

# POTTSTOWN CITIZENS FOR Responsible GOVERNMENT

## New investment incentive

Late this year or early next year, downtown Pottstown will become a lot more attractive to investors.

As The Mercury reported Sunday, three Pottstown census tracts have been designated as "Opportunity Zones" by Gov. Tom Wolf. There are only four in Montgomery County; Norristown has the fourth.

Here's where the money's coming from: Investors hold trillions of dollars of stocks, bonds, and real estate that are worth a lot more than when they first bought them. When investors cash in, they must pay a capital gains tax on the profits.

But, under a provision of last year's federal tax reform law, investors can now invest those profits in an Opportunity Zone and defer payment of the capital gains tax.

Moreover, any profits they make on businesses or real estate in an Opportunity Zone will not be subject to the capital gains tax, as long as the investor holds on to the property for at least ten years.

In addition, the federal government will forgive up to 15 percent of the capital gains tax on the profits originally invested.

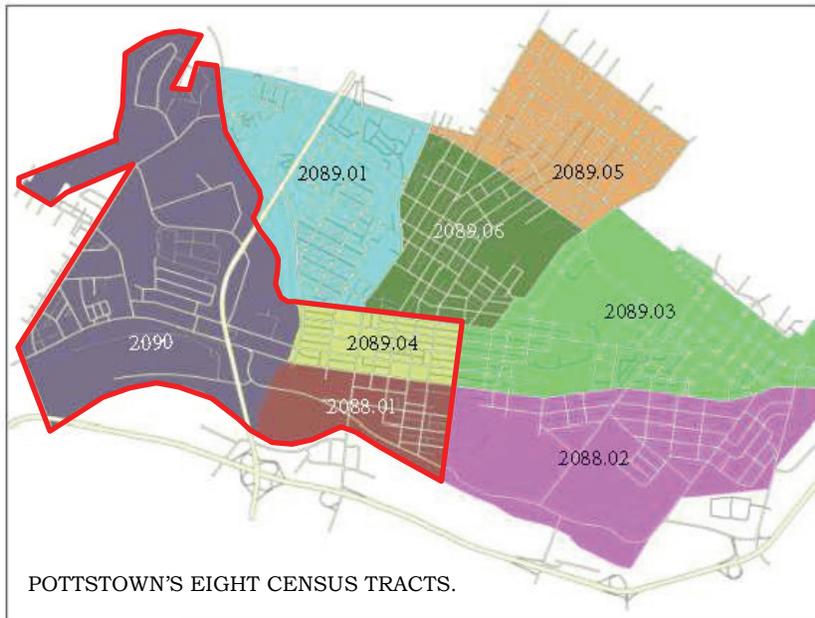
To take advantage of the Opportunity Zone tax benefits, investors must set up an Opportunity Fund. Let's suppose Opportunity Fund investors buy a High Street building for \$500,000, renovate it, and 15 years later sell it for \$1.5 million. The investors will pay no capital gains tax on the \$1 million profit, and the tax on the original \$500,000 is reduced by 15 percent.

Gov. Wolf was empowered under the law to chose 300 census tracts statewide out of a pool of 1,200 low-income tracts. Pottstown's designation for all three eligible tracts is a coup for Pottstown's PAID director, Peggy Lee-Clark, who applied in cooperation with the borough.

It didn't hurt that Gov. Wolf is a graduate of The Hill School who's visited Pottstown twice in the last two years at the behest of the school and knows of our struggles.



Commentary by  
Thomas Hylton



POTTSTOWN'S EIGHT CENSUS TRACTS.

**OPPORTUNITY ZONES — Three Pottstown census tracts (outlined in red) have been designated by Gov. Tom Wolf as opportunity zones. Any businesses and properties improved in these tracts, which include the downtown, will be exempted from federal capital gains taxes if they are held for at least ten years.**