

**Rick Reames III, J.D., LL.M (Tax)**  
Member  
Admitted in SC

December 17, 2018

CC:PA:LPD:PR (REG-115420-18)  
Room 5203, Internal Revenue Service  
P.O. Box 7604 Ben Franklin Station  
Washington, DC 20044

Re: Comments to Opportunity Zone Regulations

Dear Sir/Madam:

Enclosed please find comments to the above-proposed regulations made by my client, Springbrook Mental Health. I ask that you place these comments in line for review and dissemination.

In addition, to the extent you are compiling a list of addressees or interested parties, please add me at the contact information on this letter to that list. Thank you in advance for your consideration and cooperation in this matter.

Charleston  
Charlotte  
**Columbia**  
Greensboro  
Greenville  
Hilton Head  
Myrtle Beach  
Raleigh

Very truly yours,



Rick Reames III

RR/sld

cc: Richard W. Hills, Jr.

Enclosures

Springbrook Behavioral Health  
1 Havenwood Lane, Suite B  
Travelers Rest, SC 29690

CC:PA:LPD:PR (REG-115420-18)  
Room 5203, Internal Revenue Service  
P.O. Box 7604, Ben Franklin Station  
Washington, DC 20044

Re: Comments on Opportunity Zone proposed IRS regulations  
REG-115420-18 RIN-1545-BP03  
Investing in Qualified Opportunity Funds  
Subject: Regulatory Flexibility Act

These proposed regulations state that, "it is hereby certified that these proposed regulations, if adopted, would not have a significant economic impact on a substantial number of small entities that are directly affected by the proposed regulations."  
This statement is simply not correct as follows:

- While large corporations may be involved facilitating Qualified Opportunity Zone Funds, such large corporations are not subject to long-term capital gains.
- Small businesses are typically owned by individuals who pay the business taxes through subchapter S, partnerships, etc. and thus these business and/or their owners are subject to long-term capital gains.
- Small business owners are often in the middle to high income tax brackets, and are very likely to be impacted as individuals or business owners by the proposed regulations.
- There is more small business in the United States than large business.
- New business frequently start as small business and may start in or move to a qualified Opportunity Zone
- Existing business in Qualified Opportunity Zones have not volunteered to be in said zones and most likely will be impacted by these regulations.
- Small business pays significant taxes and is a significant element of our economy.
- Minority business is frequently small business and is a significant element of our economy.

We are an existing Certified Veteran Owned Small Business in a Qualified Opportunity Zone and these regulations have and will continue to have a significant impact our community, our business, our owners and our employees.

Hence, we respectfully request that you do not assume that these proposed regulations will not effect individuals and small business and that said small business have voluntarily elected to be effected by these regulations.

Your consideration of this request is appreciated.

Enclosures: CC Chief Counsel for Advocacy of the Small Business  
Administration for comment on its impact on small business

Richard W. Hills, Jr.,  
President  
Springbrook Behavioral Health

Springbrook Behavioral Health  
1 Havenwood Lane, Suite B  
Travelers Rest, SC 29690

Comments on Opportunity Zone proposed IRS regulations

Section 1400Z-2 – Special Rules for Capital Gains Invested in Opportunity  
Zones Rev. Rul, 2018-29

On page 3, section 1400Z-2(d)(2)(D)(ii) states, "tangible property used in a QOF trade or business is treated as substantially improved by the QOF only if, during any 30-month period beginning after the date of acquisition of such tangible property, additions to basis with respect to such tangible property in the hands of the QOF exceed an amount equal to the adjusted basis of such tangible property at the beginning of such 30-month period in the hands of the QOF."

This regulation simply assumes that there are no worthwhile buildings or small business in Opportunity Zones. This simply is not true. It is our observation that such zones frequently have a handful of successful small business with well-maintained buildings that employ local people and are the cornerstone of the community.

We, for example, are a certified, Service Disabled Veteran Owned Small Business who employ approximately 300 employees. We have been in business for some 39 years. The question for business like ours is will these regulations work to help us to continue to support our community, push us out of the community, or simply work to put us out of business.

If allowed to operate as intended, it appears that Opportunity Zone regulations would not only simulate new business, but would also work to expand stable existing business and improve our community for everyone.

Toward this end, we request that term "substantial improvement" be capped at a reasonable level for small business, but not more than one million dollars. We ask that the above regulation be modified as follows: ...additions to basis with respect to such tangible property in the hands of the QOF be increased by the lesser of one million dollars (\$1,000,000.00) or an amount equal to the adjusted basis of such tangible property at the beginning of such 30-month period in the hands of the QOF.

Your consideration of this proposed change is appreciated

Springbrook Behavioral Health  
1 Havenwood Lane, Suite B  
Travelers Rest, SC 29690

Comments on Opportunity Zone proposed IRS  
Regulations REG-115420-18  
RIN 1545-BP03

Investing in Qualified Opportunity Funds

Subject: Notice of Change of Opportunity

#### Status

In working to develop Opportunity Zone projects, we have become aware of the concern of risk associated with the possible change in Qualified Opportunity Zone status of a specific parcel of property before the project reaches the investment stage. For many projects, Developers must make a significant investment in time and money in many areas including but not limited to engineering, architecture, legal, etc. fees and meet local, state, and federal regulations before investment stage of forming the Opportunity Zone Fund can be formed and funded. In our expertise, it is not unusual for this process to take up to three years. For this reason, we request that this risk be minimized by having these regulations provide for a reasonable notice of three years or more before Qualified Opportunity Zone Status is removed or modified in any way. Alternatively, we request that certain projects that are in-process be grandfathered from any changes that might reduce or eliminate benefits.

Your consideration of this request is appreciated.