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# Opportunity Zones Round Two Selection Process: Frequently Asked Questions

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The Opportunity Zone program provides tax incentives to taxpayers who invest in certain designated geographic areas. The program was enacted in 2017, as part of P.L. 115-97, and began operations in 2018. It was initially set to expire by the end of 2028; however, the program was permanently extended and amended in 2025 by P.L. 119-21.

Changes to the program include a new selection round for Opportunity Zones. Most 2018 selections are scheduled to lose their designation at the end of 2028. A new selection round is to choose the areas that are eligible for the tax incentives for the 10-year period from January 2027 through the end of December 2036.

The first iteration of the program, from 2018-2028 under the P.L. 115-97 rules, is referred to as “Round One Opportunity Zones.” The new selection round, starting in mid-2026 under permanent rules created by P.L. 119-21, is referred to as “Round Two Opportunity Zones.”

This report addresses questions about the upcoming selection process for Round Two Opportunity Zones.

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May 20, 2026

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Changes to the program include a new selection round for Opportunity Zones. Under current law, most 2018 selections will lose their designation at the end of 2028;<sup>2</sup> a new selection round is to choose the areas that are eligible for the tax incentives for the 10-year period from January 2027 through the end of December 2036.

The first iteration of the program, from 2018-2028 under the P.L. 115-97 rules, is referred to as “Round One Opportunity Zones.” The new selection round, starting in mid-2026 under permanent rules created by P.L. 119-21, is referred to as “Round Two Opportunity Zones.”

This report addresses questions about the upcoming selection process for Round Two Opportunity Zones.

## What Are Opportunity Zones and What Tax Incentives Are They Eligible For?

Opportunity Zones are lower-income census tracts that were selected through a multistep process. A *census tract* is a relatively compact geographic area within a single county (or county-equivalent area). Census tract borders are set by the U.S. Census Bureau for statistical purposes in consultation with local stakeholders. Census tracts usually have a population of between 1,200 and 8,000 people, with a target size of about 4,000 people.<sup>3</sup> In relatively populous areas, census tracts may roughly correspond to what some people might consider a neighborhood.<sup>4</sup>

Investors can potentially receive several tax benefits from investing in an Opportunity Zone. First, by reinvesting capital gains into a qualified opportunity fund (QOF),<sup>5</sup> an investor can defer paying income tax on the capital gains while the gains are invested.<sup>6</sup> Second, if the Opportunity Zone investment is held for at least five years, then a portion of the initial investment is exempted from income tax via an increase to the investment’s basis.<sup>7</sup> Third, if the Opportunity Zone

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<sup>1</sup> As mentioned below, by law most Opportunity Zone designations will expire at the end of 2028. However, other parts of the program had other expiration dates. For more about the expiration of the program, see CRS Report R45152, *Tax Incentives for Opportunity Zones*, by Donald J. Marples.

<sup>2</sup> Round One Opportunity Zones in Puerto Rico will expire at the end of 2027.

<sup>3</sup> U.S. Census Bureau, “Geography Program Glossary: Census Tract,” accessed May 14, 2026, [https://www.census.gov/programs-surveys/geography/about/glossary.html#par\\_textimage\\_13](https://www.census.gov/programs-surveys/geography/about/glossary.html#par_textimage_13).

<sup>4</sup> The U.S. Census Bureau provides a map of current census tracts in its TIGERweb application at <https://tigerweb.geo.census.gov/tigerweb/>.

<sup>5</sup> A *qualified opportunity fund* (QOF) is an investment vehicle formed specifically to invest in Opportunity Zones. Investments qualify for the Opportunity Zone tax incentives only if the investments are made through a QOF. QOFs must invest at least 90% of their assets in qualified Opportunity Zone property to maintain eligibility. See Internal Revenue Code (IRC) §1400Z-2(d).

<sup>6</sup> For Round One Opportunity Zone investments, the initial capital gains can be excluded from income (and therefore no tax paid) until the earlier of (1) when the investment is reduced or terminated or (2) December 31, 2026. For Round Two Opportunity Zone investments, the initial capital gains can be excluded until the earlier of (1) when the investment is reduced or terminated or (2) five years after when the investor made the qualified opportunity fund investment. See IRC §1400Z-2(b)(1).

<sup>7</sup> For Round One Opportunity Zone investments, the basis in the reinvested capital gain is increased by 10% for Opportunity Zone investments held at least five years, and by an additional 5% (to 15% total) for Opportunity Zone investments held at least seven years. For Round Two Opportunity Zone investments, the basis in the reinvested capital (continued...)

investment is held for at least 10 years, then the capital gains on the Opportunity Zone investment itself are exempt from income tax.<sup>8</sup>

QOFs are required to invest in Opportunity Zone businesses. QOFs can invest in three types of Opportunity Zone business assets:<sup>9</sup>

1. Ownership interests in Opportunity Zone businesses through owning stock.
2. Ownership interests in Opportunity Zone businesses through owning partnership interests.
3. Direct investments in Opportunity Zone business property. To qualify, the business property must be tangible property,<sup>10</sup> it must be located in an Opportunity Zone, and the business either must be the first to use the property or must substantially improve the property.<sup>11</sup>

Investments in certain types of businesses—including golf courses, country clubs, massage parlors, hot tub or suntan facilities, gambling establishments, and liquor stores—are not eligible for Opportunity Zone incentives.<sup>12</sup>

## **How Many States and Territories Are Authorized to Nominate Opportunity Zones in Round One and Round Two?**

The chief executive officers of 56 states and territories (the governors of the 50 states, American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands, and the Mayor of the District of Columbia; hereinafter “governors”) are authorized to nominate Opportunity Zones in Round One and Round Two.

## **What Was the Round One Designation Process, and When Do Those Designations Expire?**

The selection and designation process for Round One Opportunity Zones involved the following steps:

- **Step 1: Preparation (February 2018).** This step started on February 8, 2018, when the Internal Revenue Service (IRS) and the Department of the Treasury’s

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gain is increased by 10% for Opportunity Zone investments held at least five years, or by 30% for investments held in a qualified rural opportunity fund (which invests at least 90% of its assets in entirely rural Opportunity Zones). See IRC §1400Z-2(b)(2)(B).

<sup>8</sup> For Round One Opportunity Zone investments, investors may exclude the gains during the period that the Opportunity Zone investment was held if the investment was held for at least 10 years and sold on or before December 31, 2047. For Round Two Opportunity Zone investments, investors are eligible for the same exclusion at 10 years. The exclusion amount will continue to track the investment’s value up to 30 years, at which point the excludible amount is fixed at the fair market value of the investment at 30 years. See IRC §1400Z-2(c).

<sup>9</sup> IRC §1400Z-2(d)(2).

<sup>10</sup> Tangible business property includes assets such as buildings, machinery, and equipment. It does not include intangibles, such as patents, trademarks, and goodwill.

<sup>11</sup> Improvements refer to renovations made by the business after acquiring an existing property. The statutory standard for “substantial improvements” for Opportunity Zones is typically 100% of the purchase price. IRC §1400Z. For example, if a business bought an existing facility for \$500,000, that investment would count for Opportunity Zone consideration only if the business invested at least an additional \$500,000 in improving the property, for a total investment of at least \$1 million.

<sup>12</sup> IRC §1400Z-2(d)(3)(A).

Community Development Financial Institutions (CDFI) Fund both released information on the selection process.<sup>13</sup> Using the 2011-2015 American Community Survey (ACS) five-year data, the IRS and CDFI Fund identified 41,133 census tracts that qualified for selection as Opportunity Zones.<sup>14</sup>

- **Step 2: Nominations (February-April 2018).** Governors generally nominated 25% of the total number of eligible low-income communities in their state or territory.<sup>15</sup> Nominations from governors were due to the Secretary of the Treasury (Secretary) by March 21, 2018 (90 days after the enactment of P.L. 115-97). Governors could request a 30-day extension, until April 20, 2018.
- **Step 3. Certification (March-June 2018).** After receiving a nomination, the Secretary had 30 days, with an optional 30-day extension, to confirm that the nominated tracts were eligible and to certify the nominations submitted by governors.<sup>16</sup> During the Round One selection process, this step was largely a formality in practice. There is no evidence that Treasury changed or denied any nominations at this stage.
- **Step 4. Publication (April-July 2018).** Treasury published lists of certified Opportunity Zones in several groups, depending on when the nominations were submitted. The first group of 18 states and territories—all of which had submitted nominations by the March 21, 2018, deadline—was announced on April 9, 2018.<sup>17</sup> The final list with designated Opportunity Zones for all states and territories was published on July 9, 2018.<sup>18</sup>

The Department of Housing and Urban Development continues to maintain the online map of the Round One Opportunity Zones.<sup>19</sup>

Most Round One Opportunity Zone designations (those selected through the governors' process) are scheduled to expire on December 31, 2028. The exceptions are the Opportunity Zones in Puerto Rico that were designated by the Bipartisan Budget Act of 2018 (P.L. 115-123), which are scheduled to expire on December 31, 2027.<sup>20</sup>

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<sup>13</sup> The IRS released information about the timeline and procedure for making selections via Revenue Procedure 2018-16, <https://www.irs.gov/pub/irs-drop/rp-18-16.pdf>. The Community Development Financial Institutions (CDFI) Fund provided information on which census tracts were eligible for selection. The CDFI Fund information is partially archived at CDFI Fund, "Opportunity Zones Resources," last updated April 6, 2026, <https://www.cdfifund.gov/opportunity-zones>.

<sup>14</sup> These 2011-2015 ACS data were used as safe harbors—any census tract identified by the IRS and CDFI Fund as eligible using those data could be selected by a governor without additional supporting information. The U.S. Census Bureau released 2012-2016 ACS data on December 7, 2017. Governors could nominate census tracts based on that newer data, but would have to include evidence showing that the census tract qualified to be selected as an Opportunity Zone. Of the 8,764 Round One Opportunity Zones, 8,713 were selected based on the 2011-2015 data, and 51 were selected based on the 2012-2016 data.

<sup>15</sup> For states or territories with fewer than 100 eligible census tracts, the governor could choose 25 census tracts as Opportunity Zones. For states or territories with 25 or fewer eligible census tracts, the governor could choose all eligible tracts as Opportunity Zones.

<sup>16</sup> IRC §1400Z-1(b)(1)(B) and (b)(2).

<sup>17</sup> U.S. Department of the Treasury, "Treasury, IRS Announce First Round of Opportunity Zone Designations for 18 States," press release, April 9, 2018, <https://home.treasury.gov/news/press-releases/sm0341>.

<sup>18</sup> IRS, "Designated Opportunity Zones Under Internal Revenue Code § 1400Z-2," Notice 2018-48, <https://www.irs.gov/pub/irs-drop/n-18-48.pdf>.

<sup>19</sup> U.S. Department of Housing and Urban Development, "Opportunity Zones," accessed May 4, 2026, <https://www.hud.gov/opportunity-zones>.

<sup>20</sup> IRS, Revenue Procedure 2026-14, April 6, 2026, p. 5, <https://www.irs.gov/pub/irs-drop/rp-26-14.pdf>.

## What Were the Results and Impact of Round One Designations?

All states and territories nominated the maximum number of low-income communities that they were eligible to in Round One.<sup>21</sup>

Economic research on the Round One selection process found that, even among the overall lower-income group of census tracts eligible for nomination, governors were more likely to nominate census tracts with the lowest median family incomes than eligible census tracts with higher median incomes. About half of census tracts in the lowest percentile of median family income were selected; about 20% were selected among those at the 20<sup>th</sup> percentile of median income (around \$37,700); around 10% of those with a median family income at the 40<sup>th</sup> percentile (roughly \$49,300); and near zero for census tracts with a median family income at the 60<sup>th</sup> percentile (roughly \$61,400) or higher.<sup>22</sup>

Economic research also indicated significant variation in how much states and territories prioritized the low-income census tracts. Some states nominated the census tracts with the lowest median family incomes, while other states chose relatively more census tracts with higher median incomes. Four census tracts nominated by governors had a median family income above \$125,000;<sup>23</sup> one of these, in New York City, received national attention during the Amazon HQ2 search.<sup>24</sup>

Other research found that governors were 8% more likely to nominate a census tract represented by a state legislative representative of the same political party as the governor. This effect did not hold, however, if the governor chose certain nomination methods, such as requiring proportional representation across the state or territory or delegating initial nomination to local government officials.<sup>25</sup>

A preliminary report on qualified opportunity fund tax forms by two Treasury economists found that approximately \$44 billion was invested in Opportunity Zones through qualified opportunity funds from 2018 to 2020. Of that amount, 84% of total Opportunity Zone investment went to 10% of Opportunity Zones. Approximately half of the Opportunity Zones designated in Round One had not received any investment through the program as of 2020. Additionally, the likelihood of receiving an Opportunity Zone investment was greater, and the size of that investment was larger, for Opportunity Zones with higher median income, higher median house values, and higher educational attainment (as measured by the share of the population with at least a bachelor's degree). Around 60% of Opportunity Zone investments were in real estate projects.<sup>26</sup>

A series of studies found that Opportunity Zones likely do have higher levels of residential housing development than comparable areas that are not Opportunity Zones. The effect of

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<sup>21</sup> CDFI Fund, "Opportunity Zone Resources."

<sup>22</sup> Kevin Corinth and Naomi Feldman, "Are Opportunity Zones an Effective Place-Based Policy?," *Journal of Economic Perspectives* vol. 38, no. 3 (Summer 2024), pp. 113-136, <https://doi.org/10.1257/jep.38.3.113>.

<sup>23</sup> Corinth and Feldman, "Are Opportunity Zones an Effective Place-Based Policy?"

<sup>24</sup> See CRS Insight IN11007, *Amazon HQ2 and Federal Opportunity Zone Tax Incentives*, by Sean Lowry. For further information about topics discussed in CRS Insight IN11007, congressional clients may contact Anthony A. Cilluffo or Donald J. Marples.

<sup>25</sup> Mary Margaret Frank et al., "What Determines Where Opportunity Knocks? Political Affiliation in the Selection of Opportunity Zones," *Journal of Public Economics* vol. 206, article 104588 (February 2022), <https://doi.org/10.1016/j.jpubeco.2021.104588>.

<sup>26</sup> David Coyne and Craig Johnson, "Use of the Opportunity Zone Tax Incentive: What the Data Tell Us," U.S. Department of the Treasury Office of Tax Analysis Working Paper 123, July 2023, <https://home.treasury.gov/system/files/131/WP-123.pdf>.

Opportunity Zones on investment in other sectors, and on resident well-being, is less clear; studies generally show limited, if any, effect.<sup>27</sup>

## Did Eligibility Criteria Change?

Yes. Eligibility to be a low-income community for Round Two is different—specifically, stricter—than for Round One. **Table 1** summarizes the differences between eligibility criteria for Round One and Round Two Opportunity Zones. In Round One, census tracts could be eligible for OZ designation as a low-income community (LIC) based on poverty rates or median family income levels. Round Two narrows the LIC eligibility criteria on both measures. For the poverty rate test, Round Two adds a median family income test. Separately, for the median family income test, Round Two uses a 70% standard instead of an 80% standard.

Round One allowed governors to designate as Opportunity Zones a limited number of census tracts (up to 5% of all tracts chosen) that were contiguous with a low-income community and that had a median family income of not more than 125% of that low-income community tract. The contiguous higher-income tract could be chosen only if the nearby low-income community was also chosen. This could allow for larger, more coherent areas (such as an entire small town) to be designated as an Opportunity Zone; however, allowing these contiguous higher-income tracts to receive the same incentives as low-income communities could displace some of the investment that could have benefited the low-income communities. In Round One, of the 56 states and territories participating, 15 did not nominate any contiguous tracts, 26 nominated at least one but less than the maximum number they could nominate, and 15 nominated the maximum number of contiguous tracts that they could.<sup>28</sup>

Round Two eliminated the option for governors to designate contiguous tracts. The contiguous tracts chosen in Round One had, on average, higher median household income, lower unemployment rates, lower poverty rates, and higher educational attainment (as measured by the share of the population with at least a bachelor's degree) than the designated low-income communities.<sup>29</sup> Some observers called for eliminating or limiting the ability to designate contiguous tracts as a way to direct more private investment toward places with higher need.<sup>30</sup>

Round Two created a new classification for *entirely rural low-income communities*. These areas must satisfy the criteria to be a low-income community. In addition, the entire tract must be in a rural area. For this purpose, a “rural area” is defined as an area that is *not* (1) in a city or town with a population of more than 50,000 or (2) in an urbanized area contiguous and adjacent to a city or town with a population of more than 50,000.<sup>31</sup> Governors are not required to select a

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<sup>27</sup> See the studies reviewed in Corinth and Feldman, “Are Opportunity Zones an Effective Place-Based Policy?,” pp. 127-131.

<sup>28</sup> The 15 states and territories that did not nominate any contiguous tracts are Alaska, American Samoa, the District of Columbia, Florida, Georgia, Illinois, Montana, New Hampshire, New Jersey, North Dakota, the Northern Mariana Islands, Rhode Island, Texas, Utah, and Wisconsin. The 15 states and territories that nominated the maximum number of contiguous tracts they were eligible to are Colorado, Guam, Hawaii, Idaho, Kansas, Maine, Mississippi, New Mexico, Oregon, South Carolina, South Dakota, Vermont, the U.S. Virgin Islands, Washington, and West Virginia. Based on CRS analysis of CDFI Fund, “List of Designated Qualified Opportunity Zones,” last updated December 14, 2018, <https://www.cdfifund.gov/opportunity-zones>.

<sup>29</sup> For example, the average median household income of Round One designated contiguous tracts was \$56,173 (compared with \$36,103 for designated low-income communities) and the average poverty rate was 13.2% (compared with 29.2% for designated low-income communities). Coyne and Johnson, “Use of the Opportunity Zone Tax Incentive: What the Data Tell Us,” Table 1, p. 17.

<sup>30</sup> See, for example, Corinth and Feldman, “Are Opportunity Zones an Effective Place-Based Policy?,” p. 132.

<sup>31</sup> IRC §1400Z-2(b)(2)(C)(ii).

certain number of entirely rural low-income communities, and those that are selected are not, on their own, eligible for special treatment; however, a qualified opportunity fund that invests at least 90% of its assets in businesses in entirely rural low-income communities is eligible for a larger portion (30% instead of 10%) of the investor’s initial investment to be exempt from income tax if held for at least five years.<sup>32</sup> Additionally, the threshold for “substantial improvement” of existing business property is 50% of the adjusted basis (generally the acquisition cost) for property in an entirely rural low-income community, instead of 100% of the adjusted basis as for property in other low-income communities.<sup>33</sup>

**Table 1. Eligibility Criteria for Opportunity Zone Low-Income Communities for Round One and Round Two Opportunity Zones**

Criteria	Round One	Round Two
<i>Low-income community (must meet one of the two criteria below)</i>		
Poverty rate <i>or</i>	At least 20%	At least 20% <i>and</i> median family income that does not exceed 125% of the statewide or metropolitan area median family income
Median family income	Does not exceed 80% of the statewide or metropolitan area median family income	Does not exceed 70% of the statewide or metropolitan area median family income
<i>Contiguous tracts</i>		
Median family income	Tract is contiguous with a low-income community tract and the tract’s median family income is not more than 125% of the median family income of the contiguous low-income community tract	Not eligible
<i>Entirely rural low-income community</i>		
Rural area	Not defined	Meets the requirements of a low-income community and is entirely located in a rural area. A rural area is any area that is not located in a city or town with a population greater than 50,000 people or in an urbanized area contiguous and adjacent to a city or town.

**Source:** Table created by CRS based on analysis of IRC §1400Z-1.

**Notes:** When applying criteria to be a low-income community, generally the metropolitan area median family income is used for low-income communities in a metropolitan area. The statewide median family income is used for low-income communities that are not in a metropolitan area.

## Can All Round One Opportunity Zones Be Designated as Round Two Opportunity Zones?

No. Not all Round One Opportunity Zones can be redesignated as Round Two Opportunity Zones, for several reasons:

<sup>32</sup> IRC §1400Z-2(b)(2)(B).

<sup>33</sup> IRC §1400Z-2(d)(2)(D)(ii). For an explanation of “substantial improvement,” see above, “What Are Opportunity Zones and What Tax Incentives Are They Eligible For?”

- First, eligibility criteria changed (see **Table 1**), so some Round One Opportunity Zones are no longer eligible.
- Second, although census tracts are relatively stable geographic areas, their boundaries can and do change. Census tract boundary changes usually occur when population growth causes a census tract to far exceed 4,000 persons—the population threshold recommended by the U.S. Census Bureau (Census) for census tracts.<sup>34</sup> When this occurs, the single tract is usually split into two or more tracts. The IRS determined that, once the Round One Opportunity Zones were set using the census tracts in effect during 2018, those areas would retain eligibility as Round One Opportunity Zones even if Census changed tract boundaries following the 2020 decennial census.<sup>35</sup> While no area in a Round One Opportunity Zone would lose eligibility during Round One due to census tract boundary changes, it is possible that some areas could have been moved into a census tract that may not be eligible under Round Two criteria.
- Third, the number of low-income communities that each governor may nominate decreased between Round One and Round Two in most jurisdictions, as shown in **Table 2**.<sup>36</sup> Of the 56 states and territories that can nominate Opportunity Zones, the number of Opportunity Zones fell in 43, did not change in nine, and increased in four. Therefore, even if all Round One Opportunity Zones were eligible to be selected in Round Two, governors in 43 states and territories would still need to determine which areas should retain that designation. This is especially the case for Puerto Rico, where a special rule that allowed all eligible low-income communities in Puerto Rico to be designated as Opportunity Zones will expire on December 31, 2026. Under current law, the number of Opportunity Zones in Puerto Rico is set to fall from 863 to 178.

## How Many Low-Income Communities Can Each State or Territory Nominate as Opportunity Zones in Round Two?

By statute, a state or territory with 100 or more low-income communities may nominate up to 25% of the number of low-income communities in the state or territory as Opportunity Zones, rounded up to the nearest whole number. For example, if a state had 309 eligible low-income communities, then that state’s governor could nominate up to 78 Opportunity Zones ( $309 \times 0.25 = 77.25$ , which rounds up to 78). Areas with 26 to 99 low-income communities may nominate 25 Opportunity Zones. Areas with 25 or fewer low-income communities may nominate all eligible low-income communities as Opportunity Zones. These rules apply to both Round One and Round Two.<sup>37</sup>

<sup>34</sup> U.S. Census Bureau, “Geography Program Glossary: Census Tract.” Census tract boundaries can be changed through consultation with local stakeholders; however, Census prioritizes continuity and comparability in census tracts over time and discourages broad changes to census tract boundaries. U.S. Census Bureau, “Census Tracts for the 2020 Census—Final Criteria,” 83 *Federal Register* 56277, November 13, 2018, <https://www.federalregister.gov/d/2018-24567>.

<sup>35</sup> IRS, “Qualified Opportunity Zone Boundaries Unaffected by 2020 Decennial Census Changes,” Announcement 2021-10, <https://www.irs.gov/pub/irs-drop/a-21-10.pdf>.

<sup>36</sup> This is because of the stricter low-income community eligibility criteria. Both rounds allow governors to nominate 25% of the number of low-income communities in their state or territory as Opportunity Zones. However, since the number of eligible low-income communities decreased from Round One to Round Two, fewer areas can be nominated as Opportunity Zones.

<sup>37</sup> IRC §1400Z-1(d). See also IRS, Revenue Procedure 2026-14.

**Table 2** shows the maximum number of low-income communities that may be nominated by the governor of each state or territory in Round Two. This number ranges from a low of 16 in American Samoa to a high of 618 in California.

## **When Are Opportunity Zone Nominations Due to Treasury?**

By law, the Round Two selection process formally opens on July 1, 2026. The statutory deadline for governors to provide Opportunity Zone nominations to Treasury is 90 days, beginning on July 1, 2026.<sup>38</sup> This period ends on September 28, 2026. Governors can request a 30-day extension of the nomination period.<sup>39</sup> With the extension, the nomination period ends no later than October 28, 2026.<sup>40</sup>

Treasury will not consider nominations as final until the end of the nomination period. This will allow governors to revise their nominations until the end of the nomination period.<sup>41</sup>

## **What Role Do Members of Congress Have in the Opportunity Zone Nomination Process?**

Members of Congress have limited formal roles during the Opportunity Zone nomination process. By statute, the governor of each state or territory nominates an eligible low-income community to be an Opportunity Zone by providing that designation in writing to the Secretary of the Treasury. Upon receipt of nominations from governors, “the Secretary certifies such nomination and designates such tract as a qualified opportunity zone before the end of the consideration period.”<sup>42</sup> Within this process, Members of Congress might have a variety of informal roles, such as advocating for the selection of certain low-income communities, participating in any public selection process set up by a governor, educating and working with local stakeholders, and other roles.

There is precedent for Congress designating certain areas as Opportunity Zones outside of the governors’ designation process. The Bipartisan Budget Act of 2018 (P.L. 115-123) provided that every eligible low-income community in Puerto Rico be designated as an Opportunity Zone for Round One, and provided a different effective date for those designations.<sup>43</sup> This designation was originally proposed in H.R. 4667 (115<sup>th</sup> Congress), which would have provided supplemental appropriations and other disaster relief following the effects of Hurricanes Harvey, Irma, and Maria and wildfires in 2017. Of those disasters, Puerto Rico was heavily impacted by Hurricanes Irma and Maria.

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<sup>38</sup> IRC §1400Z-1(c)(2)(B).

<sup>39</sup> IRC §1400Z-1(b)(2).

<sup>40</sup> IRS, Revenue Procedure 2026-14, p. 8.

<sup>41</sup> IRS, Revenue Procedure 2026-14, p. 8.

<sup>42</sup> IRC §1400Z-1(b)(1)(B).

<sup>43</sup> The Puerto Rico designations were effective from December 22, 2017, while the nomination process designations were effective from the date of the Secretary of the Treasury’s designation, which was July 9, 2018. See IRS Notice 2018-48.

**Table 2. Opportunity Zone Selection Data for Round One and Round Two, by State or Territory**

State or Territory	Total Selected Round One Opportunity Zones	Round Two Eligible Low-Income Communities	Round Two Eligible Entirely Rural Low-Income Communities	Round Two Maximum Low-Income Communities to Nominate
Alabama	158	563	302	141
Alaska	25	32	21	25
American Samoa	16	16	16	16
Arizona	168	500	137	125
Arkansas	85	310	216	78
California	879	2,469	345	618
Colorado	126	360	101	90
Connecticut	72	243	30	61
Delaware	25	61	22	25
District of Columbia	25	66	0	25
Florida	427	1,360	284	340
Georgia	260	942	421	236
Guam	25	20	20	20
Hawaii	25	88	35	25
Idaho	28	80	32	25
Illinois	327	950	211	238
Indiana	156	501	120	126
Iowa	62	175	58	44
Kansas	74	210	76	53
Kentucky	144	545	381	137
Louisiana	150	620	309	155
Maine	32	78	74	25
Maryland	149	451	77	113
Massachusetts	138	410	58	103
Michigan	288	856	251	214
Minnesota	128	289	107	73
Mississippi	100	404	320	101
Missouri	161	523	220	131
Montana	25	58	37	25
Nebraska	44	112	28	28
Nevada	61	195	25	49
New Hampshire	27	53	36	25
New Jersey	169	516	37	129

State or Territory	Total Selected Round One Opportunity Zones	Round Two Eligible Low-Income Communities	Round Two Eligible Entirely Rural Low-Income Communities	Round Two Maximum Low-Income Communities to Nominate
New Mexico	63	257	163	65
New York	514	1,702	303	426
North Carolina	252	807	431	202
North Dakota	25	37	18	25
Northern Mariana Islands	20	19	19	19
Ohio	320	1,032	278	258
Oklahoma	117	413	188	104
Oregon	86	229	106	58
Pennsylvania	300	866	274	217
Puerto Rico	863	712	243	178
Rhode Island	25	55	1	25
South Carolina	135	445	326	112
South Dakota	25	52	35	25
Tennessee	176	507	222	127
Texas	628	2,420	524	605
U.S. Virgin Islands	14	18	18	18
Utah	46	147	30	37
Vermont	25	24	24	24
Virginia	212	607	287	152
Washington	139	394	147	99
West Virginia	55	207	207	52
Wisconsin	120	306	67	77
Wyoming	25	20	16	20
<b>Total</b>	<b>8,764</b>	<b>25,332</b>	<b>8,334</b>	<b>6,544</b>

**Source:** Table created by CRS based on Community Development Financial Institutions (CDFI) Fund, “List of Designated Qualified Opportunity Zones,” December 14, 2018, <https://www.cdfifund.gov/opportunity-zones> (for Round One Opportunity Zones) and U.S. Department of the Treasury, “Eligible LICs for Nomination as 2027 QOZs,” March 23, 2026, <https://home.treasury.gov/policy-issues/tax-policy/data-transparency/qualified-opportunity-zones> (for Round Two Opportunity Zones).

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