



Ohio Department of Development Incentives Summary



Strengthen our Strengths

Tax Incentives

Community Reinvestment Areas provide local real property tax incentives for residents and businesses that invest in designated areas of Ohio. In order to apply, the municipality or county must apply to the State Development Director for confirmation. Investors meeting the local criteria must apply to the municipality or county for the real property tax exemption.

Enterprise Zones provide real and personal property tax incentives for businesses that expand or relocate in Ohio. In order to apply, the municipality or county must apply to the State Development Director for certification. To secure benefits, non-retail businesses must apply to the local community for local property tax exemptions and to the Director of Development for state franchise or state income tax incentives.

The **Job Creation Tax Credit** is a refundable tax credit to companies creating at least 25 full-time jobs (within three years) in Ohio. The credit may also be available for certain high-wage industries creating 10 or more full-time jobs within three years. 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. Approved projects generally range between a 25 and 55 percent credit for a period of five to seven years. The business must apply for the credit before committing to the project.

The **Job Retention Tax Credit** is a non-refundable tax credit to companies retaining at least 1,000 full-time jobs in Ohio. Companies must also commit to new fixed-asset investment of either \$100 million, if the average wages of the retained jobs exceeds 400 percent of the federal minimum wage (equal to \$29.00 per hour), or \$200 million, if the average wage amount of the retained jobs does not exceed 400 percent of the federal minimum wage. The credit is measured as a percentage of the state income tax withholdings for all employees retained under the program. Approved projects range up to 75 percent for 10 years. The business must apply for the credit before committing to the project.

The **Research and Development Investment Tax Credit** is a non-refundable Ohio commercial activity tax credit for all investment in qualified research expenses incurred in Ohio by eligible "C" corporations. Qualified research expenses are based on Section 41 definitions in the U.S. Internal Revenue Code and include expenses for both in-house and contract research expenses. The amount of the credit is based on 7 percent of the amount of all qualified investment in a specific year. The credit can be carried forward for up to seven years.

Loans

Research & Development Investment Loan Fund provides loan financing of between \$1 million and \$5 million for projects primarily engaging in research and development activity. Rates are fixed (at or below market rates) with terms similar to those of commercial bank financing. Companies receive a dollar-for-dollar, non-refundable Ohio commercial activity tax credit for all principal and interest payments during the year.

Ohio Enterprise Bond Fund provides revenue bond financing through this S&P AA- (double A-minus) rated fund, whereby proceeds from the sale of bonds is loaned to companies for fixed rate, long-term capital asset financing. Rates are fixed depending on the type of bond issued, with terms between seven to ten years for equipment and 15 to 20 years for real estate. Up to \$10 million in financing is available through this program.

166 Direct Loan provides direct loan financing to help finance manufacturing and other eligible facilities. Eligible uses for funding include new building construction, building acquisition, and acquisition of machinery and equipment. Amounts of financing are usually set at 30 percent of the project cost (to a maximum of \$1 million), subject to an increase by the Director of Development, with a minimum loan amount of \$350,000. The rate is fixed (at or below market rates) with terms similar to those of commercial bank financing. Eligible projects must involve significant job creation or retention.

Regional 166 Direct Loan provides loans for land and building acquisition, construction, expansion or renovation, and equipment purchases for eligible businesses. Twelve local economic development agencies administer the program. The Regional 166 Direct Loan program was created to promote economic development, business expansion and job creation by providing financial assistance for eligible projects in the State of Ohio. It provides low-interest loans up to \$350,000 to businesses willing to commit.

Volume Cap allows eligible issuers the ability to issue tax exempt Private Activity Bonds up to a state limit known as "Volume Cap," determined annually on a per capita basis for projects consisting of multi-family housing, single-family housing, exempt facilities, manufacturing, and student loan bonds.

Rural Industrial Park Loan provides direct loans to rural, distressed local communities and applicants committed to creating well-planned industrial parks. The Rural Industrial Park Loan program was created to provide direct loans to local communities and applicants committed to creating well-planned industrial parks.

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 site to entice private business investment in distressed urban locations. The Urban Redevelopment Loan program was created to remove barriers to urban core redevelopment thereby promoting economic development and business expansion through financial assistance for eligible projects in Ohio.

Innovation Ohio Loan Fund provides loans for acquisition, construction, and related costs of technology, facilities and equipment purchase. The fund was created to assist existing Ohio companies develop next-generation products and services within certain Targeted Industry Sectors. The Innovation Ohio Loan Fund provides competitive financing terms on loans to finance projects that will positively impact Ohio by creating high-value jobs, increasing tax revenues, and improving the economic welfare of Ohio.

Grants

Roadwork Development (629) Funds are available for public roadway improvements, including engineering and design costs. These 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 the local jurisdiction and require local participation.

Industrial Site Improvement Fund assists geographically and/or economically disadvantaged counties around Ohio in the expansion and modernization of buildings, remediation of environmentally contaminated property, and completion of other infrastructure improvements at sites used primarily for commercial or industrial activities.

Ohio Job Ready Sites Program was created to bolster our state's inventory of available facility locations served by utility and transportation infrastructure. Sites improved under the program are kept at and ready for future business prospects seeking locations for new or expanded operations. The State of Ohio will sell \$150 million in bonds during a seven-year period to fund the availability of Job Ready Sites Program grant awards. The grants may be used to offset costs traditionally incurred in industrial and commercial site development, from acquisition of real property to utility upgrades to construction build-out of speculative facilities.

The Ohio Energy Office administers the **Ohio Advanced Energy Fund** to connect companies and communities with financial and technical resources to deploy energy efficiency and renewable energy technologies, and to support advanced energy economic development.

The Ohio Energy Office administers the **State Energy Plan** and conducts special projects to promote awareness, develop capacity, deploy projects, and provide technical assistance, training, and outreach for renewable energy technologies, alternative fuels infrastructure, energy efficient buildings, fuel cells, and industrial process efficiency.

The **Alternative Fuel Transportation Grant** improves air quality through grants to businesses, nonprofit organizations, school systems or local governments for the purchase and installation of alternative fuel refueling, blending, or distribution facilities and terminals. Current incentives are focused on retail fuel distributors and school systems.

Rapid Outreach funds are used for on- or off-site infrastructure improvements, including water, sewer, road, and rail improvements. These funds are given to companies primarily engaged in manufacturing, research and development, high technology, corporate headquarters, and distribution. Given the demand for limited grant funds, qualified projects must involve substantial job creation or retention, and all other public and private sources of financing must be considered before the availability of Rapid Outreach funding is determined.

Ohio Capital Access Program encourages lending to businesses creating or retaining jobs by establishing a unique loan "guarantee" reserve account at a Capital Access Program lending institution. 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.

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.

Ohio Minority business Bonding Program provides bid, performance, and payment surety bonds to state-certified minority-owned businesses that are unable to obtain bonding through standard surety companies.

Ohio Third Frontier is a \$1.6 billion initiative to expand Ohio's high-tech research capabilities and promote innovation and company formation, which in turn will create high-paying jobs for generations to come.

- Wright Centers of Innovation
- Research and Commercialization Programs
- Wright Projects
- Ohio Research Scholars
- Pre-seed and Seed Fund Initiatives
- Entrepreneurial Signature Programs
- Advanced Energy and Fuel Cell Programs
- Ohio Research Commercialization Grant Programs
- Innovation Ohio Loan Fund
- Targeted Industry Attraction Program
- Internship Programs

Ohio's Thomas Edison Program fosters the advancement of applied research and development with the long-term objective of increasing the competitiveness of existing Ohio companies and encouraging the start-up of new Ohio firms on the leading edge of technology.

Seven Edison Technology Centers

1. MAGNET
2. Edison Materials Technology Center
3. Edison Welding Institute
4. EISC/CIFT
5. Ohio's IT Alliance
6. BioOhio
7. TechSolve

Ten Edison Technology Incubators

1. Regional Growth Partnership – Launch Program
2. Hamilton County Business Center
3. Braintree Center for Business Innovation
4. Great Lakes Innovation and Development Enterprise
5. Akron Global Business Accelerator
6. The Entrepreneurs Center
7. Youngstown Business Incubator
8. TechColumbus
9. The Innovation Center at Ohio University
10. Jumpstart, Inc.

Ohio Venture Capital Authority seeks to drive entrepreneurial growth, job creation, and economic prosperity in Ohio by creating a "fund of funds" portfolio of seed and early stage capital investments. The Ohio Venture Capital Authority includes 17 funds resulting in almost \$100 million in investments to Ohio companies.

Ohio's Technology Investment Tax Credit Program provides a tax credit for Ohio taxpayers that invest in small, Ohio-based technology companies, which is 25 percent of the amount invested by the taxpayer. The investments were incentivized by \$26.3 million in technology investment tax credits.



Cultivate Top Talent

The goal of the **Workforce Guarantee Program** is to provide 100 percent reimbursable training grants to employers in targeted industry sectors that are creating at least 20 job positions with qualified entry-level and incumbent workers. Projects will be funded up to \$750,000 and the amount per project will be determined on a threshold training investment of \$3,000 per participant.

- Targeted Industry Sectors
- Logistics,
- Information Technology
- Advanced Manufacturing
- Bioscience
- Advanced Energy
- Agriculture/Agribusiness
- Healthcare

The goal of the **Ohio Investment and Training Program** is to provide 50 percent reimbursable training grants directly to Ohio companies when companies make investments that create or retention jobs. The program is formula-based dependent on average hourly wage and number of trainees.

The **Appalachian Training Investment Program** assists smaller companies in defraying some of the costs associated with employee training. Since grant recipients can receive up to \$30,000, and a consortium of businesses (no fewer than three eligible and qualifying businesses), can receive up to \$50,000.



Invest in our Regional Assets

The **Home Energy Assistance Program** is a federally funded program designed to assist eligible low-income Ohioans with a one-time payment on their winter heating bills. Benefit is based on funding levels, household size, and total gross household income.

The **Winter Crisis Program** provides a one-time payment to restore or retain home heating services. Bulk fuel users must certify in writing that they have less than a 10 day supply of bulk fuel. The program runs from November 1 to March 31.

Households who qualify for the **Summer Crisis Program** are eligible for up to \$100 assistance with a current electric bill, fan, and/or air conditioner.

The **Percentage of Income Payment Plan** is a special payment plan that protects customers from disconnection of service, as long as they follow the program's rules about monthly payments. Customers must pay 10 percent of their monthly income to the company that provides their primary heating source year-round.

The **Home Weatherization Assistance Program** is a federally funded, low-income residential energy efficiency program that reduces the energy use of qualified households throughout the state. Program services include:

- attic, wall and basement insulation
- blower door guided air leakage reduction
- heating system repairs or replacements
- electric base-load measures safety inspections
- testing and customer education focused on maintaining their homes once weatherized

Community Services Block Grants are granted to non-profit Community Action Agencies. The agencies coordinate and link public and private resources, and focus these resources on specific poverty issues at the community level. Funds are expended for a broad range of services, which include:

- Employment
- Education
- Income
- Management
- Housing
- Emergency services
- Nutrition
- Linkages (information and referral counseling, outreach, senior services and family development).

Electric Partnership Program serves low-income residents who have high electricity usage. The program is designed to improve the electric efficiency of low-income households. Services provided:

- discussion with consumer on how electricity is used in the home
- major appliances are monitored to determine how much electricity they use
- information on how much electricity different items use
- information on actions the consumer can take to reduce electric usage and stay comfortable
- installation of cost effective energy efficient items.

The Appalachian Regional Commission has provided a funding allocation that is to be dedicated to the following areas: alternative and advanced energy development, telecommunications, entrepreneurship, and asset-based development. Projects that fall under any of these four categories are eligible for funding under the **Regional Initiative Program**.

The **Distressed County** status qualification is also based on low per capita income, high rates of poverty and unemployment. In the past, the distressed county program focused mainly on providing public facilities, clean drinking water, sanitary waste disposal, and human resource projects such as literacy training. In 2000, the Commission approved the creation of a new enhanced program for these counties. The program has a two parts: capacity-building effort and a telecommunications/information technology initiative. Again, only applicants in distressed counties are eligible for these projects with funding requests up to 80 percent.

The **Appalachian Regional Commission's Federal Access Road Program** aims to better link the region's businesses, communities, and residents to the Appalachian Development Highway System and to other key parts of the region's transportation network. The program offers a flexible approach designed to meet local needs and provides financing mechanisms to support a variety of economic development opportunities throughout the region.

The **Community Investment Funds** consist of state planning grants and contingency grants. These are funds where communities demonstrate an opportunity to develop assets or create jobs. Eligible applicants can apply for up to \$10,000 in funds including units of local government, non-profit organizations, community improvement corporations, port authority, and community action corporations. Community Investment grants require a 50 percent cash match by the grantee and all funds are provided on a reimbursement basis only. Community Investment funds can be used to purchase sustainable assets that can be used for five years.

The **Rapid Response Fund** consists of state dollars set aside by the Governor's Office of Appalachia Director to be made available for projects that have an immediate need or have a significant job creation component. This fund permits the Director to respond quickly to projects that will have a significant impact in a short period of time. Eligible applicants are community improvement corporations, port authorities, units of local government, and non-profit organizations. Rapid Response grants follow the same guidelines as Appalachia Regional Commission area development. Job creation is strongly emphasized when committing Rapid Response funds.

The **Clean Ohio Revitalization Fund** is a key financial component to help a community build economic capacity by providing funding for brownfield redevelopment. Brownfield redevelopment allows a community to reclaim and improve its lands, making property viable for new development.

Ohio Historic Preservation Tax Credit Program provides a tax credit for the rehabilitation expenses to owners of historically significant buildings. The tax credit subsidy is 25 percent of qualified rehabilitation expenditures, not to exceed the cap of \$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 applicable dealer in tangible, corporate franchise, or state income taxes.

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.