

Ohio New Markets Tax Credit: Program Guidelines

1. Application Process and Timeline:

- 1.1. The Ohio Development Services Agency (“Development”) will allocate the full amount of authorized tax credits for each fiscal year through an annual competitive application process.
- 1.2. Development will accept applications on an annual schedule (rounds) for Application Periods for State of Ohio fiscal years starting in 2011 (beginning July 1, 2010). Distinct application review and approval periods shall be referred to as rounds. The following schedule will guide Round 4:
 - **Round 4 (April 1, 2013 – June 28, 2013)**
 - Application Released – April 1st, 2013
 - Application Submission Deadline – May 20th, 2013
 - Application Review Period – May 20th, 2013 – June 10th, 2013
 - Approved Applicants Announced – June/July 2013
- 1.3. The Applicant must submit one completed original application and one electronic copy on compact disc to the Ohio Development Services Agency, Office of Redevelopment, 77 S. High Street, 26th Floor, Columbus, Ohio 43215.
- 1.4. To be considered, the Applicant will be required to pay a non-refundable application fee as established in the fee schedule in these guidelines by the application submission deadline.
- 1.5. Once an application has been submitted, it may not be amended during the application submission period. An applicant may, however, withdraw its application and submit a new application prior to the final day of the application submission period.
- 1.6. Applications must be received by close of business (5 p.m. Eastern Time) the final day of the application submission period to be considered in that evaluation period. Any application received after the last day of the application submission period will not be evaluated.
- 1.7. An application review period will follow the application deadline. During this review period, applications will be reviewed for completeness. Development may request that applicants provide additional information. Applicants may only submit additional information in direct response to correspondence from Development. If the applicant does not submit the requested information within 10 business days of the request, the application will be evaluated as submitted.
- 1.8. While applications will be evaluated based on the criteria outlined in the application it is not the sole determinant for the selection of allocatees. The Director will balance the program objectives, program guidelines and products offered to ensure that all program goals will be met.
- 1.9. The Director will make a determination with respect to each application by the final day of the Application Period. The Director shall notify all applicants in writing of the status of an application following completion of the Application Period.
- 1.10. All applicants are eligible to re-apply in any of the following rounds. Applicants are required to submit a new application to be considered for following rounds.

2. Allocation Agreements:

- 2.1. Approved applicants (“state allocatees”) are required to sign an allocation agreement with Development prior to initiating any business activities related to the Ohio New Markets Tax Credit program. The agreement will describe in detail the investment parameters agreed to by the applicant during the application process. These include, but are not limited to:
 - 2.1..1. Investments shall meet the program objectives as identified by the applicant in the application.
 - 2.1..2. All financial products must be offered as described in the application.
 - 2.1..3. Investments shall meet the community impact measures (poverty level, median family income and unemployment rate) identified by the applicant in its application.
 - 2.1..4. Investments shall meet the percentage of planned investments of their allocated federal New Markets Tax Credits in Ohio.
 - 2.1..5. Investments shall meet the identified commitment levels to Qualified Active Low-Income Community Businesses (QALICBs) as identified by the applicant in the application.

- 2.1..6. Approved applicants are required to make 85% of Qualified Equity Investments within the 12-month allocation period established in administrative rules applicable to the program (Ohio Administrative Code section 122:22-1-02 (E)).
 - 2.1..7. Approved applicants are required to maintain a minimum of 85% of Qualified Equity Investments throughout the seven-year credit allowance period.
 - 2.2. Allocation agreements may be amended only in writing. Any applicant that desires to amend an allocation agreement may submit a request in writing, signed by an Authorized Representative of the state allocatee. Requests to amend will be reviewed by Development within 30 calendar days and a determination made. The Director may request additional information. If the state allocatee does not respond to a request for additional information within the time permitted by the Director (which shall not be less than 30 calendar days), the Director will decide on the requested amendment based on the information originally provided. No amendment will be effective until signed by the Director.

3. Notices and Reporting:

- 3.1. State allocatees are required to file an annual report with Development one hundred and eighty days following the end of the CDE's fiscal year as published in OAC 122: 22-1-04(A) for each of the seven years of the Ohio New Markets Tax Credit investment period. The state allocatee shall submit an annual report to the Director with respect to each allocation agreement to which the state allocatee is a party. The annual report shall include a complete copy of any report submitted by the state allocatee to the Community Development Financial Institutions Fund (or any successor fund or agency administering the federal new markets tax credit program) for the corresponding reporting period, together with an Ohio annual report supplement.
- 3.2. All state allocatees are required to comply with reporting requirements as further described in the administrative rules for the program (OAC 122: 22-1-04(A)). The Director shall publish the form of annual report supplement on Development's website. Unless otherwise expressly indicated in the annual report supplement form or accompanying instructions, all requested information is required.
- 3.3. State allocatees who do not file required annual reports within one hundred and eighty days of the end of the CDE's fiscal year will be subject to fines of up to \$100 per day. These fines are at the discretion of the director.
- 3.4. Development has established and published to its website a standard notification of equity investment form. State allocates must complete the standard notification form for each equity investment in accordance with program rule OAC 122: 22-1-02(B).
- 3.5. Development has established and published to its website a standard determination form. State allocatees may request a determination to determine if a business is a qualified active low-income community business as that term is defined in ORC 5725.33(A)(4). Development will request information about the business to include: management structure, organizational charts, financial statements, prior year tax returns, rental and lease agreements, operating agreements and other necessary information.
- 3.6. If a business is a special purpose entity formed consistent with ORC 5725.33(A)(4) the business will be treated as a QALICB throughout the entire seven period of the investment if it demonstrates through a signed letter from the authorized representative that it reasonably expects to remain a QALICB at the time the CDE makes the investment. The QALICB shall continue to be treated as satisfying the requirements of ORC 5725.33(A)(4) notwithstanding information which may be disclosed in any annual reporting materials or other required information submitted to Development throughout the seven year period of investment.

4. Schedule of fees (effective January 1, 2011):

- 4.1. The application fee will be \$1,500 per application. The fee is non-refundable and must be submitted with the application.
- 4.2. The servicing fee will be \$17,500 per state allocatee (\$2,500/year for seven years). The servicing fee must be paid in full upon execution and delivery of the allocation agreement by the state allocatee.
- 4.3. Request for determination fees will be \$100 per determination. The fee shall be paid upon submission of the request for determination.