

Incentive Summary

The following State and local incentives are available for eligible businesses locating or expanding in the City of Reading:

Tax Credits/Exemptions

The **Reading-Lockland-Evendale Urban Jobs and Enterprise Zone** typically offers businesses up to 75% abatement of new property taxes generated from real estate improvements for up to 10 years. Abatement can be granted up to 75% and up to 10 years (without local school board approval), or up to 100% and up to 15 years (with local school board approval) on real estate improvements made as part of a qualified project.

The **Job Creation Tax Credit (JCTC)** is a refundable tax credit to companies creating at least 10 new jobs (within three years) with a minimum annual payroll of \$660,000 that pay at least 175 percent of the federal minimum wage. The tax credit is measured as a percentage of the state income tax withholdings for all new employees hired under the program, and is applied toward the company's commercial activity tax liability. Should the amount of the credit exceed the company's commercial activity tax liability for any given year, the difference is refunded. Approved projects generally range between a 25 and 55 percent credit for a period of five to seven years. A business must apply for the credit before committing to the project.

The **Job Retention Tax Credit (JRTC)** is a non-refundable tax credit to companies retaining at least 500 fulltime equivalent employees. The company must also invest either \$50 million in fixed assets for manufacturing or \$20MM for fixed assets for administrative functions. The JRTC allows companies to receive a credit up to 75 percent of state income taxes for a period of 10 years. Companies exceeding retention of \$40MM of annual payrolls are eligible to receive the same credit for up to 15 years. The business must apply for the credit before committing to the project.

The **Research and Development Investment Tax Credit** provides a non-refundable tax credit up to 7 percent for qualified research and development expenses. Qualifying expenses fit into two categories: in-house research expenses and contracted research expenses. Any unused portion of a tax credit may be carried forward for up to seven years.

Environmental Clean-up

The **Brownfield Site Clean-up Tax Credit Program (House Bill 441)** offers a tax credit of up to \$500,000 or 10% of the clean-up cost, (whichever is less) for businesses who pay a corporate franchise tax or state income tax and agree to clean up and reuse "Brownfield" sites (i.e. properties that have been environmentally contaminated). The credit is divided equally over 5 years and can be carried forward for up to 3 years. Under this program businesses are also eligible for a low interest loan toward the cleanup cost from Ohio EPA or the Ohio Water Development Authority.

Job Training

The **Ohio Workforce Guarantee Program (OWG)** supports companies that are making investments in facilities, equipment and training that result in the retention and creation of jobs for Ohioans. The OWG is one of the few programs in Ohio that provides direct financial support to employers for training. Employers have the ability to choose the training provider whether it is a company employee or an outside training provider. The OWG pays for a portion of instructor salaries, materials, travel and special needs. Payments are made on a reimbursement basis. Most types of training associated with an investment project are eligible. The amount of the grant is based on the training activities and costs identified in this application. When an application is approved, the Department and the company will enter into a legal contract. OWG commitments which have been

made through a Commitment Letter issued by the Director of the Ohio Department of Development or through a Request for Assistance Application represent a potential up-to amount of OWG funding. Projects which are for \$30,000 or more generally receive partial funding initially. Additional funds are added to the grant through amending the OWG contract. Additional funds will be added as the company meets job and investment projections and 75% of the initial grant funds have been reimbursed.

Companies that fail to make significant progress toward their job creation,

retention, training and capital investment commitments of a project may only be able to draw down a proportionate share of their training grant funds (i.e. 30% of the commitment will equate to no more than 30% of the grant funds).

Fixed Asset Financing

The **State of Ohio 166 Direct Loan Program** provides loans to manufacturers for land, building, and machinery and equipment. The maximum loan amount is usually set at 30% of project costs to a maximum of \$1 million (subject to an increase by the Director of Development), with a minimum loan amount of \$500,000. The rate is fixed currently at 3%, with terms similar to those of commercial bank financing. Eligible projects must involve significant job creation or retention.

The **Alternative Fuel Transportation Grant Program** improves air quality through grants to businesses, nonprofit organizations, school systems, or local governments for the purchase and installation of alternative fuel refueling, blending or distribution facilities and terminals. Current incentives are focused on retail fuel distributors and school systems.

The **Innovation Ohio Loan Fund** provides loans for acquisition, construction, and related costs of technology, facilities and equipment purchases. The fund was created to assist existing Ohio companies develop next generation products and services within certain Targeted Industry Sectors. The Fund provides competitive financing terms on loans to finance projects that will positively impact Ohio by creating high-value jobs, increasing tax revenues, and improving the economic welfare of Ohio.

The **Ohio Advanced Energy Fund**, administered by the Ohio Energy Office, connects companies and communities with financial and technical resources to deploy energy efficiency and renewable energy technologies, and to support advanced energy economic development.

The **State of Ohio Enterprise Bond Fund** offers revenue bond financing through this S&P AA- (double A minus) rated fund, whereby proceeds from the sale of bonds are loaned to companies for fixed rate, long-term capital asset financing. Rates are fixed depending on the type of bond issued, while terms are between 7 to 10 years for equipment and 15 to 20 years for real estate. Up to \$10 million in financing is available through this program.

The **Research & Development Investment Loan Fund** provides loan financing of between \$1 million and \$5 million for projects primarily engaging in research and development activity. Rates are fixed (at or below market rates) with terms similar to those of commercial bank financing. Companies receive a dollar-for-dollar, nonrefundable Ohio commercial activity tax credit for all principal and interest payments during the year.