



TTAA Legislative & Regulatory Update

October 6, 2025

Little Progress in Talks as Government Shutdown Reaches Sixth Day

The federal government remains partially closed for a sixth day today, with few signs that Republican and Democratic lawmakers are moving closer to an agreement to restore funding.

President Trump on Sunday blamed Democrats for the stalemate, telling reporters, "It's taking place right now, and it's all because of the Democrats," when asked about potential federal layoffs. He did not specify which agencies could be affected.

The standoff has deepened partisan divisions in Washington, where both sides are betting public opinion will pressure the other to yield. So far, neither party has presented a clear plan to resolve the impasse, leaving federal workers and agencies uncertain about when operations might return to normal.

Treasury, IRS Guidance for Opportunity Zone Investments in Rural Areas

The Department of the Treasury and the Internal Revenue Service issued guidance on Qualified Opportunity Zone investments in rural areas as provided for under the One, Big, Beautiful Bill.

In 2018, certain economically distressed census tracts in the United States and its territories were designated as Qualified Opportunity Zones by the Treasury Department. Taxpayers who invest in QOZs receive certain tax benefits for their investments as an incentive to improve economic growth and job creation in these underserved communities.

What's new under the OBBB - Tax Incentives

Notice 2025-50 PDF provides clarification on two important OBBB provisions: the definition of "rural area" and the application of the substantial improvement threshold for certain improvements to property located in a QOZ that is comprised entirely of a rural area.

- Under the new law, a rural area means any area other than a city or town with a population greater than 50,000, and any urbanized area contiguous and adjacent to a city or town with a population greater than 50,000. This definition applies to States, the District of Columbia and U.S. territories.
- The OBBB modified the substantial improvement threshold for improvements to property located in a QOZ that is comprised entirely of a rural area. As of July 4, 2025, the substantial improvement threshold for required additions to the basis for property located in these QOZs was reduced from 100 percent to 50 percent.

These changes are intended to offer enhanced QOZ tax incentives for investing in underserved rural areas and to address the unique challenges of rural development. There are currently 8,764 QOZs in the United States, many of which have experienced a lack of investment for decades. The notice released today by the Treasury Department and the IRS identifies 3,309 of those QOZs as comprised entirely of a rural area. A list of all current, designated QOZs is found in Notice 2018-48 PDF.

More information

Notice 2025-50 applies to all tangible property located in a QOZ that is comprised entirely of a rural area on or after July 4, 2025, and that has been, or is in the process of being, substantially improved. The Treasury Department and the IRS intend to issue future guidance on the forthcoming round of opportunity zones authorized by the OBBB, including the nomination and designation procedures.

For more information, refer to the [One, Big, Beautiful Bill provisions](#) page on IRS.gov.



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