

**STATE OF OHIO**

**OHIO DEPARTMENT OF DEVELOPMENT**

**OHIO ENTERPRISE ZONE PROGRAM**

**STATE FRANCHISE TAX INCENTIVES TIER II**

**SUMMARY AND APPLICATION**

**STATE OF OHIO  
TED STRICKLAND, GOVERNOR**

**OHIO DEPARTMENT OF DEVELOPMENT  
LEE FISHER, DIRECTOR**

**Economic Development Division  
Office of Tax Incentives**

**OHIO'S ENTERPRISE ZONE PROGRAM**  
**STATE FRANCHISE TAX INCENTIVES (TIER II)**

**SUMMARY**

**A. Qualifications**

The Ohio Enterprise Zone Program may provide an eligible participating business with additional benefits in the form of State of Ohio Franchise Tax Incentives. A business may apply for a state Tax Incentive Qualification Certificate, if it meets all of the following criteria:

1. the business has executed an Enterprise Zone Agreement with the local legislative authority;
2. the business has made significant progress in completing the proposed project, has been reviewed by the local legislative authority's Tax Incentive Review Council and has been determined to be in compliance with the contract requirements;
3. the business has hired new employees to fill non-retail positions at the facility;
4. at least 25% of the newly hired employees must, at the time of being hired, meet one of the following characteristics as outlined in Ohio Revised Code (O.R.C.) Section 5709.64 (A)(2):
  - a. unemployed and a resident of the county where the project is located for at least six months;
  - b. eligible for the Jobs Training Partnership Act and a resident of the county where the project is located for at least six months;
  - c. a recipient of Aid to Dependent Children, General Assistance, or Unemployment Compensation and a resident of the county where the project is located for at least six months;
  - d. handicapped and a resident of the county where the project is located for at least six months;
  - e. a resident of an enterprise zone in the same county as the enterprise zone's project site for at least one year.
5. after becoming eligible for Enterprise Zone benefits, the business increased its average employment level in this facility;
6. the business has not closed a facility or reduced employment elsewhere in Ohio as the primary purpose of establishing or expanding the facility in the enterprise zone;
7. (for renewal certificates) if the business has ten or more supervisory personnel, at least 10% of those supervisors must have satisfied at least one of the criteria in 4 (a)

through (e) when first hired at the facility.

## **B. Benefits**

Eligible businesses may benefit from the following state of Ohio Franchise Tax Incentives:

1. non-retail improvements to real property and personal tangible property first used in business at the facility project site are not considered an asset in determining the value of a corporate enterprise's issued and outstanding stock under O.R.C. Section 5733.05 (A);
2. non-retail improvements to real property and personal tangible property first used in business at the facility project site are excluded from the computation of the property factor of a corporate enterprise under O.R.C. Section 5733.05 (B) (2) (a);
3. compensation paid to new employees having the characteristics outline in O.R.C. Section 5709.64 (A) (2) (a) to (e) are excluded from the computation of the payroll factor of a corporate enterprise under O.R.C. Section 5733.05 (B) (2) (b) or of a noncorporate enterprise under O.R.C. Section 5747.21 (B);
4. the enterprise is entitled to a credit equal to amounts reimbursed by the enterprise to new employees meeting the characteristics described in O.R.C. Section 5709.64 (A) (2) for all or part of the cost of day care services necessary to enable them to be employed. The credit will be equal to the amount reimbursed up to a maximum of \$300 per each child or dependent receiving the services. The day care service provider must be licensed by the Ohio Department of Human Services. Credits are available only during the new employee's first 24 months of employment.
5. the enterprise is entitled to a credit equal to the cost of a training program paid for by the enterprise either fully or in part for each new employee meeting the characteristics described in O.R.C. Section 5709.64 (A) (2) and completing the training program, provided that the employee is subsequently employed by the enterprise for at least 90 days. The credit will be equal to the amount paid or reimbursed up to one thousand dollars per employee.

## **C. Procedure**

An enterprise meeting the qualifications outlined in Section A above must file the appropriate application between January 1 and April 30 with the Director of Development. The application form is available upon request from:

Ohio Department of Development  
Office of Tax Incentive  
77 S. High St., 28th Floor  
P.O. Box 1001  
Columbus, Ohio 43216-1001

The Director will review, investigate and verify the allegations contained in the application and makes determination within sixty (60) days of receiving the application necessary to verify compliance with employment characteristics of O.R.C. Section 5709.64 (A) (2) (a)

through (e).

If an application qualifies, a Tax Incentive Qualification Certificate will be used on the thirtieth (30th) day of June of the year of the application. An enterprise will be eligible for an initial certificate and up to three (3) successive renewal certificates providing the enterprise continues to meet the legal requirements and neither the zone's designation nor certification is revoked prior to the fifteenth (15th) day of June of the year of application. A business must file an application each year to be eligible for a renewal certificate.

If an application is not qualified for a Tax Incentive Qualification Certificate, the business will receive notice of the determination by certified mail. The business may appeal the decision by following the procedure outlined in O.R.C. Section 5709.64 (B).

The applicability of the incentives provided under the Tax Incentive Qualification Certificate will depend upon the taxable year of the enterprise. The enterprise will be entitled to the incentive for the taxable year that includes the Tax Incentive Qualification Certificate's date of issuance.

**NOTE:** For additional information, please review O.R.C. Sections 5709.64-65 or call the Ohio Department of Development at (614) 466-2317

**OHIO DEPARTMENT OF DEVELOPMENT  
OHIO ENTERPRISE ZONE PROGRAM**

**Tier II - State Franchise Tax Incentives  
Tax Incentive Qualification Certification - Application**

Initial Application \_\_\_\_\_ Second Renewal \_\_\_\_\_

First Renewal \_\_\_\_\_ Final Renewal \_\_\_\_\_

1. Name of Enterprise: \_\_\_\_\_

Federal Tax Identification Number: \_\_\_\_\_

2. Address of Enterprise: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

C.E.O. Name & Title: \_\_\_\_\_

Phone Number: \_\_\_\_\_

3. Address of Project Site (if note the same as above): \_\_\_\_\_

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4. List name, title, address and phone number of a primary contact person (if not the same as #2):

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5. Note type of business entity (C Corporation, Chapter S Corporation, Partnership, Proprietorship, etc.):

a. Name of principal owners of offices (attach a list if necessary):

6. Date of Enterprise Zone Agreement, which is the basis of the application:

7. Nature or type business activities (manufacturing, warehousing, distributing etc.)

If a combination, note type and relative percentage of each at the project site:

8. Are the business' activities at the project site seasonal in nature?

Yes\_\_\_\_\_ No\_\_\_\_\_

If yes, specify the number of weeks of the year the business is operating at full capacity:

9. Did the business establish, expand, renovate, or occupy a facility in compliance with an Enterprise Zone Agreement entered into with a municipality or county pursuant to Ohio Revised Code Sections 5709.62, 5709.63, or 5709.632?

Yes\_\_\_\_\_ No\_\_\_\_\_

10. Does the Enterprise owe:

a. Any delinquent taxes to the State of Ohio or a political subdivision of the state?

Yes\_\_\_\_\_ No\_\_\_\_\_

b. Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State?

Yes\_\_\_\_\_ No\_\_\_\_\_

c. Any other moneys to the State, a state agency, or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not?

Yes\_\_\_\_\_ No\_\_\_\_\_

d. If yes to any of the above, please provide details of each instance including but not limited to the location, amounts and/or case identification numbers (attach additional sheets if necessary).

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e. Please complete the attached Tax Information Disclosure Authorization and Tax Identification Numbers form and forward them to ODOD as part of the application. ODOD will forward this information to the Department of Taxation for review. Without the confirmation by the Ohio Department of Taxation, the application will be considered incomplete and will not be granted the Tax Incentive Qualification Certificate.

11. Employment Information - Attach a separate list of each non-retail employee hired as a result of an Enterprise Zone Agreement including the name, address, social security number, dates of employment and qualification determination for the following categories:
- a. Unemployed and a resident of the county where the project is located for at least six months;
  - b. Eligible for the Jobs Training Partnership Act and a resident of the county where the project is located for at least six months;
  - c. A recipient of Aid to Dependent Children, General Assistance, Disability Assistance or Unemployment Compensation and a resident of the county where the project is located for at least six months;
  - d. Handicapped and a resident of the county where the project is located for at least six months;
  - e. A resident of an enterprise zone in the same county as the enterprise zone's project site for at least one year.

12. How many supervisory personnel are at the facility? \_\_\_\_\_

If applying for a renewal certificate and there are 10 or more supervisors, include the name and relevant information for each supervisor who, when first employed at the facility, satisfied at least one of the criteria listed in question 11 a through e. To receive a renewal certificate, when there are 10 or more supervisors, 10% of the supervisors **must** meet one of the criteria listed in question 11 a through e when that supervisor was originally hired (attach a list of supervisors).

13. What is the average number of employment positions attributable to the enterprise, at the project site during the calendar year immediately preceding the calendar year in which application was made?

\_\_\_\_\_

- a. What is the number of employment positions, if any, attributable to the enterprise, relocated to the project site from other facilities located within Ohio as a result of the project?

\_\_\_\_\_

- b. What is the current net increase in employment (adjusted for intrastate relocations) as a result of the Enterprise Zone project?

employment prior to project \_\_\_\_\_

current employment \_\_\_\_\_

net increase \_\_\_\_\_

14. If the enterprise is engaged in a business which is seasonal in nature, please answer the following two questions:

- a. What is the average number of positions attributable to the enterprise in the local political subdivision during the weeks in which the enterprise operated at full capacity in the calendar year immediately preceding the application?

\_\_\_\_\_

- b. What is the maximum number of positions attributable to the enterprise in the local political subdivision during the weeks in which the enterprise operated at full capacity in the calendar year immediately preceding the application?

\_\_\_\_\_

15. Has the enterprise closed or reduced employment at any place of business within the State of Ohio as a result of establishing, expanding, renovating, or occupying a facility pursuant to an Enterprise Zone Agreement?

Yes\_\_\_\_\_ No\_\_\_\_\_

If yes, please attach a detailed explanation of the primary purpose of the relocation including information as to the number and locations of facilities affected, the number of employment positions affected for each such facility, the number of employees no longer working for the

business as a result of the project and a comparison of investments between the new facility and those closed or reduced in size.

16. Are individuals required to complete a training program for skilled or semi-skilled employees before filling a position at the project site?

Yes\_\_\_\_\_ No\_\_\_\_\_

If yes, attach a description of the training program, its location, by who offered, and a statement indicating the relationship of the training program to particular positions at the project site.

17. The business was reviewed by the Local Enterprise Zone's Tax Incentive Review Council within the previous calendar year and was determined to be in compliance.

Yes\_\_\_\_\_ No\_\_\_\_\_ Agreement not reviewed\_\_\_\_\_

If no, please give a detailed explanation:

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18. Please submit a copy of the enterprise zone agreement entered into between the enterprise and the municipality and/or county pursuant to Section 5709.62, 5709.63, or 5709.632 of the Ohio Revised Code.

Submission of this application expressly authorizes the Ohio Department of Development to contact the Ohio Environmental Protection Agency to confirm statements contained within this application including item #10 and to review applicable confidential records. As part of this application, the business is required to complete a waiver form allowing the Ohio Department of Taxation to release specific tax records relevant to this request to the Ohio Department of Development.

The applicant agrees to supply additional information upon request.

The applicant affirmatively covenants that the information contained in and submitted as part of this application is complete and correct and is aware of the ORC Sections 9.66 (1) and 2921.13(D)(1) penalties for falsification which could result in the forfeiture of all current and future economic development assistance benefit as well as a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

**THIS DOCUMENT MUST BE NOTARIZED**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Type Name & Title

\_\_\_\_\_  
Company Name

**NOTE:** Individuals other than a Corporate Officer of the company making the application must provide written documentation of their authority to represent the business.

## TAX INFORMATION DISCLOSURE AUTHORIZATION

\_\_\_\_\_ (the "Applicant") hereby **irrevocably** authorizes the Tax Commissioner of the Ohio Department of Taxation or any agent designated by the Tax Commissioner of the Ohio Department of Taxation from the date below until to disclose to the Director of the Ohio Department of Development or any designated employee of the Director the amounts of any or all outstanding liabilities for corporation franchise tax, individual income tax, employer withholding tax, sales, use tax or excise tax which are currently unpaid and certified to the Attorney General of the State of Ohio for collection.

The Applicant expressly waives notice of the disclosure(s) to the Ohio Department of Development by either the Tax Commissioner of the Ohio Department of Taxation or by any agent designated by the Tax Commissioner of the Ohio Department of Taxation. **The applicant expressly waives the confidentiality provisions of the Ohio law which would otherwise prohibit disclosure and agrees to hold the Department of Taxation and its employees harmless with respect to the limited disclosure authorized herein.**

This authorization is to be liberally interpreted and construed; any ambiguity shall be resolved in favor of the Tax Commissioner or the Ohio Department of Taxation.

This authorization is binding on any and all heirs, beneficiaries, survivors, assigns, executors, administrators, successors, receivers, trustees, or other fiduciaries.

A photo-copy of this authorization is as valid as the original.

Name of Applicant (including any DBA)

By:

Title:

Officer or Director

Date

**[Instructions to Applicant:** Please fill in the Tax Identification Numbers on the following page and submit these forms as part of the State Franchise Tax Incentives Tier II application. The Office of Tax Incentives will forward these forms to the Ohio Department of Taxation for review. ]

## ***TAX IDENTIFICATION NUMBERS***

|   |  |
|---|--|
| <p><i>Applicant Full Legal Name and Address</i></p> <p><i>(As it appears on filed Articles of Incorporation)</i></p>  |  |
| <p><i>Names and Addresses of any Affiliates</i></p> <p><i>(If necessary, attach a separate form for each affiliate, listing each of the numbers set forth below.)</i></p> |  |
| <p><i>Federal Tax Identification Number</i></p>   |  |
| <p><i>State Issue Tax Identification Number(s)</i></p>  |  |
| <p><i>Ohio Charter Number</i></p>   |  |
| <p><i>Ohio Franchise Tax I.D. Number</i></p>  |  |
| <p><i>Vendor's License Number</i></p>   |  |
| <p><i>Consumer's Use Tax Account Number</i></p>   |  |
| <p><i>Direct Pay Permit Number</i></p>  |  |
| <p><i>Seller's Use Tax Account Number</i></p>   |  |
| <p><i>Service, Transient, Delivery, or Master Vendor's License Number</i></p>   |  |