HAWAII’S OPPORTUNITY ZONES

A New Tax Tool for Economic Development

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The Opportunity Zone Program is an economic development initiative that uses federal tax incentives to direct investment capital to underserved low income areas, that is, targeted communities called opportunity zones. This program was established as part of the Tax Cuts and Jobs Act of 2017.

As part of this program, governors of each state were tasked with nominating opportunity zones for their respective states given specific guidelines.
CRITERIA FOR SELECTION OF OPPORTUNITY ZONES

Hawaii was authorized to designate 25 census tracts as opportunity zones.

Hawaii has 99 census tracks that meet the low-income eligibility requirement (NMTC definition) from which the state can designate not more than 25 percent as qualified opportunity zones according to the program.

Census tracts that are contiguous with low-income communities may also be designated as qualified opportunity zones if they are below 125% of the medium family income of the qualifying census tract. Only 5% of the census tracts nominated can be from contiguous tracts. Two (2) of the 25 zones nominated are qualified contiguous census tracts.
GUIDANCE GIVEN

The Treasury Department, the National Governor’s Association and several non-profits involved with opportunity zones offered the states guidance in selecting their zones:

- Eligible census tracts that have a lot of “investable assets” …. also assets that could meet the substantial improvement criteria noted in the statute;

- Overlap with other economic and community development programs. DBEDT and the counties considered overlap with:
  - NMTC (New Market Tax Credits)
  - Enterprise Zones
  - State Land Use Designations
  - Transit Oriented Development (TOD)
  - County Economic and Community Development Plans
Lagoon Dr. to Downtown, Oahu

- Opportunity Zones
- Enterprise Zones
- Current TOD Projects
- State Lands (including DHHL)
- C&C of Honolulu
- TOD Zone (1/2 mile radius)
- Rail Transit Stations
- Rail Transit Line
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