

TAXES and INCENTIVES

Local Incentives

The City of Reynoldsburg will work with businesses to produce a customized incentive package to meet your needs and schedule. Outlined below are common incentives available at the State and Local level. Please contact the **Development Department** directly for availability of other local incentives that may be available on a case-by-case basis for businesses considering locating in our community.

Community Reinvestment Area (CRA):

The City of Reynoldsburg currently has established a number of Community Reinvestment Areas (CRA's), which are areas of land in which property owners can receive a percentage of real property tax abatements, for a fixed term, for investing in real property improvements. The CRA Program is a direct incentive tax exemption program benefitting property owners who renovate existing buildings or construct new buildings in these designated areas. Our Community Reinvestment Area Map shows existing CRA areas within Reynoldsburg. For further information on the program contact the Acting Planning Director.

Local Job Creation Tax Credit:

Reynoldsburg can offer refundable local income taxes collected for a fixed term by employers, as an incentive for local job creation. This incentive is only offered in conjunction with a state approved Job Creation Tax Credit as described below, but proves to be a valuable tool for future expansion needs.

Ohio Department of Development Programs

Infrastructure Incentives:

Business Development (412) Account: These grant funds are for on- or off-site infrastructure improvements, including water, sewer and roads. This fund is for companies primarily engaged in manufacturing, R&D, high technology, corporate headquarters and distribution. Given the demand for limited grant funds, qualified projects must involve substantial job creation and retention. All other public and private sources of financing must be considered before the availability of 412 funding is determined.

Roadwork Development (629) Account: These grant funds are available for public roadway improvements, which includes engineering and design costs. This fund is available for projects primarily involving manufacturing, R&D, high technology, corporate headquarters and distribution activity. Projects must typically create or retain jobs. Grants are usually provided to the local jurisdiction and require local participation.

Building and Purchasing Equipment- Low Interest Financing:

166 Direct Loan: Direct loan financing is available to help finance manufacturing facilities, with eligible uses for funding. This includes new building construction, building acquisition, and acquisition of machinery and equipment. Amounts of financing are usually set at 30% of the project cost to a maximum of \$1million, subject to an increase by the Director of Development, with a minimum loan amount of \$350,000. 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.

Ohio Enterprise Bond Fund: Revenue bond financing is available through this S&P AA- rated fund, whereby proceeds from the sale of bonds is loaned to companies for a fixed rate, long-term capital asset

financing. Rates are fixed dependent upon 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.

R&D Investment Loan Fund: Direct loan financing of between \$1 million and \$25 million is available for projects primarily engaging in research and development activity. Rates are fixed (currently at 3%) with terms similar to those of commercial bank financing. Companies receive a dollar for dollar, nonrefundable Ohio corporate franchise (income) tax credit for all principal and interest payments during the year.

State Tax Incentives:

Job Creation Tax Credit (JCTC): The JCTC is a refundable Ohio corporate franchise (income) tax available to companies creating at least 25 new full time jobs (within three years) in Ohio. The credit may also be available for certain high wage industries creating ten or more new full time jobs (within three years). The credit is measured as a percentage of the state income tax withholdings for all new employees hired under the program. Approved projects range between 55 and 65% for a 6-8 year period.

Manufacturing Machinery & Equipment (M&E) Investment Tax Credit: The M&E Investment Tax Credit is a non-refundable Ohio corporate franchise (income) tax credit available to manufacturers that purchase new machinery and equipment to be located in Ohio and used in the production or assembly of a manufactured good. The credit is based on 7.5% of the total cost of the new machinery and equipment purchased. The tax credit is divided over 7 years with any unused amounts eligible to be carried forward for up to 3 years.

Research & Development (R&D) Investment Tax Credit: The R&D Investment Tax Credit is a non-refundable Ohio corporate franchise (income) tax credit for all investment in qualified research expenses incurred in Ohio by eligible "C" corporations. Qualified research expenses are based on Section 41 definition in the U.S. Internal Revenue Code, and include expenses for both in-house and contract research expenses. The amount of the credit is based on 7% of the amount of all qualified investment in a specific year. For companies with a presence in Ohio, the eligible investment in R&D expenses is based on all investment exceeding the company's three year annual average investment in the county. The credit can be carried forward for up to seven years.

Sales & Inventory Tax Exemptions: State and local sales taxes are exempted on certain types of purchases including machinery and equipment used in the manufacturing process; material handling equipment used in the warehousing of inventory that is primarily (51%) distributed to retail operations associated with the warehouse operator; and equipment used for R&D purposes.