

Resources for Investing in Ohio's Future

Ohio Tax Credit Incentives

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 **Job Retention Refundable Tax Credit** is a refundable tax credit to companies retaining at least 500 full-time jobs with an associated payroll of \$20 million or \$35 million in existing payroll at a project site in Ohio. Companies must also commit to a fixed-asset investment of at least \$5 million. 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 **Qualified Energy Project Tax Exemption** promotes the deployment of alternative energy sources in Ohio by exempting the public utility tangible personal property tax and the real property tax for "energy facilities" in favor of an affordable, fixed annual payment in lieu of taxes for the life of the facility. Owners of large "energy facilities" must repair roadways damaged in the construction of the facility, train and equip emergency personnel, develop relationships with members of the university system of Ohio to promote education in alternative energy, and remain in compliance with all applicable federal, state, and local regulations.

The **InvestOhio Program** promotes investments in Ohio small businesses by offering a 10 percent personal income tax credit to investors. Investors must obtain an equity interest in the business in return for their investment and the small business must reinvest the investor's capital in eligible property that will be used in Ohio within six months of its receipt. The investor must retain his or her ownership interest and the business must retain its purchased property until the end of a holding period, currently set at two 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.

Ohio Loan and Bond Programs

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, non-refundable 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 40% not to exceed \$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 up to 75% ranging from \$500,000 to \$1.5 million.

Energy Loan Fund for Public Entities is a federally-funded program that provides low-cost financing to state agencies, public colleges or universities, school districts, local governments, and nonprofit organizations for energy improvements that reduce energy usage and associated costs, reduce fossil fuel emissions, and/or create or retain jobs. Eligible activities include energy audits, energy retrofits, conservation programs, energy distribution technologies, building codes and renewable energy technologies. Projects must achieve 15% reduction in energy usage, demonstrate economic and environmental impacts and be included within a long-term energy strategy of the community served.

The **Advanced Energy Fund** is a clean energy public benefits fund that invests in energy efficiency and renewable energy projects for customers in participating utility companies – American Electric Power, First Energy, Dayton Power & Light, and Duke Energy. To date, nearly \$60 million has been utilized to support nearly 700 projects for residential, commercial and industrial customers to reduce energy use, lower utility costs, improve environmental quality and create jobs. Low-cost financing is available for eligible projects.

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 40 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.

Business Grant Programs

The **Office of Energy** administers the federally-funded **State Energy Program** that invests in Ohio communities to deploy projects that reduce energy use and improve environmental quality; and provide technical assistance, training, and outreach for renewable energy technologies, alternative fuels infrastructure, energy efficient buildings, fuel cells, and industrial process efficiency.

The **Ohio Job Ready Sites Program** bolsters our state's inventory of development-ready sites served by utility and transportation infrastructure. Sites improved under the program are made ready for future business prospects seeking locations for new or expanding operations. 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.

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 **Alternative Fuel Transportation Program** 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.

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

Additional Economic Development Incentives

Site Selection Assistance, using www.OhioInsite.com and a network of local economic development organizations, is available to help identify commercial sites and building opportunities for new business investment projects. Information on available properties is maintained by a partnership between state and local economic developers and is available online at www.OhioInsite.com.

The **Economic Development Program** awards federal funds to eligible units of local governments for economic development projects that create and/or retain permanent, private-sector job opportunities. Applications are accepted on an open-window basis and are evaluated in part on the basis of community distress, unemployment rate, and low- and moderate-income population. Other considerations include program effectiveness, job quality, and leveraging ratio of program funds and overall community impact. The grants provide financial assistance through local governments to private entities (via loans) for economic development projects; and for public improvements directly related to business retention, expansion, or creation. Loan repayments from private entities are retained at the local level to capitalize Revolving Loan Funds for additional business assistance activities.

The **Microenterprise Business Development Program** provides funds on a competitive basis to eligible units of local government and nonprofit organizations to assist with the development of local microenterprise businesses. Microenterprises are commonly defined as for-profit entities with fewer than five employees, one of whom owns the business.

The **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.

The **Ohio Third Frontier** is a \$2.3 billion initiative that supports applied research and commercialization, entrepreneurial assistance, early-stage capital formation, and expansion of a skilled talent pool that can foster technology-based economic growth. The Ohio Third Frontier's strategic intent is to create an "innovation ecosystem" that supports the efficient and seamless transition of great ideas from the laboratory to the marketplace. In FY 2012, the Ohio Third Frontier will support a number of programs in the categories of:

- 1) Open Innovation;
- 2) Entrepreneurial Support; and
- 3) Value Chain Development.

The **Edison Technology Centers** foster the advancement of applied research and development with the long-term objective of increasing the competitiveness of existing companies within Ohio's key industry sectors. Edison Technology Centers provide a variety of product and process innovation and commercialization services that result in new product designs, enhanced productivity, and cost reduction measures for established and early-stage businesses.

Edison Technology Centers

- BioOhio
- CIFT, Center for Innovative Food Technology
- EMTEC, the Edison Materials Technology Center
- EWI, the Edison Welding Institute
- MAGNET, the Manufacturing Advocacy & Growth Network
- PolymerOhio
- TechSolve

The **Edison Technology Incubators** significantly increases Ohio's technology-based entrepreneurial commercialization outcomes by providing business assistance and access to capital to accelerate the growth of early-stage Ohio technology companies. Our Edison partners, strategically located to serve every region of our state, deliver world-class assistance to Ohio's emerging growth companies.

Edison Technology Incubators

- Akron Global Business Accelerator
- BioEnterprise
- BIOSTART
- Braintree Center for Business Innovation
- The Entrepreneurs Center
- Great Lakes Innovation and Development Enterprise
- Hamilton County Business Center
- The Innovation Center at Ohio University
- Jumpstart, Inc.
- MAGNET Incubator
- TechColumbus
- University of Toledo
- Youngstown Business Incubator

The **Ohio Capital Fund** is designed to increase the availability of venture capital for Ohio technology companies. The Fund invests in private venture capital funds which, in turn, look to invest in Ohio-based seed or early-stage technology companies. The Fund's activities are governed by an Investment Policy overseen by the **Ohio Venture Capital Authority**. Through December 31, 2008, the Fund had made investment commitments totaling \$125 million in 23 venture capital funds that have in turn, invested in 55 Ohio companies.

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.

The **Ohio Third Frontier Internship Program** was established in 2002 to link Ohio students with rewarding internship opportunities that provide hands-on experience within Ohio's private sector business community. The goal is to build a talented workforce for the future and assist students in gaining valuable work experiences that can lead to permanent, full-time employment in Ohio after graduation.

The Program will reimburse up to 50 percent of an intern's wages, or no more than \$3,000 for a 12-month period. Following an intern's graduation, a firm will have the opportunity to offer full-time employment to an individual who is well prepared for a future career with an organization. The Ohio Third Frontier Internship Program

is available to businesses that can provide one or more of the following types of internships:

- Advanced manufacturing
- Advanced materials
- Bioscience
- Information technology
- Instruments, controls, and electronics
- Power and propulsion

The **Appalachian Training Investment Partnership Program** assists smaller companies (fewer than 500 employees) in defraying a portion of the costs associated with employee training. The state's General Revenue Fund matches \$200,000 per fiscal year with the federal Appalachia Regional Commission's \$200,000 in funding to assist companies located in any of Ohio's 32 Appalachian counties. Because the Appalachian Training Investment Partnership can be designated as pilot/demonstration projects, pre- and post-assessments, pre-employment activities, curriculum development, and consortia-based training projects can be considered for funding.

OhioMeansJobs.com is an employer-driven job matching system that combines job listings from major job boards, newspapers, associations, and company websites to create a comprehensive listing of jobs throughout Ohio. Job seekers can browse through nearly 100,000 employment opportunities by job title, keyword, pay range, and location – all for free. Employers who register through the **Ohio Business Gateway** can also browse through thousands of resumes for free. Ohio is the first state in the nation to offer free access to a publicly-funded online recruitment system.

The **Appalachian Regional Commission** provides funding allocation that is dedicated to 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 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 created a capacity-building effort and a telecommunications/information technology initiative. Only applicants in Distressed Counties are eligible for these projects. Funding requests can be provided up to 80 percent of the project cost.

The **Appalachian Regional Commission's Federal Access Road Program** better links 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 Governor's Office of Appalachia **Rapid Response Fund** is for projects that have an immediate need or have a significant job creation component. This fund permits the Governor's Office of Appalachia 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 nonprofit organizations. Rapid Response grants follow the same guidelines as the 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 helping 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. Grants are made through a competitive process that includes local evaluation.

Contact Information



800 | 848 1300

Department of
Development

www.development.ohio.gov

Business Services Division

614 | 466 3379
www.business.development.ohio.gov

Office of Business Assistance

Office of Export Assistance
614 | 466 5363
www.globalmarkets.development.ohio.gov

Office of Minority Business
614 | 466 5700
www.minority.development.ohio.gov

Office of Small Business
614 | 466 6797
energy@development.ohio.gov
www.energy.development.ohio.gov

Office of Strategic Business Investment
614 | 466 4551
strategicbusinessinvestment@development.ohio.gov
www.business.development.ohio.gov

Technology Investments Office
614 | 466 3887
technology@development.ohio.gov
www.technology.development.ohio.gov

Community Services Division

614 | 466 5863
www.community.development.ohio.gov

Governor's Office of Appalachia
614 | 644 9228
goa@development.ohio.gov
www.appalachia.development.ohio.gov

Office of Community Assistance
614 | 466 6207
ocs@development.ohio.gov

Office of Community Development
614 | 466 2285
ohcp@development.ohio.gov

Office of Energy
614 | 466 6797
energy@development.ohio.gov
www.energy.development.ohio.gov

Office of Redevelopment
614 | 995 2292
urban@development.ohio.gov
www.urban.development.ohio.gov



614 | 224 6446

www.jobs-ohio.com

JobsOhio Network Partners

Central Region
Columbus 2020!
614 | 225 6063
www.columbusregion.com

Northeast Region
Team NEO
216 | 363 5400
www.clevelandplusbusiness.com

Northwest Region
Regional Growth Partnership
419 | 252 2700 x 313
www.rgp.org

Southeast Region
Appalachian Business Council
740 | 753 5359
www.appalachianohio.org

Southwest Region
Cincinnati USA Partnership
513 | 579 3100
www.cincinnatiusa.org/econ.aspx

Western Region
Dayton Development Coalition
937 | 222 4422
www.daytonregion.com



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