

GO Zone - RC Comparison for LA-AL-MS-New Orleans-Mobile

	<u>Renewal Communities</u>	<u>Gulf Opportunity Zones - Katrina Area</u>
Area Covered	8 HUD-designated RCs in LA-MS-AL include parts of 16 counties & parishes in the Katrina core disaster area.*	Katrina core disaster area is 91 counties & parishes in LA, MS, AL
Eligibility Criteria	Pervasive poverty, unemployment & general distress using 1990 census data, with expansions using 2000 census data	Designated for individual or individual and public assistance from FEMA
Effective Dates	1/1/02-12/31/09	8/28/05-12/31/08
Authority	Community Renewal Tax Relief Act (CRTRA) signed 12/00 & HUD regulations at 24 CFR Part 599. See IRS Publication 954	Public Laws 109-135 (GO Zone) signed 12/22/05 & 109-73 (KETRA) signed 9/23/05. See IRS Publication 4492
Employment Credits	RC Employment Credit: \$1500/yr max if employee lives & works in RC. Work Opportunity Tax Credit (WOTC) for hiring youth or summer youth RC residents. Max RC employment credit + WOTC = \$3000 yr 1 + \$1500/yr thru 2009	New WOTC category in KETRA is available for a business that operated in core area 8/28/05 to retain or hire area residents as of 8/28/05 for work anywhere in US 8/28/05-12/31/05 or in the core area 8/28/05-8/27/07. Max of \$2400 yr 1
Equipment Purchases	\$35,000 in additional Section 179 deductions compared to other small businesses if "RC business", each year 2002-2009	(1) \$100,000 in additional Section 179 deductions each year 2005-2007 (2) Liberal 50% deductions above \$100,000
Commercial/Industrial Buildings	\$12 million annual allocation 2002-2009 of 50% deductions or 10 year depreciation per RC per year max \$10 million per project for new construction or substantial rehab	Liberal 50% deductions for nonresidential real property and residential rental property if original use in the GO Zone is 8/28/05-12/31/08 - no overall cap
Capital Gains Rates	0% for property or stock of "RC business" acquired 2002-2009 and held at least 5 yrs	National rate is 15%
Cash in 2005-2006	Only for businesses that owe taxes	Increases Net Operating Loss carryback to 5 years & adds categories of losses
Business Debt & Equity	Bonus points in competitions for New Markets (NMTC) allocations	Priority allocations of \$1 billion NMTC for LA, MS, AL

* Locate your business' or employees' locations in RCs at HUD's Locator at www.hud.gov/crlocator.

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Housing Production	States allocate low-income housing credits. Formula grants are available to states and metro cities	Priority allocation of low-income housing credits to LA, MS, AL. Supplemental grants for housing. GO Zone credits for employer-provided housing
Private Activity Bonds	Mid-Delta MS USDA rural EZ can allocate \$60 million of tax-exempt bonds to "EZ businesses"	Increases tax-exempt "GO Zone Bonds" outside the state volume caps: \$2.1 billion in AL, \$7.9 billion in LA, \$4.8 billion in MS
Municipal & State Bonds	State volume caps for private activity bonds	"Advance refunding" and other provisions for restructuring debt
Education	Zero-interest Qualified Zone Academy Bonds ("QZABs") are available for public or charter schools with 35% of students eligible for subsidized lunch	QZABs same. Doubles Hope Scholarship to \$3000 & Lifetime Learning Credit to 40% & \$4000
HUD Accomplishments	2001-present: Events and publications help RCs educate local small businesses; 1/06: <i>Spotlight on Results</i> highlights effective uses of tax incentives and grant funds in HUD-designated RCs and EZs	Ongoing technical assistance efforts encompass GO Zone and RC/EZ features and promote synergism
Immediate HUD Actions - 1	Approved expansions for 3 of the 5 RCs that overlap the core disaster area and 1 of the 3 that does not; continuing work with all 4 others	
Immediate HUD Actions - 2	"Grassroots Campaign" Feb-Mar 06 to make more small businesses aware to the RC tax incentives	Include GO Zone benefits and promote synergism

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