

Ohio Corporate Site Location Incentives Overview



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Create a Competitive Advantage = Lobbying + Project Funding

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Ohio Corporate Site Location Tax Incentive Options

The Ohio Department of Development has prepared the following Economic Development Incentive Overview.

The **Job Creation Tax Credit** is a refundable tax credit to companies generally creating at least 10 new jobs (within three years) with a minimum annual payroll of \$660,000 that pay at least 150 percent of the federal minimum wage. The tax credit is measured as a percentage of the state income tax withholdings for all new employees hired under the program, and is applied toward the company's commercial activity tax liability. Should the amount of the credit exceed the company's commercial activity tax liability for any given year, the difference is refunded. A business must apply for the credit before committing to the project. Applicants must be approved through the Ohio Tax Credit Authority before hiring begins.

The **Job Retention Tax Credit** is a non-refundable tax credit to companies retaining at least 500 full-time jobs in Ohio. Companies must also commit to a fixed-asset investment of \$50 million for manufacturing and \$20 million for corporate and professional services. The credit is measured as a percentage of the state income tax withholdings for all employees retained under the program. The tax credit rates for approved projects can be up to 75 percent for 15 years. A business must be approved for the credit by the Ohio Tax Credit Authority before committing to the project.

The **Research and Development Investment Tax Credit** provides a non-refundable tax credit up to seven percent for qualified research and development expenses. Qualifying expenses fit into two categories: in-house research expenses and contracted research expenses. Any unused portion of a tax credit may be carried forward for up to seven years.

The **Ohio Enterprise Zone Program** provides real property tax incentives for businesses that expand or relocate in Ohio. To establish an Enterprise Zone, a municipality or county must apply to the Director of Development for certification. To secure benefits businesses must apply to the local community. Certain qualifying businesses may be eligible for additional benefits.

Community Reinvestment Areas provide companies locating in a designated Community Reinvestment Area an exemption of up to 100 percent of improvement value for up to for 15 years on real property taxes. To be eligible, a company must make an agreement with the local community prior to going forward with the qualifying project.

The **Technology Investment Tax Credit Program** provides a tax credit to Ohio taxpayers that invest in qualified small, Ohio-based technology companies. The tax credit is generally 25 percent of the amount invested by the taxpayer.



The **Ohio Historic Preservation Tax Credit Program** provides a tax credit to building owners of historically significant buildings for rehabilitation. Applicants are selected in a competitive process. The tax credit subsidy is 25 percent of qualified rehabilitation expenditures, not to exceed \$5 million. Qualified rehabilitation expenditures are hard construction costs that meet the requirements of the U.S. Secretary of Interior's standards for rehabilitation of historic properties. The tax credit can be applied to an applicable dealer in tangible, corporate franchise, or state income taxes.

The **Ohio New Markets Tax Credit Program** will help finance business or real estate investments in low-income communities by providing investors with state tax credits in exchange for delivering below market -rate investment options to Ohio businesses, sparking revitalization in Ohio's low-income communities.

The **Ohio Motion Picture Tax Credit** provides a refundable credit against the corporation franchise or income tax for various Ohio productions. The tax credit is available to applicants making eligible productions as certified by the Director of Development. The tax credit is equal to 25 percent of non-wage and nonresident wage Ohio production expenditures and 35 percent of Ohio resident wage production expenditures.

Volume Cap provides a federal tax benefit by allowing eligible issuers to issue tax exempt Private Activity Bonds up to a state limit known as the "Volume Cap." The State of Ohio's allocation of Volume Cap is determined annually by the Internal Revenue Service on a per capita basis, and may be used for projects consisting of multi-family housing, single-family housing, exempt facilities, manufacturing, and student loan bonds.

The **Research and Development Investment Loan Fund** provides loan financing between \$500,000 and \$5 million for projects primarily engaging in research and development activity. Rates are fixed (at or below market rates) with other loan terms similar to those of commercial bank financing. Companies receive a dollar-for-dollar, nonrefundable Ohio commercial activity tax credit for principal and interest payments made during the year up to \$150,000 during the loan term.

The **Ohio Enterprise Bond Fund** provides revenue bond financing through an S&P rated fund, whereby proceeds from the sale of bonds are loaned to companies for fixed-rate, long-term capital asset financing. Rates are market-driven and fixed prior to funding. Loan terms range between seven to 10 years for equipment and 15 to 20 years for real estate. Up to \$10 million in financing is available through the program.

The **166 Direct Loan** provides loans for land and building acquisition, construction, expansion, or renovation, and equipment purchases for eligible businesses. The program provides low-interest loans up to \$1.5 million.

The **Regional 166 Direct Loan** provides loans for land and building acquisition, construction, expansion, or renovation, and equipment purchases for eligible businesses.



Local economic development agencies administer the program. It provides low-interest loans up to 75 percent collateral value, not to exceed \$500,000.

The **Innovation Ohio Loan Fund** provides loans for acquisition, construction, and related capital costs of technology, facilities, and equipment purchases. The fund was created to assist existing Ohio companies in developing next-generation products and services within the state's Targeted Industry Sectors.

The **Urban Redevelopment Loan** provides low-interest loans to municipalities or designated nonprofit economic development organizations to acquire real estate for assembly into developable parcels and remediate any brownfield contamination to entice private business investment in distressed urban locations.

The **Ohio Capital Access Program** encourages lending to businesses creating or retaining jobs by establishing a unique credit enhancement reserve account at participating Capital Access Program lenders. The state, the lender, and the business each make a small contribution to the account. The reserve account is available to the lender for recovery of losses associated with any loan the lender has enrolled in the program.

The **Ohio Minority Business Direct Loan Program** provides fixed, low-interest rate loans to certified minority-owned businesses that are purchasing or improving fixed assets and creating or retaining jobs. The loans can be used to finance up to 60 percent of the project value and require participation by another lender.

The **BrownField Revolving Loan Fund**, capitalized by a grant from the U.S. Environmental Protection Agency, offers below market rate loans to assist with the remediation of a brownfield property to return the property to a productive economic use in the community.

Economic Development Grants can be used for the acquisition of machinery and equipment, new building construction, building acquisition, on- or off-site infrastructure improvements, and other fixed asset investments. Funds are available for manufacturing, research and development, high technology, corporate headquarters, and distribution projects. Given the demand for limited grant funds, qualified projects must involve substantial job creation or retention.

Roadwork Development (629) funds are available for public roadway improvements, including engineering and design costs. Funds are available for projects primarily involving manufacturing, research and development, high technology, corporate headquarters, and distribution activity. Projects must typically create or retain jobs. Grants are usually provided to a local jurisdiction and require local participation.

The **Ohio Workforce Guarantee** supports companies that are making investments in facilities, equipment, and training that result in the retention and creation of jobs for Ohioans. The program provides direct financial support to employers for training, paying



for a portion of instructor salaries, materials, travel, and special needs. Ohio Regional Workforce Directors are located at the Department's Regional Economic Development Offices around the state and are ready to provide free assistance in preparing an application.

