



Department of the Treasury
Office of Tax Analysis

March 2026

Eligibility Criteria for Determining Census
Tracts Eligible to be Nominated as 2027
Qualified Opportunity Zones under
§ 70421 of the One, Big, Beautiful Bill Act

Taxpayers who invest in certain low-income census tracts that have been designated as Qualified Opportunity Zones (QOZs) are eligible to receive certain tax benefits. Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA), amended §§ 1400Z-1 and 1400Z-2 of the Internal Revenue Code (Code) to modify the Opportunity Zone tax incentive. Eligible low-income census tracts that are nominated by the chief executive officers (CEOs) of the States, U.S. territories, and the District of Columbia¹ and certified and designated by the Secretary of the Treasury (Secretary) in 2026 will be effective for 10 years beginning on January 1, 2027 (2027 QOZs).

By statute, a population census tract is deemed eligible to be nominated as a QOZ if it is a low-income community (LIC). Section 1400Z-1(c)(1) defines an LIC as a population census tract that has a median family income (MFI) not exceeding 70 percent of the areawide MFI or that has a poverty rate of at least 20 percent combined with an MFI that does not exceed 125 percent of the areawide MFI. See Rev. Proc. 2026-14 for more information.²

A. Determining MFI

MFI is determined using variable B19113 from the 2020-2024 American Community Survey (ACS) 5-year estimates for the 50 States, District of Columbia, and Puerto Rico. For census tracts in American Samoa, Guam, the Northern Mariana Islands, and U.S. Virgin Islands, the Department of the Treasury (Treasury) used the variable PBG63 from the Demographic and Housing Characteristics File of the 2020 Island Areas Census. State- and core-based statistical area (CBSA)³-level MFI are determined using the same variables from the same sources at the appropriate geographic levels.

B. Determining the poverty rate

The poverty rate is determined using variable S1701 from the 2020-2024 ACS 5-year estimates for the 50 States, District of Columbia, and Puerto Rico. For tracts in American Samoa, Guam, the Northern Mariana Islands, and U.S. Virgin Islands, Treasury used the variable PBG73 from the Demographic and Housing Characteristics File of the 2020 Island Areas Census.

¹ For purposes of this methodology, the term “State” means any State, any territory of the United States, and the District of Columbia. See §§ 1400Z-1(c)(3) and 7701(a)(10) of the Code.

² Rev. Proc. 2026-14: <https://www.irs.gov/pub/irs-drop/rp-26-14.pdf>

³ According to the Census Bureau, CBSAs consist of the county or counties (or equivalent entities) associated with at least one core (urban area) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties.

C. Determining applicable comparison area

For census tracts within a CBSA, the applicable comparison area is the CBSA. For census tracts outside of a CBSA, the applicable comparison area is the State.

D. Treatment of census tracts with missing values for the poverty rate or MFI

- a. For census tracts that have an MFI that is 70 percent of the areawide MFI or less, but no information on poverty rate, the census tract is assumed to be an eligible LIC.
- b. For census tracts that have a poverty rate at least 20 percent but no information for MFI, the tract is assumed to be an eligible LIC.
- c. For census tracts missing information on both MFI and poverty rate, the census tract is deemed ineligible.