunity Zone (OZ 2.0) Designation Application
Staff Contact (name, email, phone):	Mason Becker, mbecker@whitewater-wi.gov, 262.443.4458

BACKGROUND

(Enter the who, what when, where, why)

The federal Tax Cuts and Jobs Act of 2017 created the Qualified Opportunity Zone program to encourage long-term private investment in economically distressed areas by offering investors tax incentives on capital gains they reinvest there. In 2018, two census tracts within the City of Whitewater, both located in the Walworth County portion of the city, were designated as Opportunity Zones under that original program.

In 2025, Congress reauthorized and made the program permanent through new legislation, creating a new round of designations commonly known as "OZ 2.0." Under OZ 2.0, states may nominate a new set of eligible census tracts to the U.S. Department of the Treasury. Wisconsin's application window is open June 11 through July 31, 2026, with the Governor submitting the state's nominations by September 28, 2026. Any new designations would take effect January 1, 2027 and remain in place for a 10-year term, through December 31, 2036.

Based on updated federal eligibility criteria and information published by the Wisconsin Economic Development Corporation (WEDC) at wedc.org/wisconsin-opportunity-zones, the same two census tracts currently designated in Whitewater remain eligible for redesignation under OZ 2.0. The Community Development Department intends to apply to have these same two tracts renominated so the City does not lose this investment tool as the program moves into its next phase.

In plain terms, a Qualified Opportunity Fund (QOF) is a privately organized investment vehicle, typically a corporation or partnership, that pools money from investors and deploys it into businesses or real estate located within designated Opportunity Zones. Investors who reinvest capital gains into a QOF can defer the tax owed on those gains, and if they hold the investment long enough, may reduce or eliminate additional tax on the growth of that investment. The program is designed to attract private capital into the designated tracts; a QOF is privately owned and managed and is entirely separate from City or CDA finances.

Opportunity Zone designation is strictly a federal tax designation tied to geography. Applying for redesignation does not commit the City or the Community Development Authority to approve any specific project, and it does not obligate the City to provide Tax Increment Financing (TIF), grants, loans, or any other form of local assistance to any development. Any project proposed within the zone, whether or not it involves a Qualified Opportunity Fund, would still go through the City's normal review and approval process.

Staff intends to submit the nomination materials to WEDC/the State ahead of the July 31, 2026 deadline and will update the Board and Council on the outcome once the Governor's submission is finalized.

PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS

(Dates, committees, action taken)

- N/A

FINANCIAL IMPACT

(If none, state N/A)

- None. Submitting the Opportunity Zone nomination has no expense to the City or the CDA, though future development or redevelopment projects could benefit if able to access Qualified Opportunity Funds.

STAFF RECOMMENDATION

- None. This memo is provided for information only.

ATTACHMENT(S) INCLUDED

(If none, state N/A)

- Map showing the two designated tracts eligible under OZ 2.0