

**MACHINERY AND EQUIPMENT INVESTMENT GRANT/MACHINERY
AND EQUIPMENT INVESTMENT TAX CREDIT
INVESTMENT TAX CREDIT CAP AND RELOCATION ISSUES**

There are no specific relocation restrictions applicable to companies intending to claim the incentives through the M&E Investment Grant/M&E Investment Tax Credit. Assets may be moved or taken out of service at the company's discretion, subject only to the total credit limit of one million dollars pursuant to Ohio Revised Code Section 122.173(B)(2)(a) or Ohio Revised Code Section 5733.33 (B)(3)(a). This section applies specifically to corporations and to individual taxpayers through cross-reference within Section 5747.31 (C)(1).

If a total grant/credit of more than one million dollars is to be claimed, the business must be able to demonstrate that the cost of all manufacturing machinery and equipment owned within the state on the last day of the calendar year exceeds the cost of all manufacturing machinery and equipment owned in Ohio on the first day of the calendar year in which the eligible purchases were made. If a company is unable to demonstrate the above condition, and wishes to claim a grant/credit in excess of one million dollars, they must request a waiver from the Director of the Ohio Department of Development (ODOD). Obtaining a waiver will allow them to claim a grant/credit in excess of one million dollars even though they reduced the overall cost of machinery and equipment in Ohio.

Scenarios

1. Grant/credit to be claimed is less than or equal to one million dollars. No waiver or other conditions apply regardless of business relocation or machinery and equipment taken out of service.
2. Grant/credit to be claimed is greater than one million dollars and the increase in total cost of Ohio machinery and equipment condition is met. No waiver is necessary. The business must be able to document condition (see sample letter).
3. Grant/credit to be claimed is greater than one million dollars and the increase in the total cost of Ohio machinery and equipment condition is not met. A waiver is necessary in order for the business to claim the incentive. ODOD may issue a waiver based upon the Director's determination that the grant/credit is necessary to increase or retain employees in Ohio, and that the credit has not caused relocation for the primary purpose of qualifying for the credit (see sample waiver).

If you have any questions relating to this credit, please contact the ODOD Office of Tax Incentives at (614) 466-4551.