
DEPARTMENT OF DEVELOPMENT (DEV)

- Eliminates the prevailing wage requirements that apply to certain economic development projects.
- Removes the requirement that an applicant have at least 30% funding from one or more financial institutions or other governmental entities as a requisite criterion for receipt of a loan from the Director of Development to minority business enterprises and others.
- Clarifies that JobsOhio must comply with Ohio's Nonprofit Corporation Law unless the corporation is specifically exempted from a particular provision of that law.
- Removes a requirement that the Governor serves as a member and chairperson of the nine-member JobsOhio board of directors, and instead requires the Governor to appoint all nine directors and designate one of those directors to serve as chairperson.
- Removes a provision that allows the Governor to specify other types of experience that would qualify an individual for appointment to the JobsOhio board of directors as an alternative to the types of experience specifically enumerated in law.
- Requires that any claim alleging the unconstitutionality of the JobsOhio authorizing legislation or of any section governing the proposed sale of the liquor distribution system must be brought in the Franklin County Common Pleas Court within 90 days after September 29, 2011, unless the claim is within the original jurisdiction of the Supreme Court or Court of Appeals.
- Requires that any claim alleging the unconstitutionality of an action taken by JobsOhio must be brought in the Franklin County Common Pleas Court within 60 days after the action taken unless the claim is within the original jurisdiction of the Supreme Court or Court of Appeals.
- Prohibits any business from using "JobsOhio" or "Jobs Ohio" as part of the business's name without the written consent of JobsOhio.
- Removes law that allowed the Governor to remove a director for misconduct, and instead provides that only a majority of disinterested directors may remove a director.
- Provides that the JobsOhio chief investment officer may be removed from office only by the board of directors, instead of by the Governor as provided in prior law.



- Establishes the Local Government Innovation Program, to be administered by the Department of Development and the Local Government Innovation Council, to make loans and grants to political subdivisions for qualified innovation projects.
- Establishes the 15-member Local Government Innovation Council to determine criteria for evaluating proposals and to make awards to political subdivisions.
- Establishes the Local Government Innovation Fund to fund awards made by the Council, consisting of moneys appropriated to it and any grants or donations received from nonpublic entities.
- Provides that award funding under the Local Government Innovation Program is to be divided between smaller and larger political subdivisions.
- Requires the Council to submit an annual report to the Governor, President and Minority Leader of the Senate, and Speaker and Minority Leader of the House of Representatives regarding the Council's activities.
- Provides that the Council ceases to exist on December 31, 2015.
- Repeals the limit on payments of the Third Frontier Commission's administrative expenses from the Biomedical Research and Technology Transfer Trust Fund, but allows payments for award administration expenses through June 30, 2013, for awards made before September 29, 2011.
- Expresses the intent of the General Assembly, the Governor, and the Directors of Development and Budget and Management to provide comprehensive state support for the biomedical industry.
- Delays implementation of the Department of Development's Sports Incentive Grant Program from July 1, 2011 to July 1, 2013.
- Temporarily authorizes the Director of Development to seek and use available federal economic stimulus funds to secure and guarantee loans made for historic rehabilitation projects that are approved for Ohio historic rehabilitation tax credits.
- Establishes the Ohio Housing Study Committee (OHSC) to review the policies, programs, and working relationships of the Ohio Housing Finance Agency (OHFA).
- Requires the OHSC to produce a quantitative report measuring the economic benefits of the OHFA and to evaluate the possible efficiencies of combining existing Ohio Department of Development housing-related programming with those of the OHFA.

- Requires the OHSC to provide a report expressing its findings about the OHFA on or before March 31, 2012.
- Specifies the duties and objectives of the Ohio Film Office.
- Authorizes interagency agreements between the Departments of Development and Job and Family Services to further integrate workforce development into a larger economic development strategy and to implement the recommendations of the Workforce Policy Board.

Payment of prevailing wage on economic development projects

(R.C. 122.0818, 122.452, 165.031, 1551.13, 3706.042, 4115.032, and 4981.23 (all repealed); R.C. 166.02, 1551.33, 1728.07, and 4116.01)

The act removes the prevailing wage requirements that apply to the following:

(1) Projects receiving grants under the Job Ready Site Program administered by the Department of Development (R.C. 122.085 to 122.0820);

(2) Industrial, distribution, commercial, and research projects receiving financial assistance from the Department pursuant to R.C. Chapter 122.;³⁶

(3) Projects involving the acquisition, construction, improvement, or equipping of property for industry, commerce, distribution, or research under R.C. Chapter 165.;

(4) Eligible projects receiving economic development assistance from the Department under R.C. Chapter 166.;³⁷

(5) Energy resource development projects or facilities supported by the Department pursuant to R.C. Chapter 1551.;

(6) Projects undertaken by community urban redevelopment corporations in conjunction with municipal corporations under R.C. Chapter 1728.;

³⁶ The financial assistance for these projects includes loans to minority business enterprises and loan guarantees to small businesses (R.C. 122.80, not in the act).

³⁷ Projects eligible for such assistance include innovation projects, research and development projects, advanced energy projects, and logistics and distribution projects.

(7) Air quality projects financed by the Ohio Air Quality Development Authority under R.C. Chapter 3706.; and

(8) Rail service projects receiving financial assistance from the Ohio Rail Development Commission pursuant to R.C. 4981.11 to 4981.26.

Department of Development funding to minority business enterprises and others

(R.C. 122.76)

The Director of Development, with Controlling Board approval, may lend funds to minority business enterprises and other specified entities that meet specified criteria. One criterion changed by the act is that the value of the project is or, upon completion, will be at least equal to the total amount of the money expended in procurement or improvement of the project, and one or more financial institutions or other governmental entities have loaned not less than 30% of that amount. The act removes the requirement that an applicant for a loan have at least 30% funding from financial institutions or other governmental entities.

Changes to the law governing JobsOhio

The act makes several changes to the law governing the formation and operation of JobsOhio, the nonprofit organization authorized by H.B. 1 to perform state economic development, job creation and retention, job training, and business recruitment functions.

Applicability of Ohio Nonprofit Corporation Law

(R.C. 187.01; Section 812.30)

The act states that, unless specifically exempted from a particular provision, JobsOhio must comply with Ohio's Nonprofit Corporation Law. Continuing law unchanged by the act exempts the corporation from 34 of the 61 sections of that law that might otherwise apply to nonprofit corporations. The provision was exempted from the referendum and took effect on June 30, 2011.

Disposition of liabilities upon dissolution

(R.C. 187.01(I); Section 812.30)

The act eliminates a provision that requires JobsOhio's articles of incorporation to set forth procedures for how JobsOhio's liabilities would be distributed to the state or to



a successor corporation should JobsOhio be dissolved. The act retains the requirement that the articles provide for how JobsOhio's assets and rights would be so distributed.

Governor membership on board of directors

(R.C. 187.01(A) and (D) and 187.03; Section 812.30)

Under prior law, the JobsOhio board of directors was to consist of the Governor and eight directors appointed by the Governor. The Governor also was to serve as chairperson of the board. The act removes the Governor as a member of the board, and instead requires that all nine directors be individuals appointed by the Governor. The Governor must appoint one of the nine directors to serve as board chairperson.

Accordingly, the act adjusts the terms of office for initial board appointees. Prior law provided that, of the eight Governor-appointed directors, two directors were to serve one year from the date the articles of incorporation were filed, while two directors were to serve two years and four directors were to serve four years. The act requires that the ninth Governor-appointed director also serve an initial four-year term, so that a total of five directors will serve initial terms of four years.

The changes were exempted from the referendum and took effect on June 30, 2011.

Director qualifications

(R.C. 187.02; Section 812.20)

Under prior law, to qualify for appointment to the JobsOhio board of directors, an individual had to satisfy all of the following: (1) understand generally accepted accounting principles and financial statements, (2) possess the ability to assess the general application of those principles in connection with the accounting for estimates, accruals, and reserves, (3) have experience preparing, auditing, analyzing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be presented by JobsOhio's financial statements, or experience actively supervising one or more persons engaged in those activities, (4) understand internal controls and procedures for financial reporting, and (5) understand audit committee functions.

Specific experience demonstrating the qualifications required above could have been evidenced by any of the following:



(1) Education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor, or experience in one or more positions that involve the performance of similar functions;

(2) Experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor, or person performing similar functions;

(3) Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing, or evaluation of financial statements; or

(4) Other experience considered relevant by the Governor consistent with the above paragraph.

The act removes this last provision that allows the Governor, in making an appointment, to consider other types of experience not otherwise listed if the Governor considers the experience relevant. Removal of the provision was exempted from the referendum and took effect on June 30, 2011.

Removal of directors for misconduct

(R.C. 187.01(K); Section 812.30)

Under prior law, the corporation's articles of incorporation had to provide that the Governor could remove a member of the board of directors for misconduct. The act instead requires the articles to authorize the removal of a director for misconduct only through the decision of a majority of disinterested directors. The change was exempted from the referendum and took effect on June 30, 2011.

Chief investment officer appointment and removal

(R.C. 187.01(E); Section 812.30)

Under prior law, the corporation's articles of incorporation had to provide that the corporation's chief investment officer will serve at the pleasure of the Governor. The act instead requires the articles to state that the CIO will serve at the pleasure of the board of directors.

Continuing law also requires the articles to provide for the appointment of the CIO by recommendation of the board of directors and approval of the Governor. The act additionally requires the articles to specify that, if the CIO position becomes vacant for any reason, the vacancy must be filled as provided in law for the initial

appointment. The changes were exempted from the referendum and took effect on June 30, 2011.

Use of the name "JobsOhio"

(R.C. 187.13)

The act prohibits any person (other than JobsOhio) from using the name "JobsOhio" or "Jobs Ohio," or words with a similar meaning in another language, as any part of the designation or name of a business the person conducts in the state, unless the person receives the written consent of JobsOhio.

The act also requires that the name of any subsidiary of JobsOhio must include both the name "JobsOhio" and an additional designation in order to differentiate the subsidiary from other JobsOhio corporations.

Legal actions challenging the constitutionality of JobsOhio or its actions

(R.C. 187.09)

The legislation that authorized the creation of JobsOhio, Am. Sub. H.B. 1 of the 129th General Assembly, vested exclusive, original jurisdiction in the Ohio Supreme Court over any legal action claiming the unconstitutionality of that act, any part of that act, or any actions taken by the Governor or the corporation under the authority conferred by that act. H.B. 1 also required that any such action be filed within 60 days after the act's effective date, which was February 18, 2011.

The act proposes a new statute of limitations applicable to such constitutional challenges. Under the act, any claim alleging the unconstitutionality of any section of Am. Sub. H.B. 1, any section of R.C. Chapter 4313. enacted by the act (which authorizes the sale of the state's liquor distribution system to JobsOhio), or any part of those sections must be brought in the Franklin County Court of Common Pleas within 90 days after September 29, 2011, unless the claim is within the original jurisdiction of the Ohio Supreme Court or Court of Appeals.

The act similarly provides that any claim, except a claim within the original jurisdiction of the Supreme Court or Court of Appeals, that alleges the unconstitutionality of any action taken by JobsOhio must be brought in the Franklin County Common Pleas Court within 60 days after the action is taken.

Under the act, the Franklin County Common Pleas Court or a Court of Appeals must give priority to a claim alleging the unconstitutionality of JobsOhio legislation or actions over other civil cases before the court.



JobsOhio appropriation

(Sections 605.10 and 605.11)

Am. Sub. H.B. 1 appropriated an amount not to exceed \$1 million for the "transition and start-up costs" of JobsOhio. The act specifies that those start-up costs may include the costs of the incorporation and formation of the corporation.

The act also appropriates any unexpended and unencumbered balance from that \$1 million appropriation remaining at the end of FY 2011 to JobsOhio for FY 2012.

Local Government Innovation Program

(R.C. 189.01 through 189.10; Sections 261.20.93, 379.10, and 757.10)

The act establishes the Local Government Innovation Program. The Program is to be administered by the Department of Development and the Local Government Innovation Council created by the act. The Program must provide funding for local government innovation projects by political subdivisions. The act defines "political subdivision" to include a municipal corporation, township, county, school district, or other body corporate and politic responsible for governmental activities in a geographic area smaller than that of the state, and also expressly includes many smaller divisions of local government.³⁸

Local Government Innovation Council duties and membership

(R.C. 189.03, 189.09, and 189.10)

Details regarding the Local Government Innovation Council's duties, procedures, and membership may be found below.

Council duties and procedures

Duties of Council	To establish criteria for and make loans and grants to political subdivisions for local government innovation projects. The Council may also take other actions, in consultation with the Department of Development, as are necessary to implement the Local Government Innovation Program.
Reporting duties	Yes; to Speaker of the House of Representatives, House Minority Leader, Senate President, Senate Minority Leader, and Governor by January 31, 2013. The report must include a listing of recipients of grants and loans made to political subdivisions, the amount of such grants and loans, and any

³⁸ For the list of all included subdivisions, see R.C. 189.01.



	other information about the Program that the Council determines necessary to include in the report.
Compensation	No compensation.
Reimbursement for expenses	Yes – actual and necessary expenses.
Appointment deadline	September 30, 2011.
Term of appointment	Governor's initial appointments serve staggered terms, thereafter, the Governor's appointments serve four-year terms; other Council members serve four-year terms. Terms are not to extend beyond the Council's termination date.
Reappointment of members	Members may be reappointed.
Filling of vacancies	In the same manner as original appointment.
Frequency of meetings	At the call of the chairperson or on request of a majority of the Council.
Council leadership	Chairperson to be selected at first meeting from among Council members.
Administrative assistance	Department of Development is to provide administrative assistance.
Termination of Council	December 31, 2015.

Council membership

Task Force Member	Appointment Authority
Director of Development, or Director's designee	Not applicable
Director of Budget and Management, or Director's designee	Not applicable
Auditor of State, or the Auditor's designee	Not applicable
Two members of the Senate	One appointed by the Senate President and one appointed by the Senate Minority Leader
Two members of the House of Representatives	One appointed by the Speaker of the House of Representatives and one appointed by the House Minority Leader
One member recommended by the Ohio Municipal League	Governor
One member recommended by the County Commissioners Association of Ohio	Governor
One member recommended by the Ohio Township Association	Governor



Task Force Member	Appointment Authority
One member recommended by the Ohio Chamber of Commerce	Governor
One member recommended by the Ohio School Boards Association	Governor
One member recommended by an Ohio-based advocacy group selected by the Governor	Governor
One member recommended by an Ohio-based foundation selected by the Governor	Governor
One member with expertise in local government issues	Chancellor of the Board of Regents

Loans and grants for local government innovation projects

(R.C. 189.04)

The act authorizes the Local Government Innovation Council to award loans to political subdivisions or groups of political subdivisions to be used for the purchase of equipment, facilities, or systems or for implementation costs. Loans are to be repaid using savings achieved from the innovation project.

The act provides that up to 20% of the available funds may be awarded by the Council as grants to political subdivisions for use in process improvement or implementation of innovation project awards.

The act restricts loan and grant amounts to \$100,000 per political subdivision and \$500,000 per innovation project.

Method for applying for a loan or grant

(R.C. 189.07)

A political subdivision seeking a loan or grant under the Local Government Innovation Program must submit a proposal to the subdivision's district public works integrating committee. The committee must make advisory comments and submit the proposal to the Department of Development. The Department must then submit the proposal to the Local Government Innovation Council for evaluation and selection.



Criteria for awarding loans and grants

(R.C. 189.06)

Any political subdivision of the state is eligible to apply for a loan or grant under the Local Government Innovation Program. The act requires the Local Government Innovation Council to make awards in accordance with a competitive process developed by the Council.

The act also requires the Council, not later than December 31, 2011, to establish criteria for evaluating proposals and making awards to political subdivisions. The criteria must be developed in consultation with nonpublic entities involved in local government issues, state institutions of higher education, and the Department of Development, as determined by the Council.

The act mandates that the criteria include a requirement that at least one of the political subdivisions that is a party to the proposal provide matching funds. The matching funds may be provided by a nonpublic entity. The act provides that other criteria for awarding loans and grants may include the following provisions:

- (1) The expected return on investment, based on the ratio of expected savings;
- (2) The number of participating entities in the proposal;
- (3) The probability of the proposal's success;
- (4) The percentage of local matching funds available;
- (5) The ability to replicate the proposal in other political subdivisions;
- (6) Whether the proposal is part of a larger consolidation effort by the applicant or applicants;
- (7) Whether the proposal is to implement recommendations from a performance audit conducted by the Auditor of State;
- (8) Whether the applicant has successfully completed an innovation project in the past.

Awarding of loans and grants

(R.C. 189.08)

The act requires the Local Government Innovation Council to begin evaluating award proposals received from the Department of Development not later than March 1,



2012. Not later than July 1, 2012, the Council must make its first round of loans and grants to political subdivisions. After that, the Council must make awards on a quarterly basis, or on another schedule determined by the Council.

When making awards from the Local Government Innovation Fund, the Council must divide the fund amounts for each round of awards between smaller and larger political subdivisions (based on results of the 2010 decennial census) in the following tiers:

(1) At least 30% to political subdivisions that are not counties and have a population of less than 50,000 residents or counties with a population of less than 130,000 residents;

(2) At least 30% to political subdivisions that are not counties and have a population of 50,000 residents or more or counties with a population of 130,000 residents or more.

The act provides that if a proposal is submitted on behalf of both large and small political subdivisions, the award may be drawn from either or both tiers in the Fund.

Local Government Innovation Fund

(R.C. 189.05)

The act establishes the Local Government Innovation Fund in the state treasury. The Fund is to consist of moneys appropriated to it and any grants or donations received from nonpublic entities. Interest earned on the money in the Fund must be credited to the Fund.

Biomedical Research and Technology Transfer award administration

(R.C. 183.30)

The act repeals the 5% limit on payments related to the Third Frontier Commission's administration of awards from the Biomedical Research and Technology Transfer Trust Fund. The act also repeals a provision stating that the 5% limitation on administrative expenses does not apply to any fiscal year for which the Controlling Board approved a spending plan that the Commission submitted to the Board. For awards made from the Fund before September 29, 2011, however, the act permits payments for award administration expenses to continue through June 30, 2013. The Commission last made an award from the Fund in 2009, and award periods ranged from three to five years.

Biomedical research support

(Section 261.30.80)

The act provides that, in recognition of the role that the biomedical industry has in job creation, innovation, and economic development, it is the intent of the General Assembly, the Governor, the Director of Development, and the Director of Budget and Management to work together in continuing to provide comprehensive state support for the biomedical industry.

Loan guarantees for historic rehabilitation projects

(Section 521.80 and 801.20)

The act authorizes the Director of Development to try to obtain up to \$75 million in federal economic stimulus funds and to make the funds available to secure and guarantee loans made for historic building rehabilitation projects that have been approved for an Ohio historic rehabilitation tax credit (see R.C. 149.311). The federal funds would be any funds available under the federal American Recovery and Reinvestment Act of 2009 or any other federal source of money that may lawfully be applied to that purpose. Any such funds obtained by the Director must be credited to the Ohio Historic Preservation Tax Credit Fund created by the act.

If the Director is successful in obtaining federal funds, the Director then must enter into loan guarantee contracts under the same general provisions governing Chapter 166 loan guarantees (R.C. 166.06, as authorized by Section 13, Article VIII, Ohio Constitution), except that the guarantee is secured solely by money in the Ohio Historic Preservation Tax Credit Fund instead of the Chapter 166 Loan Guarantee Fund. The loan guarantee amount for any project may not exceed the tax credit amount. Rehabilitation projects approved in the first round of rehabilitation tax credit awards would have first priority for loan guarantees.

Delay implementation of sports incentive grants

(R.C. 122.121)

The act delays the Department of Development's implementation of the Sports Incentive Grant Program from July 1, 2011, to July 1, 2013. Continuing law authorizes the Director of Development, after that date, to make grants of General Revenue Fund money to counties or municipal corporations hosting specified sporting events. The grant amount is based on the increased state sales tax revenue directly attributable to the preparation for and presentation of the event, as determined by the Director. Grants are available only if the increased state sales tax revenue is estimated to be greater than



\$250,000. No individual grant may exceed \$500,000, and the total of all grants in any fiscal year may not exceed \$1 million.

Ohio Housing Study Committee

(Section 701.40)

The act creates the Ohio Housing Study Committee (OHSC) to formulate a comprehensive review of the policies and results of the Ohio Housing Finance Agency (OHFA), its programs, and its working relationships. The purpose of the OHSC is to evaluate all OHFA programs through an objective process to ensure Ohioans receive optimal and measurable benefits afforded to them through the authority of the OHFA. Under continuing law, the OHFA assists with the financing, refinancing, production, development, and preservation of safe, decent, and affordable housing for occupancy by low- and moderate-income persons; rental assistance and housing services for low- and moderate-income persons; allocation of all state and federal funds in accordance with applicable state and federal laws, including the federal Housing Credit Program; and the promotion of community development, economic stability, and growth within Ohio.

The act requires that the OHSC be comprised of the State Auditor, or the Auditor's designee, the Director of Commerce, or the Director's designee, the Director of Development, or the Director's designee, and four members of the General Assembly, two selected from each chamber, to be appointed by the Speaker of the House of Representatives and the President of the Senate, respectively. The act provides that the chairperson of the OHSC will be a member of the Committee selected by the Governor, Speaker of the House of Representatives, and President of the Senate. The OHSC will meet on a reasonable basis at the chairperson's discretion.

The OHSC must do all of the following:

- (1) Perform a comprehensive review of the OHFA Law (R.C. Chapter 175.) to determine the relevance of the law and whether it should be formally reviewed or amended by the General Assembly, up to and including appropriate legislative oversight and accountability;
- (2) Review the OHFA's relationships to ensure an equitable and level playing field regarding its single- and multi-family housing programs;
- (3) Review the OHFA's policy leadership and the measurable economic impact and other effects of its programs;



(4) Review the OHFA's Qualified Allocation Plan development process and underlying policies to understand whether objective and measurable results are achieved to fulfill clearly articulated public policy goals;

(5) Create a quantitative report measuring the economic benefits of the OHFA's single- and multi-family programming over the last ten years;

(6) Evaluate the possible efficiencies of combining existing Ohio Department of Development housing-related programming with those of the OHFA.

The chairperson may include other relevant areas of study as necessary.

The OHSC will commence on the act's effective date and is required to provide a report expressing its findings and financial, policy, or legislative recommendations to the Governor, the Speaker of the House of Representatives, and the President of the Senate on or before March 31, 2012.

The act requires that all reasonable expenses incurred by the OHSC in relation to its purpose be paid by OHFA funds, and allows the OHSC to contract with the State Auditor and other independent entities for up to \$200,000 to carry out its responsibilities, including financial- and performance-based audits and other services. The act allows the Auditor of State to contract with an independent auditor. The act prohibits an entity that has a financial or vested interest in the OHFA, its affiliates, or its nonprofit partners from contracting with the OHSC for services.

Ohio Film Office

(Section 261.20.20)

The act requires the Ohio Film Office to do the following:

--Promote media productions in Ohio and help the industry optimize its production experience by enhancing local economies through increased employment and tax revenues and ensuring an accurate portrayal of Ohio;

--Serve as an informational clearinghouse and provide technical assistance to the media production industry;

--Promote Ohio as the ideal site for media production.

The act also states that the primary objective of the Office is to encourage development of a strong capital base for electronic media production in order to achieve an independent, self-supporting industry in Ohio. Other objectives include (1) attracting private investment for the industry, (2) developing a tax infrastructure that



encourages private investment, and (3) encouraging increased employment opportunities within this sector and increased competition with other states.

Workforce development

(Section 261.40.10)

The Director of Development and the Director of Job and Family Services are authorized by the act to enter into interagency agreements between the two departments and take other actions to further integrate workforce development into a larger economic development strategy, to implement the recommendations of the Workforce Policy Board, and to complete activities related to the transition of the administration of employment programs identified by the Board.

