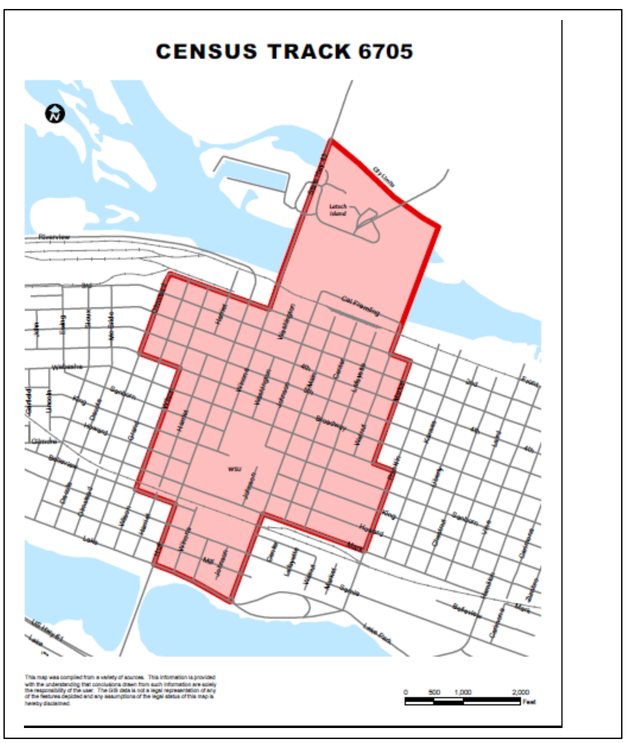
WINONA'S OPPORTUNITY ZONE
NEW INCENTIVE FOR DOWNTOWN DEVELOPMENT

In early 2018, the City of Winona and Port Authority requested and received Opportunity Zone designation from Governor Mark Daytona and the Federal Government.

What is an Opportunity Zone?
Opportunity Zones were added to the tax code by the Tax Cuts and Jobs Act in December of 2017. Opportunity Zones provide certain tax incentives for private investors who are willing to invest funds in areas of a community that have historically shown signs of economic distress.

What is the purpose of an Opportunity Zone?
Opportunity Zones are designed to be an economic development tool that provides jobs and investment in areas that have received Opportunity Zone designation.

Where is Winona's Opportunity Zone?
Winona's Opportunity Zone is located in what is known as Census Tract 6705. As the map below indicates, the area includes much of Downtown Winona, the Winona State University Campus and the surrounding area. A full map is available at www.portofwinona.com .



Just how do Opportunity Zones work?
As has been mentioned, they are designed to spur economic development by providing tax incentives for investors.

Here's is an example:

- Joe and Jane Smith decide to sell a piece of property or sell some stock they have owned for some time.
- After the sale, the Smith's realize a capital gain/profit/taxable income of $100,000.
- Instead of paying taxes on that capital gain, the Smiths decide to create an Opportunity Fund and invest that $100,000 in a commercial property located in Winona's Opportunity Zone.
    1) If after 5 years the Smith's decide to "cash out" of that asset located in the Opportunity Zone, they would pay capital gains taxes on 90% of that original $100,000 investment. (They would pay taxes on $90,000 rather than the original $100,000)
    2) If they held that asset for 7 years prior to "cashing out", they would pay taxes on 85% of the original $100,000. (They would pay taxes on $85,000 rather than $100,000)
    3) Here's the "big benefit". If the Smith's hold on to the asset located in the Opportunity Zone for 10 years and cash out of the asset, they would pay no capital gains on the sale of that asset that is located in the Opportunity Zone. The original capital gain would be at the reduced amount.

I'm interested, where can I learn more?
There are a number of excellent web sites (the IRS has some great information: https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions) that discuss the pros and cons of Opportunity Zones. Prior to making any financial commitment it is strongly suggested that you discuss Opportunity Zone investment with your trusted Tax Accountant/Financial Advisor.