



# Ohio Legislative Service Commission

## Bill Analysis

Mackenzie Damon

### Sub. H.B. 18

129th General Assembly

(As Reported by S. Ways and Means and Economic Development)

**Reps.** Baker, J. Adams, Beck, Blair, Blessing, Boose, Combs, Derickson, Dovilla, Hayes, Henne, Huffman, Pillich, Ruhl, Snitchler, Stinziano, Uecker, Letson, Anielski, Barnes, Bubb, Buchy, Driehaus, Duffey, Garland, Grossman, Hackett, C. Hagan, Hall, Hill, Johnson, Kozlowski, Landis, Lundy, Maag, Martin, McClain, Milkovich, Newbold, Sears, Slaby, Sprague, Terhar, Winburn, Young, Batchelder

**Sens.** Schaffer, Patton

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## BILL SUMMARY

- Authorizes a \$500 per-employee grant for a business that occupies a facility that has been vacant for 12 months, increases its payroll by hiring new full-time employees, and employs either 50 employees or 50% of its Ohio employees at the vacant facility.
- Permits an employer to receive no more than one grant.
- Limits availability of grants to three years after the bill takes effect.
- Creates the Vacant Facilities Grant Fund and requires that all money in the new Fund be used for the purposes of the grant program.
- Makes an appropriation.

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## CONTENT AND OPERATION

### Grant program

The bill authorizes grants to for-profit employers that lease or purchase vacant commercial space, increase payroll by hiring new full-time employees, and employ 50% of the employer's Ohio employees or 50 employees at that space. A "vacant commercial space" must be located in either a building or a business park that is at least 75% unoccupied during the previous 12 months. The employer's space must have been

vacant for the immediately preceding 12 months. A "business park" is a collection of two or more buildings on the same or adjacent properties owned by the same owner.<sup>1</sup>

The amount of the grant equals \$500 for each of an employer's qualifying employees, with no limit as to the number of qualifying employees an employer may claim. Qualifying employees are those employed at the vacant commercial space whose employment causes the employer's total payroll to increase after the employer purchases or leases the space and who were not previously employed by the employer within 60 days before the employer purchases or leases the space. To qualify for the grant, each of the employer's qualifying employees must have been employed full-time (40 hours per week) at the space for at least one year and must earn at least minimum wage.

An employer may qualify for the grant only once. Employers required to withhold employee state income tax may apply for the grant, but nonprofit organizations and subdivisions of the state and the federal government are not eligible. In addition, an employer is not eligible to receive a grant if, during the year the employer applies for the grant, the employer may claim a job creation tax credit, job retention tax credit, or other tax incentive pursuant to an agreement with the Tax Credit Authority.<sup>2</sup>

## **Grant application and process**

The Director of Development is authorized to prescribe application materials and explanations of the application process. An applicant must submit the following in addition to the applicant's application:

(1) An affidavit from the landlord or previous owner of the property certifying that the commercial space was vacant for at least 12 months and meets the bill's other requirements of a vacant commercial space;

(2) Payroll records demonstrating that qualifying employees were employed for one year or longer at the vacant commercial space; and

(3) Reports of wage information, which under current law employers are required to file quarterly with the Department of Job and Family Services, listing each of the employer's qualifying employees;

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<sup>1</sup> R.C. 122.176(A).

<sup>2</sup> R.C. 122.176(A) and (B).

(4) A statement that, if requested, the employer will provide documentation showing that the employer used the grant money to acquire, construct, or improve property, equipment, or other facilities for the employer's business at the vacant commercial space.<sup>3</sup>

An employer that moves into a building that is not yet completed, but meets all other grant requirements, including the 12-month prior vacancy requirement, may be eligible for a grant upon providing additional documentation. A building under construction is "unoccupied" for purposes of the 12-month vacancy requirement when the building's construction discontinues as determined by the owner who owned the property at the time construction halted. An employer moving into an unfinished building is required to submit, in addition to the four application attachments discussed above, a copy of a certificate from the appropriate building authority indicating the building may be lawfully occupied and an affidavit from the owner of the property at the time construction discontinued attesting to the date construction discontinued.<sup>4</sup>

The Director must review each submitted application and, if the employer meets all of the eligibility criteria to the Director's satisfaction, approve the award of the grant from the Vacant Facilities Grant Fund created in the bill. An employer that receives a grant must use the grant money for the acquisition, construction, enlargement, improvement or equipment of property, structures, equipment and facilities used in the employer's business occupying the vacant commercial space.<sup>5</sup>

The Director may not accept a grant application submitted more than three years after the bill's effective date.<sup>6</sup>

### **Vacant Facilities Grant Fund**

The bill creates the Vacant Facilities Grant Fund and authorizes a \$2 million appropriation to the Fund for fiscal year 2013. The appropriation must be made from unencumbered money in the budget of the Department of Development. All of the money appropriated to the Fund must be used for the grant program created in the bill.<sup>7</sup>

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<sup>3</sup> R.C. 122.176(B).

<sup>4</sup> R.C. 122.176(D).

<sup>5</sup> R.C. 122.176(C).

<sup>6</sup> R.C. 122.176(B).

<sup>7</sup> R.C. 122.176(E) and Section 2.

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## HISTORY

ACTION	DATE
Introduced	01-11-11
Reported, H. Ways & Means	12-07-11
Passed House (82-12)	12-14-11
Reported, S. Ways & Means & Economic Development	03-15-12

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