



Opportunity Zones 2.0 – West Virginia

A permanent tool empowering long-term investment and community revitalization.

Opportunity Zones: What are they?

Opportunity Zones (OZs for short) are federally designated census tracts where private investors can receive significant tax advantages for investing in long-term projects that drive economic and community development. Investors who place capital into a Qualified Opportunity Fund (QOF) that, in turn, invests in a designated OZ tract may access three primary federal tax benefits: tax deferral, partial tax exclusion, and a step-up in basis on eligible gains.

With the recent federal authorization of Opportunity Zones 2.0, the program now continues as a permanent tool for long-term investment.

Opportunity Zones 2.0: A Stronger, Permanent Program

Opportunity Zones 2.0 builds on the first program, adding new enhancements that strengthen its impact. This presents greater rewards for both investors and communities. Even better, this solution has no end date, and the designation of the zones is refreshed every 10 years to keep pace with investor interest and community needs.

West Virginia’s Division of Economic Development (WVDED) has been appointed by Governor Morrisey to manage the Opportunity Zone 2.0 nomination process. WVDED will require that tract nominations be submitted by local economic development authorities, county commissions, or regional planning councils (“nominating entities”). Nominations should be submitted no later than July 1, 2026.

Eligibility Updates

- Latest 2020–2024 American Community Survey (ACS) data enables more accurate community assessments
- More precise definitions of low-income communities
- New rural designations to ensure small and remote West Virginia communities benefit
- Contiguous tract restriction to prioritize truly underserved areas

Enhanced Rural Incentives

- Regular OZ investments receive a 10% basis step-up after a 5-year holding period, while the new rural designations provide a 30% basis step-up for QROF investments in rural areas after 5 years. This is a significant benefit for West Virginia, as the majority of our eligible tracts are expected to qualify as rural.
- Reduced substantial improvement requirement (now 50%), meaning projects no longer need to invest at least double the property’s basis to qualify.
- Designed to improve project feasibility in rural markets, like much of West Virginia.

WEST VIRGINIA TRACT SELECTION KEY DATES

APRIL 2026

U.S. Treasury released the list of eligible census tracts for Opportunity Zones 2.0.

MAY 1 – JULY 1, 2026

West Virginia Division of Economic Development accepts tract nominations.

JULY 1, 2026

Federal nomination window opens (90-day submission period).

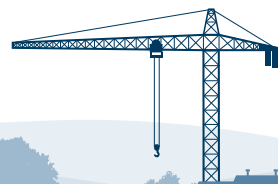
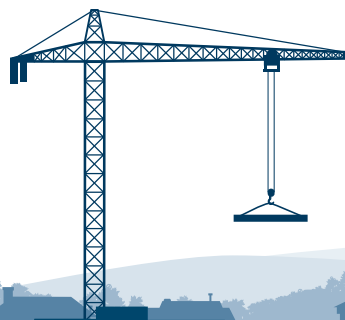
Governor selects tracts to be nominated to U.S. Treasury.

LATE 2026

U.S. Treasury certifies the final Opportunity Zone 2.0 tracts.

JANUARY 1, 2027

New Opportunity Zone designations take effect.



Eligible Tracts in West Virginia

Federal criteria based on 2020-2024 ACS data, published in January 2026, was used by the U.S. Treasury to identify 207 eligible tracts in West Virginia. Of these, only approximately 52 tracts can be selected and certified. In order to be considered eligible for OZ 2.0 designation, census tracts needed:

- A poverty rate of 20 percent or higher OR
- A median family income (MFI) less than 70 percent of the relevant benchmark
- Ineligible tracts adjacent to eligible tracts cannot be nominated or certified under OZ 2.0

Tract designations should be based on the following guidance:

- **Prioritize Tracts for Nomination.**

Prioritize census tracts for nomination by emphasizing clear alignment with existing community and industry priorities and expectations for impactful return on investment (ROI). Nominating entities should work closely with partner organizations and local governments to ensure each nomination reflects a shared strategy for investment. Individuals wishing to nominate a tract should work through their relevant nominating entities to advocate for submission.

This collaboration should demonstrate how the region will work together to support investment in the nominated tract, tying submissions to current projects, industry priorities, and community plans to strengthen the case for designation.

- **Connect to Strategy.**

Demonstrate how OZ designation advances existing regional goals such as housing, healthcare, downtown revitalization, workforce development, tourism, cultural assets, and broader economic initiatives already underway.

- **Advance Project Readiness.**

Communities should prioritize tracts where private capital can realistically deploy in 24–48 months and where investments drive growth in the community.

- **Engage Local Investors.**

Engage local investors by assessing interest and building awareness of OZ 2.0. Consult with financial institutions to determine whether Opportunity Zone funds are on their radar and actively promote and educate high-net-worth individuals, institutions, and area businesses on the benefits of OZ 2.0 and how targeted investments can support regional development.

GET IN TOUCH!

- Go to WestVirginia.gov/OZ
- Review the list of potentially eligible tracts on the map
- Submit your feedback through the online form

Questions?

Additional guidance, information, resources and updates about Opportunity Zones 2.0 is available at the following federal websites:

- **IRS** – Regulatory guidance, compliance requirements and tax treatment
www.irs.gov/newsroom/opportunity-zones
- **U.S. Treasury** – Eligibility lists, certification process and program updates
home.treasury.gov/policy-issues/tax-policy/data-transparency/qualified-opportunity-zones
- **HUD** – General resources, eligible programs and federal updates
www.hud.gov/opportunity-zones/resources
- **CDFA** – Financing tools, OZ education and national best practice
www.cdfa.net/p/OZ-Hub.html
- **West Virginia Division of Economic Development** – updates webpage as guidance is published

If you would like to connect directly about Opportunity Zones 2.0, call 304-558-2234 to connect with a team member.

