HANDBOOK
Ohio County Commissioners
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CHAPTER 78

ECONOMIC DEVELOPMENT:

STRUCTURES AND PROGRAMS TO ATTRACT AND RETAIN JOBS

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QUICK REFERENCE GUIDE TO CHAPTER 78

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78.01 INTRODUCTION

When managing the county budget there are essentially four ways to make revenues and expenditures balance as required by law:

1. Cut expenditures.

2. Reorganize functions to gain efficiency or find ways to share services to reduce costs.

3. Enhance revenue by either raising taxes or adjusting fees and charges for services in areas where they may be adjusted;

4. Increase tax base.

The final method to enhance revenue, and the focus of this Chapter, is through economic growth and development and by increasing the tax base. While it is not always possible for the county to grow its way out of tax increases or difficult and often painful expenditure cuts, economic development initiatives and strategies can help stabilize the county budget and reduce the magnitude of budget cuts or tax increases.

This Chapter of the *Handbook* and the three to follow will focus on the various legal structures available to organize and promote economic development initiatives. This Chapter will discuss the authority to establish an economic development department and appoint an economic development director. It will generally describe some important state economic development agencies, such as the Ohio Development Services Agency (DSA) and the recently formed non-profit JobsOhio. It will also summarize some state programs which are available to assist business and industry in local economic development pursuits. Finally, this Chapter will also discuss the county authority to develop a linked deposit program to provide below market interest rate borrowing for those needing capital to locate or expand in the county.

County commissioners are uniquely positioned to play a crucial role in economic development because you know your communities inside and out and the current economic situation within your county. Counties also play a critical role in providing services that matter most to businesses and site selectors, such as:

1. Transportation and infrastructure
2. Workforce skills
3. Ease of permitting and regulatory process
4. Local tax structure
5. Regional economic development strategy
6. Availability of incentives

In every community, time, energy and financial resources are limited. Coordination and prioritization of these key services within your economic development strategy will be beneficial as you work with your economic development partners on business retention, expansion and attraction in your county.

Chapter 79 will focus on how Port Authorities are organized and how they can help in an overall county economic development effort. Chapter 80 will look at the organization, structure and powers of Community Improvement Corporations, including the issuance of industrial development bonds under ORC Chapter 165. Finally, Chapter 81 will examine how a relatively new structural option, a County Land Bank is organized and how its operation may assist in economic development programming.

In addition, those interested in local tax incentives for economic development should refer to Chapter 15 dealing with Tax Abatement. This Chapter includes the details of the three primary tax incentive programs for which county commissioners have been given authority by the General Assembly: Community Reinvestment Areas (CRA), Enterprise Zones, and Tax Increment Financing (TIF).

78.02 WHAT IS ECONOMIC DEVELOPMENT?

Economic development is a process to improve the economic well-being and quality of life for a county, a community, a region, or the State of Ohio. It involves the development of programs to create and retain jobs, grow personal income, expand the local tax base, and provide needed services to attract and retain business and industry. Economic development is actually an element of an overall community development plan or strategy and includes a variety of elements to address overall economic and community development.[1]

78.03 STATUTORY DEFINITION OF ECONOMIC DEVELOPMENT

In addition to the common definition of economic development, counties have a statutory definition that applies to both a county office of economic development and a joint county office. ORC Section 307.64 defines economic development as "promoting the economic welfare and improving the economic opportunities of the people in the county or in the counties participating in a joint office of economic development by assisting in the establishment or expansion within the county or counties of industrial, commercial or research facilities and by creating and preserving job and employment opportunities for the people of the county or counties."

78.04 EVOLVING ROLE OF ECONOMIC DEVELOPMENT

The practice of economic development is much different today than it was in earlier years when Governor Jim Rhodes established the Department of Development in 1963 and “Rhodes Raiders” went on the road “chasing smokestacks.” The structure of the U.S. and Ohio’s economy has changed with a major shift to a service economy. The impact of technology and the internet has changed how competitive markets work and the way business is conducted.

These changes have resulted in corresponding changes in the nature of the workforce. Tied to these trends is the fact that economies are much more regionally oriented than they were in the past. Workers no longer predominately live where they work as was the norm decades ago. Another challenge today is to collaborate with various economic development entities. Counties also need to be sure that the various economic development entities are coordinating activities to insure that such entities as economic development departments, community improvement corporations, port authorities, community development corporations, and the JobsOhio Regional Network Partners are working together and see the bigger picture.

[1]Barbash, Mark. County Economic Development Essentials. A power point presentation prepared for the CCAO New Member Training Seminar, February 10, 2015. Entire power point available on the CCAO website at: http://www.ccao.org/userfiles/2-10-15%20Mark%20Barbash%20County%20Economic%20Development%20Essentials.pdf . In addition another power point used by Mr. Barbash at that meeting is also available on the CCAO website at: http://www.ccao.org/userfiles/2-10-15%20Mark%20Barbash%20JobsOhio%20Incentives.pdf .

It is no longer solely access to good roads, railroads, and water that drive company locational decisions, but also quality of life issues such as schools, arts and culture, libraries, housing availability, parks and recreation, workforce development, and strong downtowns. Under these new realities, economic development is truly a subset of an overall community development effort. The dynamics of economic development have also changed, as it has become more evident through the number of jobs which are created by small companies. Additionally communities need to be more engaged with the needs of existing business and industry, resulting in the development of retention and expansion initiatives at the local and regional levels.

Public debate centering around the degree of state and local governmental involvement in providing public aid, especially financial aid, to assist private sector entities in economic development has a long tradition in Ohio. During the early to mid-1800's the state and counties were authorized to loan money to and invest in private canal, turnpike and railroad companies. As a result of what some in those days referred to as the "Plunder Law", the Ohio Constitution was amended in 1851 to prohibit the lending of aid and credit to private entities. A Constitutional amendment in 1965, however provides a clear constitutional basis for county and other governmental involvement in economic development. Article VIII, Section 13 of the Ohio Constitution provides this basis, in part, when it declares:

> To create or preserve jobs and employment opportunities, to improve the economic welfare of the people of the state, to control air, water, and thermal pollution, or to dispose of solid waste, **it is hereby determined to be in the public interest and a proper public purpose** for the state **or its political subdivisions**, taxing districts, or public authorities, its or their agencies or instrumentalities, or corporations not for profit designated by any of them as such agencies or instrumentalities, to acquire, construct, enlarge, improve, or equip, and to sell, lease, exchange, or otherwise dispose of property, structures, equipment, and facilities within the state of Ohio for industry, commerce, distribution, and research, to make or guarantee loans and to borrow money and issue bonds or other obligations to provide moneys for the acquisition, construction, enlargement, improvement, or equipment, of such property, structures, equipment and facilities (emphasis added)

This section of the Constitution also provided that laws could be passed to authorize the borrowing of money, issuance of bonds, loans, guarantees and lending aid and credit to private entities as long as moneys raised by taxation are not obligated. As a result of this constitutional provision a number of laws have been enacted and two such laws of interest to counties will be discussed in Chapter 80, dealing with Community Improvement Corporations and Industrial Revenue Bonds.

78.05 ORGANIZATIONAL AND STRUCTURAL OPTIONS FOR COUNTY ECONOMIC DEVELOPMENT

The first step in an effective economic development program is creating a forum for exchanging ideas and addressing the needs of the community. The type of organization you form will be the foundation for economic development activities in the future, so it is worthy of careful consideration.

While the next section of this Chapter will discuss how to establish and create a county office of economic development, there are alternative options which should be considered prior to establishing a county office of economic development. County commissioners have the choice of appointing a county director of development or they may decide to enter into a contract with specified entities to perform the responsibilities of a director.

Other entities that provide leadership on the economic development front for the county include non-profit economic development entities, sometimes related to local chambers of commerce, planning commissions, community improvement corporations, local community development corporations, port authorities, county land banks, and other organizations that may serve all or just part of the county. For an Ohio map that displays the "Primary Economic Development Entity for Ohio Counties," please see Exhibit 1 at the end of this *Handbook* Chapter.

One issue that should be considered is whether there are too many economic development entities in the county. Too many economic development entities may mean unhealthy competition among the entities, uncoordinated economic development initiatives, and mixed signals to existing and prospective business and industry. While a number of economic development entities have useful and specific responsibilities that can help an overall county economic development effort, commissioners, county council members, and county executives need to provide leadership to assure that the various entities are all "pulling in the same direction."

78.06 ESTABLISHMENT OF A COUNTY OFFICE OF ECONOMIC DEVELOPMENT

While county commissioners have traditionally been involved in economic development activities, it was not until 1989 that they were granted specific authority to establish a county office or department of economic development (HB 173, effective 10-30-89).

To establish an office or department of economic development, county commissioners must adopt a resolution to create the office. The purpose of the office is "… to develop and promote plans and programs designed to assure that county resources are efficiently used, economic growth is properly balanced, and that county economic development is coordinated with that of the state and other local governments" (ORC 307.07(A)).

78.07 FUNDING FOR A COUNTY OFFICE OF ECONOMIC DEVELOPMENT

County commissioners may appropriate general fund money and money derived from a voted property tax levy authorized by ORC Sections 307.64 and 5705.19(EE) to a county office of economic development. Monies appropriated to the office of economic development may be used for the following purposes:

1. To create and operate the office of economic development

2. For any economic development purpose of the office

3. To otherwise provide for the establishment and operation of a program of economic development. This includes the ability for the funds to be used to support a county land reutilization corporation, or land bank, organized under ORC Chapter 1724 if the commissioners determine that the purpose of land bank expenses promote economic development. Under this provision of law it also appears that commissioners may make direct appropriations to a county land bank or may provide such an appropriation though the county office of economic development

If county commissioners submit a voted property tax to the electors, ORC Section 5705.19 requires the resolution authorizing the placement of the levy on the ballot to specify the rate at which the tax is to be levied, the purpose of the levy and the number of years that the levy is to be in effect, which may not exceed five years. The question can be submitted at a general, primary, or special election and must be submitted to the board of elections at least 90 days before the election.

Other funding sources include general fund appropriations to a county office of economic development by township trustees (ORC 505.703). Likewise, ORC Section 307.07(B)(6) also authorizes a county office of economic development to accept grants, gifts, money, property, labor, and other things of value from individuals, private and public corporations, and federal, state and local governments, and their agencies with the approval of the commissioners. For example, it is possible to use community development block grant (CDBG) entitlement funds provided the specific uses of the funds relate to and support the low and moderate income requirement of this federal program.

78.08 HIRING AN ECONOMIC DEVELOPMENT DIRECTOR

After the establishment of the office of economic development commissioners may hire an economic development director who is in the unclassified civil service. If commissioners do not appoint a director, they have the following organizational options for performing the functions and duties of the director of economic development:

1. By entering into an agreement with a county or regional planning commission to carry out the functions and duties of a director of economic development (ORC 307.07(A)(1), 713.23(B)(8).

2. By entering into an agreement with OSU Extension utilizing employees hired by the Ohio State University (OSU) to perform the functions and duties of an economic development director (ORC 307.07(A)(2), 3335.36). Any appropriation by county commissioners to execute an agreement with OSU Extension for

economic development services must be paid to OSU Extension Fund.

3. By entering into an agreement with a public or private non-profit organization to carry out all of the functions and duties of a director of economic development.

In all cases, the agreement can be for a period of from one to three years and may be renewed with the consent of all parties to the agreement. The civil service status of planning commission staff, the employment classification of OSU Extension staff, or the staff of any public or non-profit organization is not affected by any agreement.

It should be noted that the statutes do not authorize the county to enter into a contract with a consultant to serve in the capacity of economic development director because the hiring of a director in the unclassified civil service or contracts with the entities specified above are the only options allowed under the law (OAG 93-061).

In addition, the agreement must set forth the procedure that will be used by the contractor to gain approval from the commissioners for any actions, functions, and duties of the director of economic development that must be approved by the commissioners as specified in ORC Section 307.07(B), as will be explained in the next Section.

Finally, the staff of the office of economic development may provide services to a county land reutilization corporation, commonly referred to as a land bank, by contract between the land bank and the commissioners. Employees providing services to a land bank by contract are not considered employees of the land bank, but remain county employees.

78.09 POWERS OF ECONOMIC DEVELOPMENT DIRECTOR

A county economic development director, and a county or regional planning commission, OSU Extension or a public or private non-profit organization with whom county commissioners have contracted with to carry out the functions and duties of a county economic development director, may perform the following actions, functions and duties. As will be noted, some of these actions require approval of the county commissioners, while others do not have to be approved by the commissioners. (ORC 307.07 (B) (1-10)

1. Functions and duties that require board of county commissioners approval:

    a. To hire staff and employ technical and advisory personnel to carry out the functions and duties of the office.

    b. To contract for services necessary to carry out the functions and duties of the office.

c. To enter into agreements with federal, state and local governments and government agencies and with public, private and non-profit organizations to carry out the functions and duties of the office.

d. To make loans or grants and provide other types of financial assistance for economic development, including financial assistance for permanent public improvements, and fix the rate of interest and charges for such assistance.

e. To receive and accept grants, gifts and contributions of money, property, labor and other things of value. Such grants and contributions are to be used for the purpose for which they were given, from individuals, private and public corporations and any federal, state or local government or government agency. The director may agree to return any property or repay any money according to terms and conditions which the director may agree to, and such terms may be in writing, but in no case shall the terms and conditions promise the payment of interest.

f. To design, implement, monitor, oversee, and evaluate economic development plans, programs, strategies, and policies.

2. Functions and duties that do not require board of county commissioners approval:

   a. To maintain membership in development organizations.

   b. To establish with the county commissioners any funds in the county treasury that are necessary for the deposit and disbursement of gifts or money accepted for economic development purposes.

   c. To purchase real property to convey to a county land bank to be used in accordance with the land bank's public purpose.

   d. To perform all acts necessary to fulfill the functions and duties of the office.

78.10 COUNTY OFFICE OF ECONOMIC DEVELOPMENT MAY NOT GENERALLY HOLD TITLE TO LAND

One important economic development issue relates to the sale or lease of county owned property for economic development purposes. Generally, county commissioners hold title to county property and county offices and entities use or occupy the property while ownership is vested in the board of county commissioners. Also, as a general rule, if the commissioners are selling property not needed for public use it must be sold by competitive sale or public auction.

While there are selected statutes that allow commissioners to convey property to various entities without advertising for bids or conducting a public auction, there is no authority to convey county owned property to the county office of economic development or to a nonprofit corporation that operates the office. The Attorney General rendered an opinion to this effect in a case where a county wanted to convey county owned land to their economic development office with the understanding that the office or the nonprofit would later convey the property to a buyer previously selected by the commissioners for a price previously agreed to between the commissioners and the buyer (OAG 2006-001).

Such transactions may, however, be achieved by either a lease, which requires no competitive process, or by using a county designated community improvement corporation to sell or lease county property upon such terms as are specified by the commissioners pursuant to ORC Section 1724.10. For additional information refer to Chapter 80 on Community Improvement Corporations.

It is interesting to note that the above mentioned opinion of the Attorney General predates one current provision of law that gives statutory authority to the director of the office of economic development to purchase real property and convey it to a county land bank (ORC 303.07(B)(9)). While there is no case law relating to this authority, it is interesting to note that the purchase and conveyance of property to a land bank is not subject to approval by the county commissioners which is required for most other significant powers granted in ORC Section 307.07. Thus, real property can be conveyed to a county land bank without advertising for bids or conducting a public auction (ORC 307.10(B)).

78.11 COUNTY OFFICE OF ECONOMIC DEVELOPMENT GRANT AND LOAN PROGRAMS

One of the important powers granted to a county office of economic development is the authority to make grants and loans and to accept grants, gifts, contributions of money, property, labor, and other things of value.

One of the better known programs developed under this authority is the Montgomery County Economic Development/Government Equity Program (ED/GE Program). This program was initiated in 1992 to spur economic growth as well as create regional cooperation among local governments within the county and has received substantial interest in both Ohio and nationally. The program is targeted for companies that will create or retain jobs and applicants must be political subdivisions in the county.

The program consists of two separate, but interrelated, funds (1) an economic development fund, and (2) a government equity fund. Under the program, political subdivisions in the county have the option to become participants in the program, must join for a 9 year period, and must participate in both the economic development and governmental equity parts of the program.

Under the economic development fund part of the program, the county appropriates general fund monies and political subdivisions may apply for grants to help establish or expand commercial, industrial or research facilities that create and preserve job and employment opportunities. The economic development fund primarily supports public infrastructure improvements needed for economic development projects, but other legally allowable activities that foster economic development are also eligible. To be eligible for a grant, improvements must remain permanent (e.g. power upgrades, plumbing, parking, etc.) Eligible projects include land acquisition, site improvements, infrastructure and permanent real property improvements.

The primary purpose of the government equity fund is to share some of the increased tax revenues among political subdivisions in the county that result from new economic development in the county. Under the government equity fund part of the program, participating political subdivisions make annual contributions to the governmental equity fund based on a growth contribution formula that takes into account population and increased income and property tax revenues. They also receive an annual distribution from the governmental equity fund using another formula based on population. Using these two formulas participating political subdivisions that experience fast growth end up being net contributors to the government equity fund, while subdivisions that experience stable, slow or declining growth end up as net recipients from the fund. The program also includes a "settle-up" provision every three years from the governmental equity fund.

This program was challenged by some municipalities in Montgomery County shortly after it was initiated. These cities challenged conditioning their ineligibility to participate in the economic development grant part of the program on also agreeing to participate in the governmental equity part of the program. The challenge was taken to the common pleas court that ruled for the cities. Upon appeal, however, the Court of Appeals overruled the lower court by finding that the structure of the program was authorized pursuant to ORC Section 307.07 and that the municipalities had to participate in both parts of the program if they opted to participate in the program (*City of Centerville et al v. Charles J. Curran, et al*, Case 13008 Second District Court of Appeals, January 27, 1992).

78.12 JOINT OFFICE OF ECONOMIC DEVELOPMENT

County commissioners of two or more counties may create a joint office of economic development (ORC 307.07(C)). The counties participating in a joint office must enter into an agreement that spells out the contribution of funds, services and property from each participating county; the person or agency that will carry out the functions and duties of the office; and, any other terms by which the office will operate.

Counties participating in a joint office of economic development have the same funding and similar staffing options as a single county. The counties may jointly hire a director of economic development in the unclassified civil service or enter into an agreement with a public agency or a non-profit organization to carry out the functions and duties of the director of the joint office of economic development.

County commissioners that are a party to an agreement to form a joint office of economic development may either appropriate money from their respective county general funds or money from a voted county economic development property tax levy, but may not submit a joint county levy to the voters. As is the case for a single county office, the agreement must specify the procedure by which the person, public agency, or nonprofit agency carrying out the functions and duties of the office will receive the approval from participating boards of county commissioners for any functions, actions or duties requiring approval as specified above for a single county office.

78.13 COUNTY INFRASTRUCTURE PROGRAMS

A variety of types of infrastructure – water supply, sanitary sewer and drainage, private gas and electric service, telecommunications, as well as traditional county infrastructure responsibilities such as road, bridge, and solid waste facilities – are necessary to stimulate economic development activity within each county.
Traditional county infrastructure includes:

1. Sanitary Sewer Facilities, Water Supply Facilities, Drainage, and Storm Water Replacement Facility Improvements - please refer to *Handbook* Chapter 28 County Sewer Districts

2. Roads and Bridges and the establishment, alteration, widening, vacation and improvement of such infrastructure – please refer to Handbook Chapter 30 County Roads and Bridges

3. Access Management to control the number of access points to the county highway system – please refer to Handbook Chapter 31 on Access Management

4. Solid Waste Management – please refer to Handbook Chapter 32 on Solid Waste Management

5. County Airports – please refer to Handbook Chapter 33 on Aviation

6. County Transit Systems - please refer to Chapter 34 on County Transit Systems and Regional Transit Authorities

7. Parks and Recreation – please refer to Handbook Chapter 35 on Parks and Recreation

In addition to the county infrastructure facilities and systems described here, private infrastructure and utilities can be critical to economic development in each county.

Examples of private infrastructure that can be instrumental in the attraction, retention and expansion of businesses include:

1. Electric and natural gas companies

2. Railroad companies

3. Wireline telecommunication companies and wireless telecommunication, cable and internet service providers

Private utilities and railroads are often used by businesses to facilitate the selection of potential sites for business development due to their real estate holdings and connections to other businesses involved in such development. A working relationship with local representatives from such companies can be beneficial to county officials in promoting economic development.

Planning for economic development occurs within the context of ongoing infrastructure planning, so coordination is critical. Such coordination can clarify the importance of improvements and guide prioritization of projects.

A list of state infrastructure assistance programs and a summary of each program follows:

1. **Roadwork Development or "629 Grants"** – For public road improvements including design and engineering. Primarily for projects involving manufacturing, research and development, high technology, corporate headquarters, and distribution facilities. Projects must create or retain jobs and the grants are done on a reimbursement basis.

2. **Alternative Stormwater Infrastructure Loan Program** – Offers below-market rate loans for the design and construction of green infrastructure as part of economic development projects. Up to $5 Million per project is available to governmental entities. Development partners are encouraged to partner with the governmental entity. Funds can pay for design, demolition, construction, materials and administrative costs associated with green infrastructure. Program targets a specific challenge of redevelopment projects by reducing the cost to businesses and communities that need to minimize both the financial and environmental impact of storm water runoff.

3. **Appalachian Local Access Road Program** – Provides matching funds for preliminary engineering, purchase of right-of-way, and initial construction of eligible access road projects. Eligible access road projects link businesses, communities, and residents to the Appalachian Development Highway System and to other key parts of the region's transportation network with the construction

of local access roads compatible with local development plans and related to employment opportunities and the stimulation of economic development.

4. **OWDA Local Economic Development Fund** – Provides low interest financing for water and sanitary sewer facilities where the investment services industries making a significant investment and creating new jobs. Administered by the Ohio Water Development Authority, with recommendation from DSA. Funded by OWDA from Revenue Bonds Surplus.

78.14 WORKFORCE DEVELOPMENT

Workforce development is a system of education and training that prepares people for jobs, enhances the skills of current employees, and assures employers of a skilled workforce in the future. Workforce development initiatives are implemented by a number of organizations throughout the community – primary, secondary, and higher education providers; county departments; the State of Ohio; public/private partnerships, and oftentimes businesses themselves. Thus, the need for system-wide coordination across workforce development programs is substantial. The role for county economic development offices or departments can be to act as an intermediary and help create a community-wide vision.

Major components of workforce development include:

1. **Business services** – recruitment and pre-screening for businesses' new hires can be done by county entities such as the OhioMeansJobs center.

2. **Educational reform** – adjusting and/or aligning local education systems at all levels to produce graduates with skills necessary to meet the current and future needs of businesses, while helping students identify and work toward a viable career path.

3. **Dislocated worker services** – helping laid-off workers find and keep jobs with comparable wages increasing their work readiness, educational attainment, and occupational skills and by connecting them to jobs in demand.

4. **On the job training** – funding (with Federal dollars) to help employers mitigate the cost of hiring and training for long-term employment; employers can be reimbursed up to 50% of a trainee's wages during the training period.

5. **Incumbent worker training** – state program that provides financial assistance to train workers and improve the economic competitiveness of Ohio's employers. The program is designed to offset a portion of the employer's costs to upgrade the skills of its incumbent workforce and will provide reimbursement to eligible employers for specific training costs accrued during training. The program's funding will be used in conjunction with private contributions to fund skill-upgrade

training.

6. **<u>Self-sufficiency</u>** – helping individuals on public assistance overcome barriers and gain the necessary skills to find and keep jobs that will enable them to reduce reliance on public assistance programs. Services can be provided by county job and family services departments, county OhioMeansJobs centers, and private service providers.

7. **<u>Job retention and work supports</u>** – county programs can help individuals with some of the upfront expenses or unexpected barriers to starting or keeping a job, such as required uniforms or assistance finding or maintaining reliable transportation. One major work support for many low-income individuals in the workforce is publicly funded child care, administered through the job and family services system.

While the federal funding available for workforce programs is often driven by eligible populations – adults, youth, dislocated workers, and income eligibility – programs such as the incumbent worker training program administered by the Ohio Development Services Agency (and funded with state dollars, which are more flexible than federal funds) tend to focus on working with businesses seeking strategically to advance or grow their workforce.

Boards of county commissioners are responsible for oversight and administration of two important federal workforce development programs – the Workforce Investment Act (recently reauthorized as the Workforce Innovation and Opportunity Act) as well as the Temporary Assistance for Needy Families program. Regardless of whether or not the county's job and family services department has combined with the county's OhioMeansJobs center, commissioners play an important role both legally and strategically in terms of ensuring dollars are being spent first, appropriately and within the confines of the law, and second but arguably more importantly, strategically.

78.15 WORKFORCE INVESTMENT ACT/WORKFORCE INNOVATION AND OPPORTUNITY ACT

The Workforce Investment Act of 1998 (WIA) is based on the principle that training and employment programs must be designed and managed at the local level where the needs of businesses and individuals are best understood. It also underscores the importance of businesses – it assumes that businesses will provide information, leadership, and play an active role in ensuring that the system prepares people for current and future jobs.

Congress reauthorized the workforce law last year in passing the Workforce Innovation and Opportunity Act of 2014 (WIOA). WIOA is designed to help make the publicly-funded workforce development system more responsive to the needs of individuals and employers.

While parts of the law will go into effect July 1, 2015, implementation of other aspects (particularly those impacting one-stop delivery systems) will be phased in over a longer period of time. Like WIA, WIOA also emphasizes the importance of business-led workforce investment boards and the engagement of chief elected local officials.

WIA and WIOA activities are supervised by the Ohio Department of Job and Family Services, who serves as the lead state agency to the federal government. The vast majority of services are administered at the local level. There are currently twenty workforce investment areas in Ohio, each of which has its own board. Additionally, the law calls for a state board, which Governor Kasich has implemented by designating the Governor's Executive Workforce Board.

Commissioners are ultimately responsible for designating their local one-stop delivery system. They also are responsible for appointing members to their local Workforce Investment Board, which drives the policy and provides oversight of the county and area's workforce activities. By appointing engaged members and encouraging collaboration between the public and private sector, commissioners can play a crucial role in the successful performance of their county's workforce development program.

78.16 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

The **Temporary Assistance for Needy Families (TANF)** program is designed to help needy families achieve self-sufficiency. States receive block grants to design and operate programs that accomplish one of the purposes of the TANF program. The four purposes of the TANF program are to:

1. Provide assistance to needy families so that children can be cared for in their own homes

2. Reduce the dependency of needy parents by promoting job preparation, work and marriage

3. Prevent and reduce the incidence of out-of-wedlock pregnancies

4. Encourage the formation and maintenance of two-parent families

The Ohio Department of Job and Family Services develops a biennial spending plan for the state's TANF block grant. Out of this spending plan, counties receive an allocation to provide and arrange for services to eligible individuals and families at the local level.
The Prevention, Retention and Contingency program is funded by the county TANF allocation and is administered by the county department of job and family services. It provides work supports and other supportive services to help low-income parents overcome immediate barriers to employment. Because community needs can vary widely across the state, each county designs its own PRC plan stating the types of services available in that county and the eligibility criteria for them.

For more information on workforce programs administered by the State of Ohio, see page 32.

78.17 TOURISM

Tourism encompasses portions of many business sectors including hospitality, transportation, retail, and entertainment. Examples of businesses that benefit directly from tourism include hotels, restaurants, gas stations, retail shops, museums, campgrounds, theme parks, resorts, and sports facilities.

Tourism attracts temporary visitors to your community where they purchase goods and services. Both rural and urban communities base their visitor attraction strategies around favorable local advantages such as history, cultural and natural resources, sporting events, and entertainment venues.

Tourism can bring substantial economic benefits to a community and its residents, including new spending of money from outside the boundaries of your community. Visitor spending creates jobs and tax benefits that cascade through the local economy with a multiplier effect where each dollar spent generates additional economic activity. Economic development benefits of tourism include jobs that can never be exported, expanded support businesses, additional tax revenue, improved quality of life and community appearance, and enhanced business development – “today’s visitor may be tomorrow’s investor.”

According to Tourism Ohio within DSA, tourism had the following economic impacts in Ohio in 2014:

1. Tourism supported about 412,000 jobs, an increase of 7,000 jobs from 2013

2. Ohio saw an all-time high of an estimated 200 million visits, an increase of 5 million visits from 2013. There were 38 million in overnight trips in Ohio in 2014. Overnight visitors spend, on average, nearly three times more than day trip visitors ($112 for day trips vs. $341 for overnight trips).

3. Direct visitor spending in 2014 was estimated at $31 billion, $1 billion more than 2013

4. Visitor spending generated approximately $40 billion sales, up from $38 billion in 2013

Convention and visitors bureaus are generally nonprofit corporations that must file articles of incorporation with the Ohio Secretary of State under ORC 1702.04. For more information on establishing a nonprofit corporation with the Secretary of State’s Office please click on this link.

Convention and visitors bureaus are primarily responsible for the promotion of overnight lodging to tourists and business travelers within the geographic area of the convention and visitors bureau.

County commissioners may provide financial support to a convention and visitors bureau in the following ways:

1. Enactment of a 3 % lodging tax under ORC Section 5709.09 (A). Under this law, at least 2/3 of the revenue from a lodging tax levied on transient guests staying at a hotel within the county must be used to make contributions to support the operation of a convention and visitors bureau in the county.

2. The commissioners may appropriate general fund money for the purpose of promoting tourism within the county under ORC Section 307.692.

In the 65 counties that levied a lodging tax in 2012, Commissioners generally have entered into an agreement with the convention and visitors bureau spelling out the responsibilities of each party in funding the convention and visitors bureau and carrying out the responsibilities of promoting tourism within the county. For additional information on lodging taxes, please refer to *Handbook* Chapter 21 County Permissive Lodging Taxes.

78.18 RECENT HISTORY OF STATE ECONOMIC DEVELOPMENT AGENCIES – 1963 TO PRESENT

State economic development programs emerged as a visible priority when Jim Rhodes became Governor in 1963. Legislation creating the Ohio Department of Development and the Ohio Development Financing Commission were passed shortly after he assumed office. ODFC was a state entity that was responsible for various job and growth activities, and was involved in the issuance of revenue bonds for economic development purposes as is explained in Chapter 80*, Community Improvement Corporations.*

"Rhodes' Raiders" within the newly created Ohio Department of Development marketed the state using such themes as the "Wonderful World of Ohio" and "Profit Is Not a Dirty Word in Ohio." When John Gilligan became Governor in 1971, as a part of a major reorganization of state departments, the Department of Urban Affairs was combined with the Department of Development and became the Department of Economic and Community Development. Later the name again reverted simply to the Department of Development.

When John Kasich was elected Governor in 2010 one centerpiece of the new Administration's legislative agenda was a plan to create a private non-profit corporation to assume some of the functions of the Department of Development. HB 1 established the ability to create the corporation with the name JobsOhio. The legislation, which also appropriated $1 Million in start-up costs sailed through the Legislature and became effective on February 11, 2011, just one month after the Governor took the oath of office.

The Administration believed that JobsOhio would be more effective reaching out to companies and firms thinking about locating or expanding in Ohio, negotiating economic development packages, and helping to commercialize research and technologies developed at state universities. The legislation establishing JobsOhio was passed amidst considerable controversy, especially as it related to open government and ethics issues, including certain exemptions from Ohio's public records and open meeting laws.

Opponents of the initiative maintained that the legislation allowed JobsOhio to meet in near secret and exempted it from most parts of the state public records law. Supporters maintained that the ability to work outside of the public spotlight with the "speed of business" was needed during negotiations. Later, additional controversy arose over the authority of the State Auditor to audit JobsOhio. The nature of the controversy was whether the audit would include all revenue or only that revenue from public sources.

This issue became more complex because of a JobsOhio subsidiary, JobsOhio Beverage System (JOBS). In February of 2013, JobsOhio and JOBS purchased from the state a 25 year exclusive franchise for the sale of liquor in the state and paid the state $1.42 Billion for the franchise, plus potential deferred payments based on liquor profits. This transaction gave JobsOhio a long term sustainable source of funding to carry out its mission of increasing jobs and capital investment in Ohio.

To finance this purchase, JOBS issued $1.51 Billion in revenue debt. JOBS receives all revenues related to liquor sales and these revenues are used to service the debt and to pay operational costs. JOBS also has a contract with the Department of Commerce to operate the liquor business, much like what existed before JobsOhio was created. After paying the operational costs and debt service, the profits generated by JOBS is granted to JobsOhio for its economic development activities, including grant and loan programs. A constitutional challenge to this approach was made in the Ohio Supreme Court. The challenge was dismissed on the grounds that the plaintiffs did not have standing.

78.19 REGIONAL ECONOMIC DEVELOPMENT ENTITIES

One of the purposes of a county office of economic development is to assure "that county economic development is coordinated with that of the state and other local governments." It is important to understand how state and regional entities can fit into county economic development initiatives.

JobsOhio works closely with a regional network of 6 economic development partners. All counties should become familiar with these organizations, their staff, and the services provided. Commonly referred to as "Network Partners", Exhibit 2 is a listing of Network Partners showing services areas and contact information for the Network

Partners. Exhibit 3 is a map displaying JobsOhio Regional Economic Development Network Partners. JobsOhio encourages counties and others to work through their Network Partner, especially as it relates to larger economic development projects. Working with the Network Partner is an excellent way to coordinate economic development efforts, however, active local involvement is also necessary. The regional Network Partners are also responsible for working with counties and other local development entities on Retention and Expansion programs that provide services to existing business and industry.

78.20 STATE ECONOMIC DEVELOPMENT PROGRAMS

The Department of Development has been reorganized and is now called the Ohio Development Services Agency (DSA). Both DSA and JobsOhio are entities that counties need to understand and work with as they promote economic development and job growth. DSA is responsible for community development programs, housing and partnerships, historic preservation tax credits, Ohio Third Frontier, energy assistance programs, TourismOhio, International Trade Assistance Centers, site selection and certification, Ohio Film Office, various workforce programs, and Small and Minority Business programs. JobsOhio is responsible for core economic development activities including business attraction, industry growth, international business, and regional network partners.

JobsOhio, Ohio DSA, and some other state agencies offer a wide variety of programs to provide technical assistance to business, industry and entrepreneurs to grow and prosper. Other development assistance programs are available to help improve needed infrastructure, encourage energy efficiency, clean up brownfield sites, and address issues important to job creators. Included in this portfolio are tax credit, exemption and incentive programs; grant programs; various types of loan programs; and programs that provide technical assistance to non-profits and local governments. Both JobsOhio and Ohio DSA have developed very comprehensive web sites that contain valuable information on available programs and resources. Some of the more significant programs are summarized on Table 78-1 at the end of this Chapter. See the following links for their web sites:

1. Ohio Development Services Agency: http://development.ohio.gov/

2. Jobs Ohio: http://jobs-ohio.com/

State business services and assistance programs listed on the websites are summarized on Table 78-2 at the end of this Chapter.

78.21 COUNTY LINKED DEPOSIT PROGRAM

County commissioners may establish a county linked deposit program. If such a program is initiated, the county treasurer is authorized to place certificates of deposit in an eligible lending institution at up to 3% below market rates. Eligible lending institutions include banks or savings and loan associations applying for inactive county funds pursuant to ORC Section 135.32.

The institution must agree to lend the value of such deposit at a reduced rate to eligible borrowers under provisions and requirements established by the commissioners. The legislative authority of a municipality and the board of directors of a port authority or a lake facilities district may also establish linked deposit programs under the same law (ORC 135.80). A resolution establishing a linked deposit program must include requirements and provisions that are necessary to establish the program, including, but not limited to:

1. Eligibility requirements for borrowers who may receive reduced rate loans.

2. Application procedures for borrowers and institutions to participate in the program.

3. Review procedures for applications and criteria for evaluation of applications for loans.

4. Agreements between the eligible institution and the county treasurer to carry out the purposes of the program.

5. Annual reports regarding the operation of the program prepared by the county treasurer for the commissioners.

The law declares that the county, the commissioners, and the county treasurer are not liable to the bank or savings and loan for payment of the principal or interest on any reduced rate loan. In addition, any delay in payments or default by the borrower does not in any way affect the deposit agreement between the lending institution and the county (ORC 135.80(B)).

EXHIBIT 1

Primary Economic Development Entity for Ohio Counties

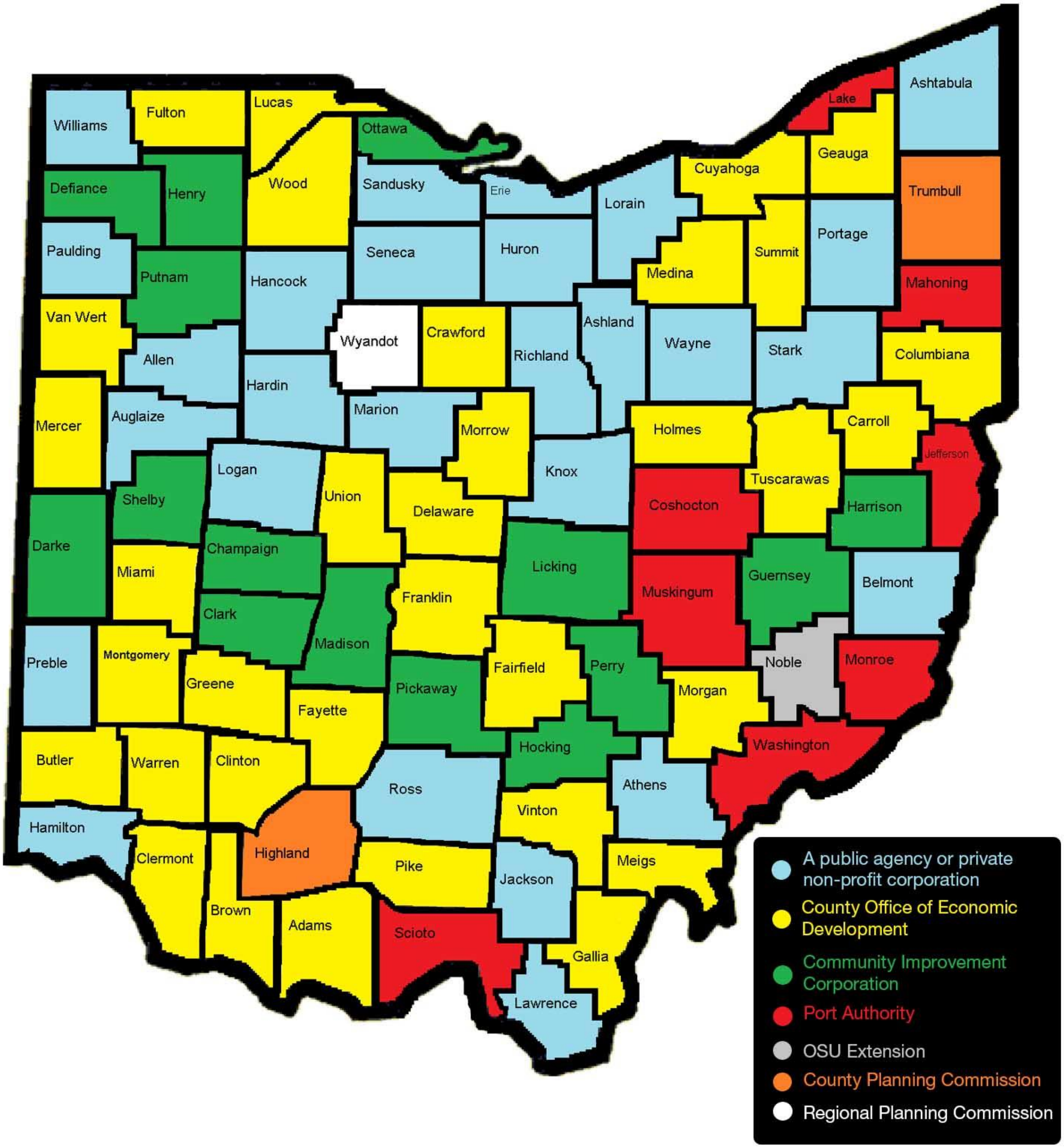

EXHIBIT 2

JobsOhio OHIO REGIONAL ECONOMIC DEVELOPMENT NETWORK PARTNERS

NORTHWEST REGION

Regional Growth Partnership
http://rgp.org/

Gary Thompson
(419) 252-2700 x313
Thompson@rgp.org

WESTERN REGION

Dayton Development Coalition
http://www.daytonregion.com/

Marty Hohenberger
(937) 222-4422

SOUTHWEST REGION

REDI Cincinnati
http://redicincinnati.com/

Karsten Sommer
(513) 579-3131
ksommer@cincinnatichamber.com

NORTHEAST REGION

Team NEO/Cleveland+
http://www.clevelandplusbusiness.com/

Christine Nelson
(216) 363-5414
cnelson@teamneo.org

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CENTRAL REGION

Columbus 2020
http://columbusregion.com/Home.aspx

Kenny McDonald
614.225.6060
km@columbusregion.com

SOUTHEAST REGION

Appalachian Partnership for Economic Growth
http://www.apeg.com/

John Molinaro
(740) 753-5359
jmolinaro@apeg.com

EXHIBIT 3

JobsOhio OHIO REGIONAL ECONOMIC DEVELOPMENT NETWORK PARTNERS MAP

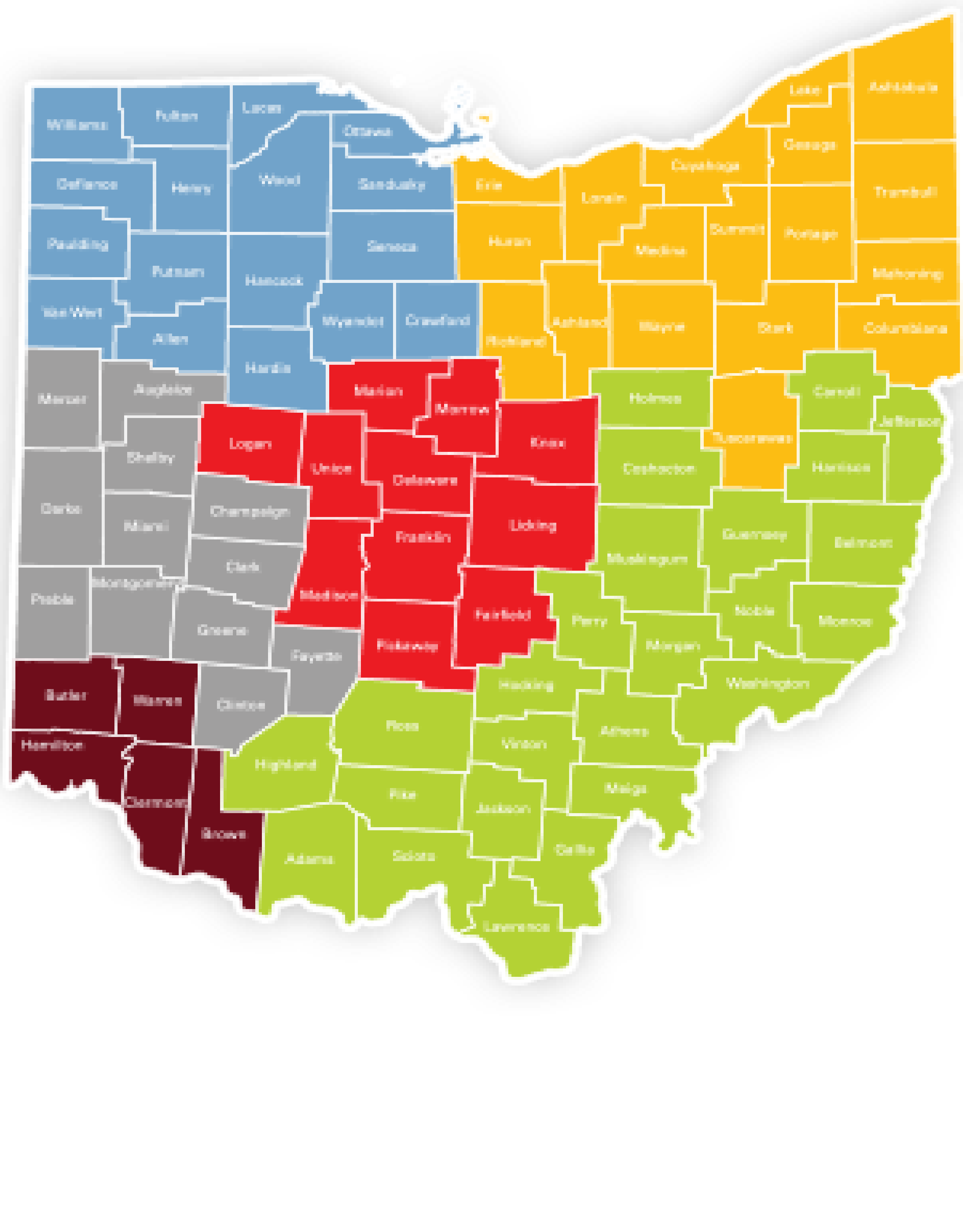

TABLE 78-1

SELECTED STATE AND LOCAL ECONOMIC & COMMUNITY DEVELOPMENT PROGRAMS

Note: This table is divided into 8 sections that place certain programs into categories. Some programs are found in multiple sections of the table. The 8 sections are (1) Tax Incentive, Exemption & Credit Programs (2) Business Capital & Operating Assistance Programs (3) Workforce Development & Training Programs (4) Revitalization Programs (5) Energy Programs (6) Environmental Enhancement & Remediation Programs (7) Programs for Appalachian Counties, and (8) Other Programs.

TAX INCENTIVE, EXEMPTION & CREDIT PROGRAMS	
Name of Program	**Summary of Program**
Job Creation Tax Credit	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% of the federal minimum wage. The tax credit is measured as a percentage of 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, an independent 5 member board of tax and economic development professionals, before hiring begins.
Job Retention Tax Credit	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 most projects. 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% for 15 years. A business must apply for the credit before committing to the project.
Research & Development Investment Tax Credit	A non-refundable tax credit up to 7% for qualified research and development expenses. Qualifying expenses fit into two categories: (1) in-house research expenses, and (2) contracted research expenses. Any unused portion of a tax credit may be carried forward for up to 7 years.
Ohio Historic Preservation Tax Credit Program	Provides a 25% tax credit for the rehabilitation expenses to owners and lessees of historically significant buildings. A building is eligible if it is individually listed on the National Register of Historic Places; contributes to a National Register Historic District, National Park Service Certified Historic District, or Certified Local Government historic district; or, is listed as a local landmark by a Certified Local

	Government. The program is competitive and receives applications bi-annually in March and September. For additional information see Chapter 135 of this *Handbook*.
Conversion Facilities Tax Exemption Program	Administered by the Ohio Department of Taxation, the program may exempt certain property from state sales and use taxes for property used in energy conservation, thermal-efficiency improvements and the conversion of solid waste to energy. Ohio DSA's Energy Office provides technical review of the energy equipment utilized in the projects to verify eligibility. An opinion is then issued to Ohio Department of Taxation, where the tax commissioner makes a final determination on certification of the property.
Ohio New Markets Tax Credit	Assistance in financing business investments in low-income communities by providing investors with state tax credits in exchange for delivering below-market-rate investment options to Ohio businesses. Investors receive a 39% tax credit spread over 7 years if they make an investment in a qualified low-income community business. Community Development Entities (CDEs) apply for allocation authority, and work with investors to make qualified low-income community investments. The attractiveness of the tax credit helps to spark revitalization in communities of all types and sizes.
Research & Development Sales Tax Exemption	Provides an exemption from state and county permissive sales taxes for companies that purchase equipment for research and development activities.
Qualified Energy Project Tax Exemption	Promotes the deployment of alternative energy sources 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 Ohio's university system to promote education in alternative energy, and remain in compliance with all applicable federal, state, and local regulations.
Ohio Motion Picture Tax Credit	Provides a refundable credit against the income tax for motion pictures produced in Ohio. The term "motion picture" for purposes of the tax credit, is defined as entertainment content created in whole or in part within Ohio for distribution or exhibition to the general public. Eligible productions must spend a minimum of $300,000 in the state to qualify. The tax credit is equal to 25% of nonresident wages for cast and crew and eligible production expenditures and 35% of Ohio resident cast and crew wage production expenditures.

Technology Investment Tax Credit Program	Offers a variety of benefits to Ohio taxpayers who invest in small, research and development, and technology-oriented firms. Ohio investors may reduce state taxes by 25% of investments in qualified, technology-based Ohio companies. Both the company and investors must meet several legal requirements to be eligible. .
InvestOhio Program	Provides a non-refundable personal income tax credit to investors that provide new equity (cash) for Ohio small businesses to acquire an ownership interest in the company. The small business is required to reinvest the cash into one of five categories of allowable expenses within 6 months of its receipt. The investor must retain an ownership interest for two years before the tax credit may be claimed. The small business must retain the property that it purchased from the cash infusion during the two year period.
Computer Data Center Sales Tax Exemption	Provides a partial or total sales and use tax exemption for purchases of computer data center equipment and on the installation, delivery, and repair of such equipment for qualified businesses. This includes tangible personal property used for any of the following: (a) to conduct a computer data center business, including equipment cooling systems (b) to generate, transform, transmit, distribute, or manage electricity necessary to operate the center (c) for building and construction materials sold to construction contractors building the center. To be eligible the computer data center must make a capital investment of $100 Million over the following cumulative time periods, based on the date the center project is started: (1) for projects beginning in 2013, five consecutive CY's (2) for projects beginning in 2014, four consecutive CY's; (3) for projects beginning in or after 2015, three consecutive CY's. The program is administered by the Ohio Tax Credit Authority, which is within the Ohio Development Services Agency.
Community Reinvestment Area Tax Incentives	Provides local real property tax incentives for residents and business that invest in designated areas of Ohio. The designated areas are created and administered by a municipality or county, and the area must be formally confirmed by Ohio DSA. Real property investors meeting the local criteria thresholds must apply to the municipality or county for the real property tax exemption. See Chapter 15 of this *Handbook* for more information.
Enterprise Zone Tax Incentives	Provides real property tax incentives for businesses that expand or locate in Ohio (and may provide personal property tax incentives for those qualifying businesses that continue to pay personal property tax). Municipalities or counties must apply to the Ohio DSA to have a zone certified. To secure tax incentives for qualified new real and/or personal property investment, non-retail business must apply to the local community prior to making the investment. See

	Chapter 15 of this *Handbook* for more information.
Tax Increment Financing	An economic development tool available to municipalities, counties and townships in Ohio to finance public infrastructure improvements and, in limited circumstances, residential rehabilitation. A TIF works by locking in the taxable worth of real property at the value it holds at the time the authorizing legislation is approved. Payments derived from the increased assessed value of any improvement to real property beyond that amount are directed towards a separate fund to finance the construction of public infrastructure as defined within the TIF legislation. See Chapter 15 of this *Handbook* for more information.
BUSINESS CAPITAL & OPERATING ASSISTANCE PROGRAMS	
Name of Program	**Summary of Program**
JobsOhio Growth Fund Loan Program	Provides capital for expansion projects to companies that have limited access to capital from conventional sources of financing. May finance allowable projects costs usually in the range of $500,000 to $5 Million. For existing companies projects should obtain more than 50% of financing from private capital sources. For new and early growth companies a higher percentage of financing is possible. Retail and other population driven companies not eligible. Loan term is useful life of the of the project costs with real estate limited to 15 years and machinery and equipment limited to 10 years. Interest rates vary based on project risk and other factors.
JobsOhio Economic Development Grant	Requires the creation of jobs in a specified period of time (typically 3 years) and may consider the amount of proceeds per job created. Also may be used for projects that improve operational efficiencies and production expansion, along with retention of jobs. Grant decisions made on basis of job creation, additional payroll, fixed-asset investment commitment, project return on investment, and project location. Includes projects by companies engaged in JobsOhio's targeted industries and business functions. JobsOhio sets a wage floor based on multiple wage considerations. In-eligible projects include retail and other population driven businesses.
Ohio Capital Access Program	A loan portfolio insurance program, similar to a loan guarantee that enables small businesses to obtain credit to help them grow and expand. When a participating lender originates a loan, the lender and borrower combine to contribute a percent of the loan (from 3% to 6%) into a reserve fund, held by the lender. Ohio DSA also sends a state contribution to the lender-held reserve fund. Each lender's total reserve fund is available to cover losses on any loan in the lender's portfolio. OCAP loans are originated and serviced by the Lender. DSA also uses funds from the U.S Treasury State

	Small Business Credit Initiative to make contributions to the reserve fund.
Regional 166 Direct Loan Program	Promotes economic development, business expansion and job creation by providing financial assistance for allowable costs for eligible projects. Provides low-interest loans to businesses creating new jobs or preserving existing employment opportunities. Initial application review and initial program approvals are handled by certified regional economic development partners. Loans typically are from $500,000 to $1.5 Million with loans limited to from $35,000-$75,000 for each job that will be created within 3 years. Retail and refinancing are ineligible. Loan term based on useful life of the asset with real estate limited to 15 years and machinery and equipment limited to 10 years. Company must provide a 10% minimum equity contribution.
Innovation Ohio Loan Fund	Assistance to existing Ohio companies to develop next generation products and services within certain target industry sectors such as advanced materials, instruments, controls, electronics, power and propulsion, Biosciences, and IT. To provide capital with limited access to conventional financing because of technical and commercial risk factors associated with the development of new products and services. Financing limited to 75% of projects costs with loans typically in the range of $500,000-$1.5 Million. Targeted industry sectors include advanced materials; instruments, controls, & electronics, power & propulsion, biosciences, and IT. Retail projects are ineligible. Program generally requires a 25% minimum contribution and interest rate fixed at closing.
Ohio Enterprise Bond Program	Bonds issued by the State Treasurer providing long term fixed rate loans of up to 10.0 Million. Priority given to projects based on job creation, payroll commitments, fixed asset investment commitment, project return on investment, project location, and other factors. Jobs to be created within 3 years with the amount of the loan typically limited to $35,000-$75,000 for each job created. Program often used with other programs provided that total state financing does not exceed 20% to 40% of the total project investment. Retail and refinancing ineligible. Interest rates dependent on rates when bonds are sold and loans are for useful life of asset with real estate limited to 20 years and machinery and equipment to 10 years. Program requires a 10% equity contribution and 10% bond reserve.
Ohio Venture Capital Authority Ohio Capital Fund	The purpose of the Ohio Capital Fund, a fund of funds, is to help increase private investment in Ohio companies in the early stage of business development. The Ohio Capital Fund is actively making commitments to venture capital funds and through these commitments, the Ohio Capital Fund acts as a catalyst to promote venture capital investment in promising Ohio companies. The Fund is administered by the three-member Ohio Venture Capital Authority.
Research & Development Investment Loan Program	Provides low interest loans in conjunction with tax credits to create research and development capabilities and high wage jobs.

	Recipients also eligible for CAT tax credit equal to principal and interest on loan up to $150,000. Size of loans typically between $500,000 and $5 Million. If other state loans are used total state investment will not exceed 20% to 40% of project cost. Retail and refinancing ineligible. Term of loan is based on useful life of asset with real estate limited to 15 years and machinery and equipment limited to 10 years. A 10% minimum equity contribution is required and at least 50% of costs must be funded by the borrower.
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. Focuses on several factors to determine the eligibility including the number of jobs created and/or retained; extent of participation by the business and a conventional lender in the project; and the demonstration by the business that assistance is necessary for the project to proceed.
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. Project for which bonding is sought must be economically feasible; and the minority business must not have defaulted on a previous bond issued by the Ohio DSA. The maximum bonding line pre-qualification is $1 million per business.
Collateral Enhancement Program	Uses federal funding under the U.S. Treasury State Small Business Initiative to improve access to capital for small businesses. Provides lending institutions with cash collateral deposits to use as additional collateral for loans made to eligible for-profit small businesses. DSA opens an interest bearing account with a lender and deposits up to 30% of loan amount where there is a collateral shortfall as determined by the lender and DSA (up to 50 percent of the loan amount for minority-owned businesses or businesses located in a Historically Underutilized Business Zone).
Targeted Investment Program	Supports the growth and expansion of targeted small businesses within Ohio's manufacturing, technology, and logistics industries. Targets small businesses that have received first or second round equity funding and offers debt financing tailored to the specific needs of the company at or below market interest rates. This is an additional program of the U.S Treasury State Small Business Initiative.
Private Activity Bond Volume Cap	Volume Cap is federally authorized program that refers to the maximum amount of tax-exempt private activity bonds that can be issued annually in each state. Annually, each state receives an allocation of Volume Cap that is referred to as the state ceiling. The intent of the program is to provide assistance to industrial development projects, redevelopment projects, agricultural projects, homeownership financing projects, multi-family housing development and various other special project uses, such as solid waste disposal, mass commuting and environmental enhancement

	projects, commonly referred to as exempt facilities. Tax-exempt private activity bonds facilitate public and private sector collaboration in providing financing for eligible projects at interest rates below that of the conventional market. The interest that bondholders earn is not subject to federal taxes, and may not be subject to state and local income tax depending upon the type of bond issuer. Each state establishes rules for allocating the state ceiling among those governmental units and authorities in the state that have authority to issue tax-exempt private activity bonds (i.e. counties, cities, port authorities, housing authorities, quasi state agencies, as well as some states). Volume cap is needed for the county, through its Community Improvement Corporation, to issue industrial revenue bonds pursuant to ORC Chapter 165 For additional information on this relatively complex program refer to Chapter 80 of this *Handbook* and discuss with your bond counsel.
Community Development Corporation Microenterprise Business Development Program	Provides funds on a competitive basis to eligible Community Development Corporations 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.

STATE WORKFORCE DEVELOPMENT & TRAINING PROGRAMS	
Name of Program	**Summary of Program**
JobsOhio Workforce Grant	Requires job creation and training of employees within a specified period of time (typically 3 years), and may consider the amount of proceeds per job created and employee trained. May also consider assistance for projects that improve operational efficiencies and production expansion, along with the retention of jobs. Grant decisions made on basis of job creation, additional payroll, fixed-asset investment commitment, project return on investment, and project location. JobsOhio sets a wage floor based on multiple wage considerations. Ineligible projects include retail and other population driven businesses. Grant is reimbursable at 50% of eligible training costs or up to 75% if training is provided by one of Ohio's public training providers.
Ohio Incumbent Workforce Voucher Program	Employers may be reimbursed for up to 50% of eligible employee training costs, up to $4,000 per employee, after the employer pays the full cost of the training, and the employee successfully completes the training. Designed to allow employers to retain and grow their existing workforce and create a statewide workforce that can meet the present and future demands in an ever changing economy. Check on the availability of funding as this program often has a wait list.
Appalachian Training Investment Partnership Program	Helps small companies defray some of the costs associated with employee training. Individual grant recipients can receive up to $30,000. A consortium of businesses (no fewer than three eligible and qualifying businesses) can receive up to $50,000. The funds

	are awarded to small companies that demonstrate a need.
REVITALIZATION PROGRAMS	
Name of Program	**Summary of Program**
Ohio New Markets Tax Credit	Assistance in financing business investments in low-income communities by providing investors with state tax credits in exchange for delivering below-market-rate investment options to Ohio businesses. Investors receive a 39% tax credit spread over 7 years if they make an investment in a qualified low-income community business. Community Development Entities (CDEs) apply for allocation authority, and work with investors to make qualified low-income community investments. The attractiveness of the tax credit helps to spark revitalization in communities of all types and sizes.
JobsOhio Revitalization Program: Phase II Assessment Fund (Formerly "Clean Ohio")	Designed to assist in the review of potential environmental risks where redevelopment for job creation is likely to occur. Eligible applicants include businesses, non-profits and local governments where the end user has expressed a clear interest in the reuse of a site. Can be used for environmental testing, lab fees, and related costs. Grant funding up to $200,000. Phase 1 must be complete.
JobsOhio Revitalization Loan (and Grant) Program (Formerly (Clean Ohio")	Designed to support the acceleration of redeveloping sites. Focus is on projects where cost of redevelopment and remediation is more than the value of the land and where the land cannot be competitively developed in current marketplace. Generally for projects that retain or create at least 20 jobs with priority given to those that make additional capital investments and where wages are higher than the average local wage rate. Eligible applicants include businesses, non-profits, and local governments. A site improvement gap grant of up to $1 Million may be awarded but to be elgible it must be coupled with a loan. Site improvement fixed rate loan of up to $5 Million for eligible costs are for up to 15 years with no payments due during the period of revitalization. Also see above for *JobsOhio Revitalization Program: Phase II Assessment Program* for grant opportunities.
Ohio Vacant Facilities Fund	Provides grants to assist businesses in creating new jobs in vacant and underutilized commercial buildings and business parks. For-profit employers can receive a $500 grant for every new full-time position created in the vacant facility and lasting one year. Employers must occupy a building or business park that has been at least 75% vacant for at least 12 months and increase employment at the facility. The new employees must increase the employer's base payroll at the time the vacant facility is occupied. Employers must employ at least 50 employees or half of its Ohio employees at the facility.
OWDA Brownfield Loan Program	Provides below market rate loans to assess and clean up brownfield properties. The program is open to both public and private entities that may use the funds to pay for Phase II

	assessments, demolition, cleanup, and consultant costs. Up to \$500,000 is available for assessments, and up to \$5 Million is available for cleanups. The Ohio Water Development Authority administers the program from the OWDA Other Projects Fund and makes loans based upon recommendations from DSA. Another program available is the U. S. EPA Revolving Loan Fund for brownfields.
Ohio Brownfield Fund	A collection of funding sources that can be used to help plan, assess, and remediate brownfields. Small amounts of grant funding are available for planning of brownfield-impacted areas. Loans of up to \$500,000 for Phase II Environmental Assessments. Loans of up \$5 Million are available for environment cleanup, including demolition associated with the cleanup of hazardous substances, asbestos, lead-based paint, and petroleum. There are no job requirements for this funding, but the borrower must show their ability to repay the loan. ODSA also assists JobsOhio in administering the JobsOhio Revitalization Fund which can provide grants and loans for both brownfields and other vacant or blighted properties with committed end users. Other brownfield resouces are available on both the DSA and JobsOhio web sites.
ENERGY PROGRAMS	
Name of Program	**Summary of Program**
State Energy Program	Ohio DSA receives formula based federal funding from the U. S. Department of Energy. Each state is allocated grant funding to address energy priorities such as adopting emerging renewable energy and energy efficiency technologies. DSA issues competitive solicitations that direct grant funding to education, outreach, technical assistance, and other programs. The goals are to increase jobs, reduce energy use, and/or reduce greenhouse gas emissions through the increased adoption of renewable energy and energy efficiency technologies. When new bid opportunities are available, they will be posted on DSA's web site.
Energy Loan Fund Program	Provides low-cost financing to small businesses and manufacturers for energy improvements that reduce energy usage and associated costs, reduce fossil fuel emissions, and/or create or retain jobs. Funding is provided through the Advanced Energy Fund and federal State Energy Program and American Recovery and Reinvestment Act. Eligible activities include energy retrofits, energy distribution technologies 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.
Qualified Energy Project Tax Exemption	Promotes the deployment of alternative energy sources 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 Ohio's university system to promote education in alternative energy, and remain in compliance with all applicable federal, state, and local regulations.
Ohio Port Authority Loan Loss Reserve Program	Provides credit enhancement to eligible Ohio Port Authorities as they originate loans for energy efficiency projects. The program's goal is to create local Energy Loan Programs to reach small and medium sized applicants throughout the state that may otherwise not be able to participate in the existing Energy Loan Fund.
The Alternative Fuel Transportation Program	A state program to improve air quality through grants to businesses, nonprofit organizations, school districts, or local governments for the purchase and installation of alternative fuel refueling, blending, or distribution facilities and terminals.
Conversion Facilities Tax Exemption Program	Administered by the Ohio Department of Taxation, the program may exempt certain property from state sales and use taxes for property used in energy conservation, thermal-efficiency improvements and the conversion of solid waste to energy. Ohio DSA's Energy Office provides technical review of the energy equipment utilized in the projects to verify eligibility. An opinion is then issued to Ohio Department of Taxation, where the tax commissioner makes a final determination on certification of the property.
Ohio Coal Research & Development Program	Assists in the development and implementation of technologies that can use Ohio coal in an economical and environmentally sound manner. Projects are identified through public solicitations and may include technologies that improve combustion efficiencies, remove various pollutants from emissions, develop productive uses for the by-products of combustion, and investigate new uses for coal as a feedstock. The aggregate principal amount of money borrowed, bonds and other obligations issued by the state for this program is not to exceed $100 million. Eligible applicants include: municipal, rural, investor-owned utilities, non-profit, and for-profit entities doing business in Ohio or an education or scientific institution located in Ohio.
ENVIRONMENTAL PROGRAMS	
Name of Program	**Summary of Program**
JobsOhio Revitalization Program: Phase II Assessment Fund (Formerly "Clean Ohio")	Designed to assist in the review of potential environmental risks where redevelopment for job creation is likely to occur. Eligible applicants include businesses, non-profits and local governments where the end user has expressed a clear interest in the reuse of a site. Can be used for environmental testing, lab fees, and related costs. Grant funding up to $200,000.
JobsOhio Revitalization Loan (and Grant) Program (Formerly (Clean Ohio")	Designed to support the acceleration of redeveloping sites. Focus is on projects where cost of redevelopment and remediation is more than the value of the land and where the land cannot be

	competitively developed in current marketplace. Generally for projects that retain or create at least 20 jobs with priority given to those that make additional capital investments and where wages are higher than the average local wage rate. Eligible applicants include businesses, non-profits, and local governments. A site improvement gap grant of up to $1 Million may be awarded but to be eligible it must be coupled with a loan. Site improvement fixed rate loan of up to $5 Million for eligible costs are for up to 15 years with no payments due during the period of revitalization. Also see above for *JobsOhio Revitalization Program: Phase II Assessment Program* for grant opportunities.
OWDA Brownfield Loan Program	Provides below market rate loans to assess and clean up brownfield properties. The program is open to both public and private entities that may use the funds to pay for Phase II assessments, demolition, cleanup, and consultant costs. Up to $500,000 is available for assessments, and up to $5 Million is available for cleanups. The Ohio Water Development Authority administers the program from the OWDA Other Projects Fund and makes loans based upon recommendations from DSA. Another program available is the U. S. EPA Revolving Loan Fund for brownfields
Ohio Brownfield Fund	A collection of funding sources that can be used to help plan, assess, and remediate brownfields. Small amounts of grant funding are available for planning of brownfield-impacted areas. Loans of up to $500,000 for Phase II Environmental Assessments. Loans of up $5 Million are available for environment cleanup, including demolition associated with the cleanup of hazardous substances, asbestos, lead-based paint, and petroleum. There are no job requirements for this funding, but the borrower must show their ability to repay the loan. ODSA also assists JobsOhio in administering the JobsOhio Revitalization Fund which can provide grants and loans for both brownfields and other vacant or blighted properties with committed end users. Other brownfield resouces are available on both the DSA and JobsOhio web sites.
OWDA Local Economic Development Fund	Provides low interest financing for water and sanitary sewer facilities where the investment services industries making a significant investment and creating new jobs. Administered by the Ohio Water Development Authority, with recommendation from DSA. Funded by OWDA from Revenue Bonds Surplus.
The Alternative Fuel Transportation Program	A state program to improve air quality through grants to businesses, nonprofit organizations, school districts, or local governments for the purchase and installation of alternative fuel refueling, blending, or distribution facilities and terminals.
PROGRAMS FOR APPALACHIAN COUNTIES	
Name of Program	**Summary of Program**
Governor's Office of Appalachia Rapid Response Fund	Provides matching funds to projects that will have a significant

	impact in a short period of time. Job creation is strongly emphasized and all activities funded with Rapid Response Funds must be completed and ready for use within one year from the date the grant agreement is executed.
Appalachian Local Access Road Program	Provides matching funds for preliminary engineering, purchase of right-of-way, and initial construction of eligible access road projects. Eligible access road projects link businesses, communities, and residents to the Appalachian Development Highway System and to other key parts of the region's transportation network with the construction of local access roads compatible with local development plans and related to employment opportunities and the stimulation of economic development.
Appalachia Regional Commission Area Development Grants	Promotes a diversified regional economy through strategies that help communities create and retain businesses and jobs. Grants help communities develop an educated, skilled workforce and create access to affordable health care. They also support the development and improvement of infrastructure, including water and sewer services and the development and use of Internet access.
Appalachia Regional Commission Distressed County Program	ARC designates distressed county status based on low per capita income and high rates of poverty and unemployment. In 2000, the Commission approved the creation of an enhanced program for distressed counties that funds public facilities, infrastructure and human resources projects, as well as projects to provide strategic planning and technical assistance for economic development, community learning and leadership development. The program has two parts: a capacity-building initiative and a telecommunications and information technology initiative. Applicants in distressed counties are eligible to request up to 80% of the total project costs.
Appalachian Training Investment Partnership Program	Helps small companies defray some of the costs associated with employee training. Individual grant recipients can receive up to $30,000. A consortium of businesses (no fewer than three eligible and qualifying businesses) can receive up to $50,000. The funds are awarded to small companies that demonstrate a need.
OTHER PROGRAMS	
Name of Program	**Summary of Program**
Community Development Block Grants	Provides a flexible community development resource to address locally identified eligible needs that qualify under the national objective of Low- and Moderate-Income (LMI) Benefit or Elimination of Slum and Blight. Ohio's non-entitlement counties and cities (larger counties and cities receive a direct allocation directly from the U. S. Department of Housing and Urban Development) are eligible to apply to Ohio DSA and can use the CDBG funds for housing rehabilitation, economic development and public works improvements. The

	program is divided into two components: the Formula Allocation Grants and the Neighborhood Revitalization Grants (NRG). CDBG Economic Development Program creates and retains permanent, private sector job opportunities for low- and moderate-income citizens through the expansion and retention of business and industry through Fixed Assets Loans and Public Off-site Infrastructure Assistance. Non-entitlement cities and counties may apply on behalf of for-profit businesses committing to create at least 5 jobs within its jurisdiction. CDBG Public Infrastructure provides funding to ensure a safe and sanitary living environment through the provision of safe and reliable drinking water and proper disposal of sanitary waste in distressed communities with a low and moderate income population of at least 51%.
Housing Programs	Ohio DSA also provides a variety of grant and loan programs the address housing, fair housing and homelessness assistance. Some of these programs are funded with federal funds, some with state monies, and other from the Ohio Housing Trust Fund.
Ohio Historic Preservation Tax Credit Program	Provides a 25% tax credit for the rehabilitation expenses to owners and lessees of historically significant buildings. A building is eligible if it is individually listed on the National Register of Historic Places; contributes to a National Register Historic District, National Park Service Certified Historic District, or Certified Local Government historic district; or, is listed as a local landmark by a Certified Local Government. The program is competitive and receives applications bi-annually in March and September. For additional information see Chapter 135 of this *Handbook*.

TABLE 78-2

STATE BUSINESS SERVICE & ASSISTANCE PROGRAMS

STATE BUSINESS SERVICE & ASSISTANCE PROGRAMS	
Program	**Description**
Ohio Business Gateway	The OBG website is designed to make government more accessible to businesses by making it easy to find needed information and services. Businesses can learn how to start a business, have access to various laws and regulations, obtain tax, permit, and license forms, and learn about available financial assistance.
Small Business Development Centers	There are 39 Centers in Ohio who are staffed by Certified Business Advisors. They provide no cost, confidential, in-depth one-on-one counseling for companies that will employ 500 or fewer employees. These centers are provided by Ohio DSA in partnership with the U. S. Small Business Administration and selected chambers of commerce, colleges and universities, and economic development agencies.
Procurement Technical Assistance Centers	The purpose of these centers is to assist businesses to compete for federal, state, and local procurement contracts. The 8 Centers in Ohio offer free consulting services and assist local businesses with contract opportunities, research past contracts, help in the preparation of bids and navigation of requirements, and assist after the award of contracts. Eight PTACs, covering regions within the state, offer free consulting on the contracting process. In addition, Ohio DSA, under the Check Ohio First Program connects Ohio buyers and suppliers through an on-line system. This program is provided by DSA in partnership with the U. S. Department of Defense and hosted by community-based organizations serving local businesses.
Minority Business Assistance Centers	Ohio DSA partners with community based organizations to host regional Centers that serve the needs of Ohio's small, minority and disadvantaged businesses. The Centers provide important services including technical assistance, professional consulting, access to capital, and assistance obtaining contract opportunities. Staff works with owners of existing businesses, start-ups, certified Minority Business Enterprises (MBEs), certified Encouraging Diversity Growth and Equity (EDGE) and socially and economically disadvantaged businesses.

	MBEs are defined as businesses that are at least 51 percent or more owned and controlled by one of the following groups: African American, Hispanic, Native American or Asian American. EDGE certified businesses are defined as enterprises that are owned by economically and socially disadvantaged entrepreneurs. The Centers provide MBE and EDGE entrepreneurs with management, technical, financial and contract procurement assistance in addition to loan and bond packaging services. These services are available without cost to businesses located throughout Ohio. In addition, DSA provides a variety of services under the Woman's Business Resource Program. DSA's Minority Business Development Division also supports minority and disadvantaged businesses by providing technical assistance, access to capital and bonding through the Centers. The Division leverages these resources to support achieving the 15% MBE set aside goal.
Women's Business Program	With women starting businesses at an accelerated rate Ohio DSA offers a wide array of programs and services that support the development of Women Owned businesses. The Ohio DSA website includes links to over 50 web sites that focus on the needs of these businesses and their owners
Manufacturing & Technology Small Business Development Centers	These Centers provide management counseling and education services in a variety of areas including business process improvement; commercialization strategies and new product development; intellectual property; lean manufacturing; licensing basics; strategic planning; and, technology marketing. Consulting is a free, in-depth, and confidential service. However, fees may be charged for training, market research services, assessments, and project development and production.
Energy Efficiency Program for Manufacturers	A multi-phase energy efficiency program that helps manufacturers reduce costs through facilitation services and financial assistance that diagnose, plan, and implement cost-effective energy improvements. Funding is made available through the U.S. Department of Taxation.
International Trade & Export Assistance	Ohio DSA provides a variety of programs and assistance to help expand markets for Ohio products through export assistance programs, activities, and business development trade show participation.
Ohio Third Frontier Program	Third Frontier is an internationally recognized technology-based economic development initiative. The $2.1 billion

	initiative supports existing industries that are transforming themselves with new, globally competitive products and fostering the formation and attraction of new companies in emerging industry sectors. Ohio's Third Frontier provides funding to Ohio technology-based companies, universities, nonprofit research institutions, and other organizations to create new technology-based products, companies, industries, and jobs. Currently Ohio's Third Frontier offers the following programs that are explained further on the DSA website: • Incubation Program. • New Entrepreneurs (ONE) Fund. • Entrepreneurial Signature Program (ESP). • Open Innovation Incentive (OII). • Technology Validation and Start-up Fund. • Pre-Seed Fund Capitalization Program. • Pre-Screening Companies Commercial Acceleration Loan Fund (CALF). • Internship Program.
The Ohio Manufacturing Extension Partnership (Ohio MEP)	Ohio MEP is a specialized Third Frontier Program supporting manufacturing by providing the products, services, and assistance dedicated to productivity, growth, and global competitiveness of manufacturers. Since 2004, the Ohio MEP program has been working with specialized non-profits to provide low-cost business and technical assistance to small and medium sized manufacturers. The state investment is matched with federal MEP funds from the National Institute of Science and Technology (NIST), which is a part of the U.S. Department of Commerce. In September 2012, the Industrial Technology and Enterprise Advisory Council (ITEAC) recommended expanding Ohio's reach in manufacturing. The expansion would move from a two organizations model (covering northern and southern Ohio) to a regional model, offering more assistance through six regional centers and seven "Under 50" partners, which work primarily with manufacturers employing 50 workers or less.
Site Selection, Job Ready Sites & Certification Programs	Ohio DSA provides a variety of site selection and site certification programs that make it easier for companies looking for sites to see what is available and the location and infrastructure available to the site. The DSA web site includes links explaining how the system works and how to search for sites statewide.
Workforce Development Programs	It is becoming increasingly evident that an educated and

	trained workforce is a major tool in economic development. The Governor's Office of Workforce Transformation was formed to try to coordinate a variety of workforce development programs that are available in Ohio. For additional information refer to the following web sites: • Office of Workforce Transformation • Ohio Means Jobs • Ohio Means Jobs Centers