

Economic Development Incentives

Tax Credits

Ohio	Kentucky	Indiana
<p>Job Creation Tax Credits allow companies creating at least 25 new full time jobs paying at least 150% of federal minimum wage to apply for state income or corporate franchise tax credits. Projects creating as few as 10 new full time jobs and paying an average wage of at least 400% of federal minimum wage may also be eligible for tax credits. The refundable credit is calculated as a percentage of state income tax revenue withheld by the business for employees hired to fill the new jobs. In exchange for the credit, the company must maintain operations at the project site for twice the term of the approved tax credit. The law also allows a municipality to grant a credit against its income tax to a business that also receives a new state credit.</p>	<p>Kentucky Jobs Development Act (KJDA) allows qualifying service or technology related companies to recoup up to 50% of project start up costs (limited to \$10,000 per new job created) and up to 50% of annual rental value of the facility, over 10 years. The incentives may be realized through state income tax credits and up to a 5% job assessment fee. Companies are required to meet minimum employee compensation standards.</p> <p>Kentucky Industrial Development Act (KIDA) allows new and expanded manufacturing operations, creating at least 15 new full-time jobs, to use state income tax credits or a 3% wage assessment fee to recoup up to 100% of fixed asset costs for up to 10 years. Equipment is limited to \$10,000 per new job created. Companies are required to meet minimum employee compensation standards.</p> <p>Kentucky Rural Economic Development Act (KREDA) allows eligible new and expanded manufacturing operations, creating at least 15 new jobs, that locate in Kentucky counties with unemployment rates higher than the state average, to recover up to 100% of costs on buildings, land, fixtures, and equipment for up to 15 years through state income tax credits and a 4% employee wage assessment fee. Companies are required to meet minimum employee compensation standards.</p>	<p>Economic Development for a Growing Economy (EDGE) offers existing and new companies providing jobs a refundable tax credit based on their payroll, for up to 10 years. Employee income tax withholdings are credited against corporate tax liability and excess withholdings are refunded to the company.</p> <p>Hoosier Business Investment Tax Credit offers tax credits for qualified capital investments made in the State of Indiana which create new jobs or increase wage levels in Indiana. Qualified investments may be made only during taxable years beginning on or after January 1, 2004, and ending on or before December 31, 2005.</p> <p>Indiana Venture Capital Investment Tax Credit allows a non-refundable Indiana tax credit to taxpayers who provide qualified investment capital to qualified Indiana businesses.</p>

Tax Increment Financing (TIF) allows local governments in Ohio to redirect new taxes on the value of real property improvements. A TIF works by locking in the taxable worth of real property at the value it holds at the time the TIF was approved. Payments derived from the increase assessed value of any improvement to real property beyond that amount are directed towards a separate fund to finance the construction of public infrastructure including public roads, water and sewer lines, remediation, land acquisition, demolition, gas, electric and communications service facilities, and public waterways. Local jurisdiction may exempt from real property taxes the value of private improvements up to 75% for a term of up to 10 years, (up to 100% for up to 30 years with school board approval).

Kentucky Enterprise Zone Authority (KEZA) allows businesses to use corporate income tax credits to qualifying employees equal to 10% of wages up to \$1,500 per employee. Companies are required to meet minimum employee compensation standards. Kentucky Economic Opportunity Zone Act (KEOZ) provides income tax credits for new or expanding manufacturing or service/technology businesses located in a qualified zone. Manufacturing tax credit is based on debt service or fixed assets. Service/technology firms tax credit is based on 50% of startup cost and up to 50% of annual rental value of facility. Companies are required to meet minimum employee compensation standards.

Tax Increment Financing (TIF) is available for eligible infrastructure development projects undertaken by public entities or economic development projects that provide a unique contribution to a region and result in a net positive economic impact to the State. Infrastructure projects are eligible for a TIF for up to 100% of incremental real estate taxes up to 20 years. Projects in “Specific Development Areas” are eligible for a TIF for up to 80% of incremental real estate, personal, and income taxes up to 20 years.

The Kentucky Investment Fund Act (KIFA) offers a 40% tax credit to personal and corporate income tax and corporate license fees to investors in investment funds which can be taken in the year following the year the credit is awarded and following the fund’s investment in a qualified company. Minimum fund size is \$500,000 and maximum funds size is \$20 million. Total amount of tax credits available to any single investment shall not exceed in aggregate \$8 million for all investors and all taxable years. Approved funds must be invested in Kentucky-based small companies.

Job Training

Ohio

Ohio Investment In Training Program (OITP) provides up to 50% reimbursement for customized training of incumbent workers. Emphasis is on manufacturing and selected employment sectors that have significant training and capital investment related to creating and retaining jobs.

The Ohio Training Tax Credit Program provides a non refundable tax credit to businesses that conduct an eligible training program to improve the skills of employees at risk of losing their jobs or to improve the skills of other eligible employees. The credit is available to help businesses train full-time, incumbent workers only. The tax credit may equal as much as one-half of the average training costs for the prior three year period but may not exceed \$1,000 per eligible employee or \$100,000 per business per year. Eligible cost include employee assessment, instructors, materials, supplies, instructional media, training equipment and wages of trained employees.

Kentucky

Kentucky Job Training. Bluegrass State Skills Corporation (BSSC) provides grants for customized skills training of workers for new, expanding, and existing businesses and industries in Kentucky. Training for Kentucky residents ranges from entry-level to advanced skills, upgrading of existing employees, and occupational upgrade programs. Reimbursement is made at 50% for eligible training expenses which include instruction costs, books and materials, train the trainer, travel, and capacity building.

The Skills Training Investment Credit allows existing companies to recover 50% of approved costs for occupational and skills upgrade training through an income tax credit. The credit amount shall not exceed \$500 per employee and, in the aggregate, not exceed \$100,000 for each approved company per biennium.

Indiana

Skills Enhancement Fund provides expanding and existing business and industry grants for reimbursement of up to 50% of eligible training costs. All employees trained must be Indiana residents and all businesses must remain in Indiana for 5 years after the grant closes or reimburse grant amount back to IDOC. Eligible training activities include: Basic skills, transferable skills, company-specific skills and quality.

The Technology Enhancement Certification for Hoosiers Fund (TECH Fund) is a reimbursement grant program designed to help Indiana companies meet the demands of the new information economy by rapidly increasing the number of certified information technology workers in Indiana. This program provides financial assistance to existing companies that are committed to training their workers in the latest information-technology skills. Participating companies must be in good standing with State regulatory agencies.

Tax Incentives

Ohio

Local Enterprise Zones allow an exemption of up to 75%, (or up to a 60% average exemption over the exemption term), on new real estate and personal property taxes for up to 15 years without school board approval.

Community Reinvestment Areas allow an exemption of up to 100% on new real property investments. Some percentages may require school board approval. The exemption term can be up to 15 years, depending on the type of project and real property investment (improvements or new construction).

R&D, Warehouse, and Manufacturing Equipment Sales Tax Exemption allows qualified R&D, warehousing, and manufacturing equipment used in Ohio an exemption from state and county sales tax.

Storage Only Warehouse Exemption provides an exemption on property taxes on qualifying inventory shipped into Ohio, held for storage only, and shipped outside Ohio.

Kentucky

Indiana

Tax Abatement offered for up to 10 years on real and personal property on a declining percentage basis.

Business Financing

Ohio

State of Ohio 166 Direct Loan Program provides loans from \$350,000 up to \$1 million (up to the lesser of 30% of fixed asset costs or \$15,000 per job), 3% fixed rate, 5-15 year term. The Regional 166 Loan Program through Hamilton County Development Co., Inc. also provides up to \$350,000 at 2/3 of bank prime interest rate.

Three SBA certified development companies in Hamilton, Butler, and Warren counties provide fixed asset financing for up to 40% of the total cost of an expansion project, fixed below-market rate, up to 20 year term, through the SBA 504 Loan Program. The Ohio Enterprise Bond Fund offers up to 90% of projected fixed asset costs, \$10 million maximum, fixed rate, up to 20 year term, through the SBA 504 Loan Program.

Linked Deposit Program uses state deposits to encourage lending institutions to make low interest fixed asset and working capital loans to businesses with fewer than 150 employees.

Ohio Enterprise Bond Fund, (rated AA by Standard & Poor's), provides funding for land and building acquisitions, construction, expansion or renovation, and equipment purchases for commercial or industrial projects between \$1.5 million and \$10 million. Long term fixed rate for up to 15 years and 90% of project costs.

Kentucky

Kentucky Economic Development Finance Authority (KEDFA) loans are available for fixed asset financing for most types of business activities except retail projects. Loans may be made for the lesser of \$500,000 or 25% of the project's fixed asset costs. Interest rate is fixed and below market rate, and terms are up to 10 years. Loans are also available for small businesses for up to 45% of project costs up to \$100,000.

Commonwealth Small Business Development Corporation (SBA 504) provides fixed asset financing up to the lesser of \$1million or 40% of the project costs for a term of up to 20 years at a fixed interest rate.

Linked Deposit Program offers small businesses and agri-businesses loans of up to \$100,000, with a repayment term of up to 7 years. Interest is 1% below the prime rate published in the Wall Street Journal on the first business day of each month, but is never more than 5%, fixed for the life of the loan.

Indiana

Tax Increment Financing (TIF) revenues can be used for debt service on bonds issued for construction of public improvements, acquisition of real and depreciable personal property, and to provide taxpayers with a credit equal to the state's property tax replacement credit.

Industrial Development Project Guaranty Fund guarantees loans for fixed assets and working capital up to \$2 million for a secured loan and \$500,000 for an unsecured loan.

Indiana Statewide Certified Development Corporation (SBA 504) provides long-term, fixed asset financing for up to 40% of the project cost up to \$750,000.

Product Development Commercialization Funding provides loans for businesses engaged in R&D and commercialization of new technology. Loan amount, terms, and interest rates determined on a case-by-case basis.

Capital Access Program (CAP) uses state deposits to encourage financial institutions to lend money to businesses not qualifying for conventional loans. Loan proceeds may be used for commercial and industrial projects. Loan amount, terms, and interest are determined on a case-by-case basis.

Trade Finance Program provides 100% loan guarantees for fixed asset and working capital loans for qualified Indiana exporters. Terms and conditions determined on a case-by-case basis.

Ohio Qualified Small-Issue Bond Program provides low-interest financing for small manufacturing facilities locating or expanding in Ohio that have or can obtain allocations of volume cap. Financing may be used for capital expenses and up to 2% of issuance costs. Bonds can be used to finance up to 100% of the cost of land, buildings and new equipment in new construction, expansion or rehabilitation of industrial facilities. Interest rates are between $\frac{3}{4}$ and 3% below prime rate.

The Clean Ohio Revitalization Fund provides grants and loans to Ohio counties, municipalities, townships and port authorities for the cleanup of polluted properties so they can be restored to productive uses. Program is focused on both economic and environmental benefits of cleanup and projects that generate significant economic and community impact. Grant or loan to any one project cannot exceed \$3 million, and there is a minimum 25% match.

Infrastructure Financing

Ohio

Infrastructure grants and low interest loans available to assist communities with infrastructure improvements to serve expanding industry and new industry projects.

Tax Increment Financing (TIF) Program allows Ohio communities to redirect real property taxes resulting from new investments to pay for public infrastructure which will benefit the company making the investment.

Kentucky

Infrastructure Revolving Loan Fund provides financing for any type of infrastructure that is required to enhance economic development and job creation. Interest rates are below market rates and most loans are for 20-30 year terms.

Tax Increment Financing (TIF) is available for eligible infrastructure development projects undertaken by public entities or economic development projects that provide a unique contribution to a region and result in a net positive economic impact to the State. Infrastructure projects are eligible for a TIF for up to 100% of incremental real estate taxes up to 20 years. Projects in "Specific Development Areas" are eligible for a TIF for up to 80% of incremental real estate, personal, and income taxes up to 20 years.

Indiana

Industrial Development Grant and Loan Fund provides assistance to eligible local units of government for off-site infrastructure projects which support new or expanding business development. Grant and loan amounts based on new job creation and project needs. Public-installed infrastructure may be improved up to, but not onto, the company's property (excluding rail spurs). Eligible improvements include: water, sewers, road, rail spurs and fiber optics.

Research and Development

Ohio

Research & Development Investment Fund is designed to position Ohio to compete aggressively for private-sector R&D investments that will create high-wage jobs. The \$200 million fund targets large investments from companies with significant assets and sales. The fund will be used to aggressively pursue research and development operations/facilities and fund the cost of capital purchases. The program funds 50% of eligible capital costs for companies making a minimum investment of \$10 million in fixed assets, and provides loans ranging in size of \$5-\$25 million. Loan term is established to meet individual project needs but will fall within the 5-20 year term with a 3%-5% fixed rate.

Innovation Ohio Revolving Loan Fund is a \$100 million revolving loan fund designed to help existing Ohio companies and new companies to the State invest in fixed assets for the purpose of developing new commercial products. The program finances fixed assets such as M&E, building improvements, computers and off the shelf software. Loans range from \$250,000-\$5 million and finance 50%-75% of total project costs.

Kentucky

Indiana

The Indiana Certified Technology Parks Program allows eligible cities, towns and counties that have a redevelopment commission (or a department of metropolitan development serving as its redevelopment commission), to be designated as a certified technology park if certain conditions are met. Redevelopment commissions for area that receive designation may adopt a resolution designating the park as an allocation area for purposes of the allocation and distribution of taxes into a certified technology park fund. If the certified technology park fund is created, an incremental tax fund will be established by the Indiana State Treasurer, which shall consist of gross retail incremental taxes paid by businesses located within the certified park, and income tax incremental amounts paid by employees located within the certified park. Eligible activities include acquisition, improvement, demolition, maintenance, equipping and other activities associated with public facilities; operation of public facilities, and; payment of principal and interest on obligations payable by the redevelopment commission for financing or refinancing development of public facilities