

# Ellensburg's Opportunity Zones Offer Investors Significant Tax Benefits

1/3/2019 - Opportunity Zones are a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. The Opportunity Zones program provides a tax incentive for investors to re-invest their unrealized capital gains into Qualified Opportunity Funds (QOF) that are dedicated to investing into Opportunity Zones designated by each state.

Investors can reinvest their gains from sales of stock and other types of capital assets into a Qualified Opportunity Fund, thus taking advantage of three distinct federal income tax benefits:

- Deferral of federal income tax on the otherwise realized capital gain by investing the “gain dollars” into a QOF;
- Receive a partial basis “step-up” for the investment for the QOF. The 5-year and 7-year holding periods are measured by and between the date of acquisition of the QOF investment and December 31, 2026;
- Permanent exclusion of the capital gains arising from any increase in value and the sale or exchange of the investment in the QOF from federal income tax, if the investment is held for at least 10 years.

Combined, the tracts in Ellensburg total more than 6120 acres. Of that, 22 percent is designated for commercial or industrial use; 2540 acres of vacant land are ready for development.

**Census tract 5303797-5600** includes portions of Central Washington University, the Historic District and Main Street to I-90. The tract includes the city's warehouse district and is bisected by the BNSF railroad line. Sixty percent of the tract lies within the incorporated city, with the remaining 40 percent within the Urban Growth Area.

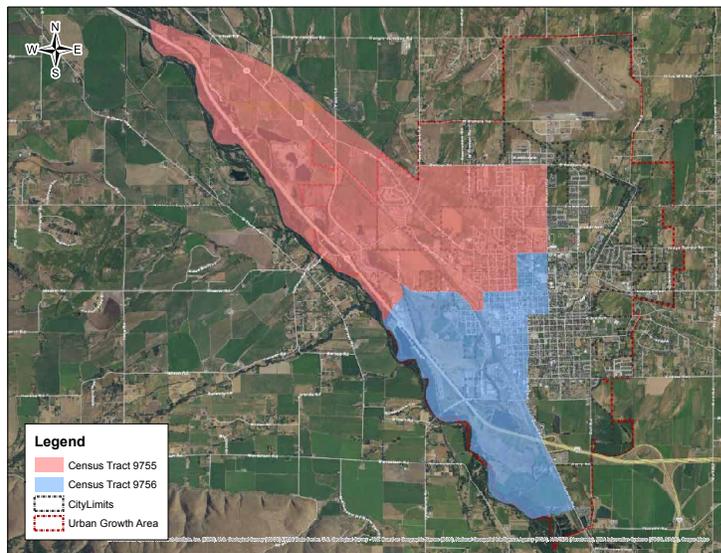
This tract comprises over 2,000 acres with 44 percent designated development-ready with direct access to Interstate 90 and 82, rail, and all utilities including high speed internet.

Zoning allows for a broad mix of developments: Residential Suburban, Central Commercial, Commercial Highway, Central Commercial II and Light Industrial.

**Census tract 5303797-5500** lies north and west of tract 5600. It runs in a SE-NW direction with I-90 as the southwestern border and the Iron Horse Trail acting as the northeastern border. Fifty percent of the tract lies within the incorporated city or Urban Growth Area, with the remaining sited on county land.

Zoning allows for diverse applications: Light Industrial, Commercial Highway, Urban Residential, General Commercial, Residential Suburban, Residential Office and Commercial Tourist.

## Ellensburg's Diverse Opportunity Zones



# Community Assets Position your Business for Success

## **Ellensburg offers investors a low cost of doing business.**

The average cost for light industrial is less than \$2 per sf for vacant land, avg. \$70 per sf for commercial buildings and retail space is less than \$1.50 per sf. The retail sales tax rate is 8.3 percent; the average (commercial) electricity rate in Ellensburg is 5.69¢/kWh, 25.91 percent less than the Washington average of 7.68¢/kWh.

**Centrally located.** Located just east of the Cascade Mountains at the intersection of I-90, I-82, and Hwy 97, Ellensburg lies in the heart of the state. Drive times to major metropolitan markets: Seattle/2 hours, Spokane/3 hours, Wenatchee/1.25 hours, Yakima/35 minutes.

**Centrally connected.** Ellensburg lies in a geographical nexus of north-south and east-west fiber routes, serviced by major regional and national carriers such as Noel, NoaNet, Consolidated Communications, Spectrum, and CenturyLink. This has created an ideal business environment with 100 Mbps speeds and 100 percent saturation of broadband (25Mbps+) in the surrounding area.

**Central Washington University creates a highly educated workforce.** Over thirty-two percent of adults in Ellensburg hold at least a bachelor's degree. The comprehensive university hosts more than 10,000 undergraduate and graduate students. Since 2008, the state of Washington has invested more than a quarter billion dollars in state-of-the-art infrastructure and facilities in Ellensburg's CWU campus, including a computer

science facility, which opened fall of 2018.

## **Ellensburg residents enjoy unparalleled quality of life.**

Nestled between the Cascade Mountains and the Columbia River, Ellensburg is surrounded by unmatched natural beauty. This sunny region receives just 9 inches of rain a year, providing perfect conditions for biking, hiking, fishing, and a host of other outdoor activities along with a year-round calendar of arts, music and cultural festivals and events.

**Historic downtown district.** Nearly \$30 million in private investment has transformed Ellensburg's historic downtown, where eclectic shops, galleries, restaurants, and vibrant historic buildings line the streets. Shoppers can stroll quaint downtown sidewalks and share a shady bench with the famous Ellensburg Bull. The seasonal weekend farmer's market brings delicious local food and fresh produce, regional crafts, and diverse entertainment downtown. This bike-friendly community has been named one of the top distinctive destinations and most beautiful towns in Washington. Includes 16 blocks of a National Register Historic District, which allow for inclusion of National Historic Tax Credits and local Special Valuation as part of your development package.

**And we are growing.** The U.S. Census designated Ellensburg as one of the top micropolitan regions in the nation for population growth. Net migration to Ellensburg in 2020 was 3.37%, exceeding the state's average of 1.45%.

For current information on Opportunity Funds, visit the IRS website and the FAQ section or the Community Development Financial Institutions Fund webpage.

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