



Illinois Department of Commerce & Economic Opportunity

JB Pritzker, Governor

Opportunity Zones in Illinois

Frequently Asked Questions

1) What is an Opportunity Zone?

An Opportunity Zone (OZ) is a federally designated area (census tract) where investors can receive tax benefits for reinvesting capital gains into local businesses and projects. These areas are eligible based on federal economic need criteria, such as lower incomes or higher poverty rates compared with surrounding areas.

2) Who can benefit from Opportunity Zones?

Investors may receive federal tax benefits when they reinvest capital gains through Qualified Opportunity Funds (into projects or businesses located in Opportunity Zones. Developers and local communities can benefit when those investments support quality jobs, housing, and businesses that align with community priorities.

3) Do residents or small businesses inside an Opportunity Zone automatically get a tax break?

No. The federal tax incentives are for investors who reinvest capital gains through Qualified Opportunity Funds into eligible projects and businesses in designated zones.

4) What is a Qualified Opportunity Fund?

A Qualified Opportunity Fund (QOF) is an investment vehicle, usually a partnership or corporation, that is set up to exclusively invest in eligible property and businesses located in Opportunity Zones. If establishing their own QOF, investors are encouraged to seek the advice of tax professionals. Investors must place their capital gains into a QOF to receive the federal OZ tax benefits.

5) How do I find out if a specific address is in an Illinois Opportunity Zone?

You can use [Illinois's Opportunity Zone map](#) and related tools on [DCEO's website](#) to search by address and see whether it falls inside a designated zone. Many national, third-party mapping tools exist to allow users to view current OZ tracts and potential future-eligible tracts to help with planning.

6) Are the current Illinois Opportunity Zones going away?

Illinois's 327 existing Opportunity Zones remain in place through the end of 2028, and qualifying investments made under those rules are expected to keep their tax benefits, subject to final IRS guidance. New investments into OZ 1.0 Qualified Opportunity Funds will stop at the end of 2026. Beginning January 1, 2027, a new set of opportunity zone designations will take then effect based on updated federal criteria and state nominations.

7) What is “OZ 2.0”?

OZ 2.0 is the second iteration of the Opportunity Zone incentive, which is permanent and redesigned on a recurring 10-year cycle, starting with a new designation round in 2026 for zones that will be active in 2027. Eligibility rules are tighter, there are new transparency and reporting requirements to track outcomes, and additional benefits have been added for Rural Opportunity Zones.

8) What are “Rural Opportunity Zones”?

OZ 2.0 creates enhanced Rural Opportunity Zones for eligible tracts outside or not adjacent to municipalities with more than 50,000 residents. These rural tracts can offer a higher basis step-up (30 percent instead of 10 percent) for qualifying investors, making them especially attractive.

9) How is Illinois deciding which areas to nominate for OZ 2.0?

Illinois is developing a data-backed scoring framework that looks at economic need, investment potential, and how well each tract lines up with other state tools and priorities. The State will also gather local input through a public nomination portal where communities and partners can recommend tracts and describe project pipelines and community priorities.

10) How can local governments, economic developers, or community groups get involved?

Local partners can submit proposed tracts and supporting narratives through the OZ 2.0 nomination portal hosted by DCEO on our [Illinois Opportunity Zones webpage](#). Communities can prepare by reviewing existing and potential future-eligible tracts, identifying potential projects, and aligning OZ ideas with local and regional plans.

11) Who should I contact at DCEO with Opportunity Zone questions?

Stakeholders can contact DCEO directly using the ceo.opportunityzones@illinois.gov with any questions about Illinois’ OZs, OZ 2.0, or potential projects. Businesses exploring expansion or relocation can also work with DCEO’s business development team to understand how Opportunity Zones fit alongside other state incentives.