



S.B. 223

125th General Assembly
(As Introduced)

Sens. Carey, Hottinger, Padgett, Fingerhut

BILL SUMMARY

- Establishes the Business Incubator Program under which the Director of Development is required to provide grants to eligible counties for the purpose of making loans to eligible businesses.
- Requires an eligible business applying for a loan under the Business Incubator Program to specify how the loan will create new jobs or preserve existing jobs and employment opportunities in, and improve the economic welfare of the people of, the eligible county.
- Limits the loan amount under the Business Incubator Program to \$30,000 per eligible business.
- Establishes the Industrial Site Improvement Program under which the Director is authorized to provide grants of up to \$1 million to eligible counties for the purpose of improving commercial or industrial areas.
- Requires an eligible county applying for a grant under the Industrial Site Improvement Program to specify how the grant will create new jobs or preserve existing jobs and employment opportunities in the county.
- Makes appropriations for both programs.

CONTENT AND OPERATION

Overview

The bill establishes two programs designed to assist certain economically distressed counties in the state. Under the Business Incubator Program, the Director of Development is required to disburse grant money to each eligible county. Each county then uses that money for the exclusive purpose of making

business incubator loans to eligible businesses. The Industrial Site Improvement Program authorizes the Director to grant money to an eligible county for the purpose of making improvements to commercial or industrial areas within the eligible county. Assistance may be provided under each program only upon a determination that the loan or grant will create new jobs or preserve existing jobs and employment opportunities in the eligible county.

The bill's effective date would be immediate, as it makes appropriations for both programs and is not subject to the 90-day referendum period.

Business Incubator Program

(R.C. 166.31, 166.32, 166.33, 166.34, and 166.35)

The bill establishes the Business Incubator Program under which the Director of Development is required to disburse money from the Business Incubator Grant Fund (created in the state treasury by the bill) in equal amounts to each "eligible county." An "eligible county" means a county designated as being in the Appalachian region under the federal Appalachian Regional Development Act of 1965.¹ Money disbursed from the fund must be deposited into each eligible county's Business Incubator Loan Fund, which each eligible county is required to create in its treasury, for the exclusive purpose of making loans to "eligible businesses." An "eligible business" is a business that establishes, acquires, maintains, expands, remodels, rehabilitates, or modernizes its facilities in an eligible county, thereby creating new jobs or preserving existing jobs and employment opportunities in, and improving the economic welfare of the people of, the eligible county.

Under the bill, the board of county commissioners of each eligible county must designate a county officer or agency to advise the board with regard to making loans to eligible businesses. Eligible businesses apply for such loans by submitting applications to the designated officer or agency in the form and manner prescribed by the officer or agency. The bill requires each applicant to provide a detailed description of the applicant's business facilities and business activities in the eligible county and specify how the loan will create new jobs or preserve existing jobs and employment opportunities in, and improve the economic welfare of the people of, the eligible county. The applicant also must specify the amount of the loan for which the applicant is applying. Under the bill, financial statements

¹ Specifically, Adams, Athens, Belmont, Brown, Carroll, Clermont, Columbiana, Coshocton, Gallia, Guernsey, Harrison, Highland, Hocking, Holmes, Jackson, Jefferson, Lawrence, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pike, Ross, Scioto, Tuscarawas, Vinton, and Washington counties. See, 40 U.S.C.S. § 14102(a)(1)(H).

and other information submitted by an applicant for the purpose of obtaining a loan from a County Business Incubator Loan Fund are not open to public inspection. The designated officer or agency reviews each application and recommends to the board whether the application should be approved or disapproved.

After consulting with the designated officer or agency, the board may approve an application for a loan if it determines that the loan will create new jobs or preserve existing jobs and employment opportunities in, and improve the economic welfare of the people of, the county. The board may approve a loan in an amount other than the amount specified in the application. Applications approved by the board are to be forwarded to the Director along with a notice if the board has approved a loan amount other than the amount in the application. Upon the Director's consent, the board may make a loan to the applicant in the amount approved from the County Business Incubator Loan Fund.

The bill requires that each loan be evidenced by a written agreement between the board and the eligible business receiving the loan. The agreement must specify all the terms and conditions of the loan as determined by the board. No loan may exceed \$30,000 or have a term that exceeds 15 years. Loan repayments are to be credited to the County Business Incubator Loan Fund. Interest does not accrue on a loan until seven years following the date on which the loan was made. At that time, interest accrues on the unpaid principal balance of the loan at a rate equal to two-thirds of the average prime fixed rate of interest on the date interest begins to accrue. Additionally, an eligible business and its owners, subsidiaries, and other related members are eligible for only one loan under the Business Incubator Grant Program.

The bill provides that up to \$8.7 million can be transferred during fiscal year 2005 from the Facilities Establishment Fund to the Business Incubator Grant Fund, and appropriates that amount for the purposes of the program.

Industrial Site Improvement Program

(R.C. 166.41, 166.42, and 166.43)

The bill also establishes the Industrial Site Improvement Program under which the Director of Development may grant up to \$1 million from the Industrial Site Improvement Fund (created in the state treasury by the bill) to each "eligible county" to make improvements to "commercial or industrial areas" within the county. (See below for the program's definitions of these terms.) Under the program, improvements include, but are not limited to: (1) expanding, remodeling, renovating, and modernizing buildings, structures, and other improvements, (2) remediating environmentally contaminated property on which

hazardous substances exist under conditions that have caused or would cause the property to be identified as contaminated by the state or U.S. Environmental Protection Agency, and (3) infrastructure improvements, such as roads, sewers, utility hook-ups, and site preparation.

Eligible counties apply for grants under the program by submitting applications to the Director in the form and manner prescribed by the Director. The bill requires each eligible county applying for a grant to describe how the county would use the grant to improve commercial or industrial areas, and how the grant will create new jobs or preserve existing jobs and employment opportunities in the county. Each eligible county must specify the amount of the grant for which the county is applying.

The Director may grant up to \$1 million from the Industrial Site Improvement Fund to each eligible county upon determining that such a grant will create new jobs or preserve existing jobs and employment opportunities in the eligible county. An eligible county is eligible for only one grant from the Industrial Site Improvement Fund.

For purposes of the Industrial Site Improvement Grant Program, "eligible county" means any of the following:

(1) A county designated as being in the Appalachian region under the Appalachian Regional Development Act of 1965.

(2) A county that is a "distressed area" under section 122.16 of the Revised Code. Specifically, the county must meet two of the following criteria: (a) its average rate of unemployment, during the most recent five-year period for which data are available is equal to at least 125% of the national average rate of unemployment for the same period, (b) it has a per capita income equal to or below 80% of the median county per capita income of the United States as determined by the most recently available figures from the U.S. Census Bureau, or (c) in intercensal years, it has a ratio of transfer payment income to total county income equal to or greater than 25%.

(3) A county with a population of less than 100,000 in which 350 or more residents were, during the most recently completed calendar year, permanently or temporarily terminated from private sector employment for any reason not reflecting discredit on the employee.

(4) A county with a population of 100,000 or more in which 1,000 or more residents were, during the most recently completed calendar year, permanently or temporarily terminated from private sector employment for any reason not reflecting discredit on the employee.



A "commercial or industrial area" means an area established by a state, county, municipal, or other local zoning authority as being most appropriate for business, commerce, industry, or trade or an area not zoned by state or local law, regulation, or ordinance, but in which there is located one or more commercial or industrial activities.

The bill provides that up to \$6.3 million can be transferred during fiscal year 2005 from the Facilities Establishment Fund to the Industrial Site Improvement Fund, and appropriates that amount for the purposes of the program.

HISTORY

| ACTION | DATE | JOURNAL ENTRY |
|------------|----------|---------------|
| Introduced | 04-08-04 | p. 1713 |

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