



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 **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 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 a Standard & Poor's (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, 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, 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 assists 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.

Business Grant Programs

The **Ohio Energy Resources Division** administers the **State Energy Program** 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 **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 by 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-tech, 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-tech, 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 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.

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 through 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 jobs. 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 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.

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

Ohio's Thomas Edison Program fosters 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. Ohio is home to research laboratories that find new, innovative ways for businesses to thrive.

Edison Technology Centers

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

The **Edison Technology Incubator Program** 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 the state, deliver world-class assistance to Ohio's emerging growth companies.

Edison Technology Incubators

- Akron Global Business Accelerator
- BioEnterprise Corporation
- 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, Inc.
- Regional Growth Partnership
- TechColumbus
- 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 \$98.5 million in 18 venture capital funds that have in turn, invested in 30 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 a portion of instructor salaries, materials, travel, and special needs. Ohio Regional Workforce Directors are located 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 \$250,000 per fiscal year with the federal Appalachia Regional Commission's \$250,000 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.

Ohio Department of Development Contact Information



Share the Ohio Story

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Ohio Third Frontier

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