



Dec. 28, 2018

Office of Associate Chief Counsel (Income Tax and Accounting)
Attention: Erika C. Reigle and Kyle C. Griffin
Internal Revenue Service (IRS)
1111 Constitution Avenue, NW
Washington, D.C. 20224

CC:PA:LPD:PR
(REG-115420-18)
Room 5203
Internal Revenue Service
P.O. Box 7604
Ben Franklin Station
Washington, D.C. 20044

Via Federal eRulemaking Portal

Re: Public Hearing Topic Outline on REG-115420-18: Investing in Qualified Opportunity Funds (Guidance Under §1400Z-2)

Dear Ms. Reigle and Mr. Griffin:

On behalf of the members of the Novogradac Opportunity Zones Working Group (OZ Working Group), we are responding to the Internal Revenue Service (IRS) Notice Document Citation Number REG-115420-18: Investing in Qualified Opportunity Funds (the Regulations) request for outlines of topics to be discussed at the public hearing scheduled for January 10, 2019 at 10 a.m.

Our outline, set forth in the appendix to this letter, identifies topics that we wish to make oral comments on at the public hearing and the time we wish to devote to each topic. We selected three critical topics that are addressed in our written comment letter on the Regulations dated December 28, 2018.

The three topics in which we wish to make oral comments on are:

1. Valuation methods for applying the 90-Percent and 70-Percent asset tests
2. Definition of substantial improvement
3. A grace period for qualified opportunity zone businesses to qualify



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Public Hearing Topic Outline on REG-115420-18: Investing in Qualified Opportunity Funds (Guidance Under §1400Z-2)

Opportunity Zones Working Group Hosted by Novogradac & Company LLP

The members of the OZ Working Group are participants in the community development finance field, and include investors, lenders, for-profit and nonprofit developers, community development financial institutions, community development entities, trade organizations and other related professionals. These stakeholders are working together to suggest consensus solutions to technical opportunity zones incentive issues and provide recommendations to make the opportunity zones incentive more efficient in delivering benefits to low-income communities.

We look forward to an opportunity to discuss these issues during the public hearing scheduled for Jan. 10, 2019.

Yours very truly,

Novogradac & Company LLP

Novogradac & Company LLP



Michael J. Novogradac, Managing Partner



By

John S. Sciarretti, Partner

CC: Michael Novey, Office of Tax Policy, Treasury

Julie Hanlon-Bolton, ITA, IRS

Scott Dinwiddie, Associate Chief Counsel

Attachments: Public Hearing Topic Outline on REG-115420-18: Investing in Qualified Opportunity Funds (Guidance Under §1400Z-2)

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1. Valuation methods for applying the 90-Percent and 70-Percent asset tests (4 minutes)
 - a. Issue: qualified opportunity funds and qualified opportunity zone businesses should be able to elect to use the unadjusted cost basis method to value tangible assets even if they have an applicable financial statement.
 - i. Background of the issue
 - ii. Recommendation to resolve the issue
 - iii. Statutory basis
2. Definition of substantial improvement (3 minutes)
 - a. Issue: businesses should be able to apply the substantial improvement test on an aggregate asset basis.
 - i. Background of the issue
 - ii. Recommendation to resolve the issue
 - iii. Statutory basis
3. A grace period for qualified opportunity zone businesses to qualify (3 minutes)
 - a. Issue: qualified opportunity zone businesses need time to qualify
 - i. Background of the issue
 - ii. Recommendation to resolve the issue
 - iii. Statutory basis