

Department of Development

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OVERVIEW

Duties and Responsibilities

The Ohio Department of Development (DEV) promotes economic growth, creates employment opportunities, and retains employment within the state by using a combination of state and federal funds, tax credits, tax incentives, and interaction with other state agencies. The Department administers funding for economic development and minority business assistance programs, workforce training, technology development, community and regional development, housing programs, electric utility service payment assistance, home weatherization and energy conservation programs, international trade, and travel and tourism.

Agency in Brief

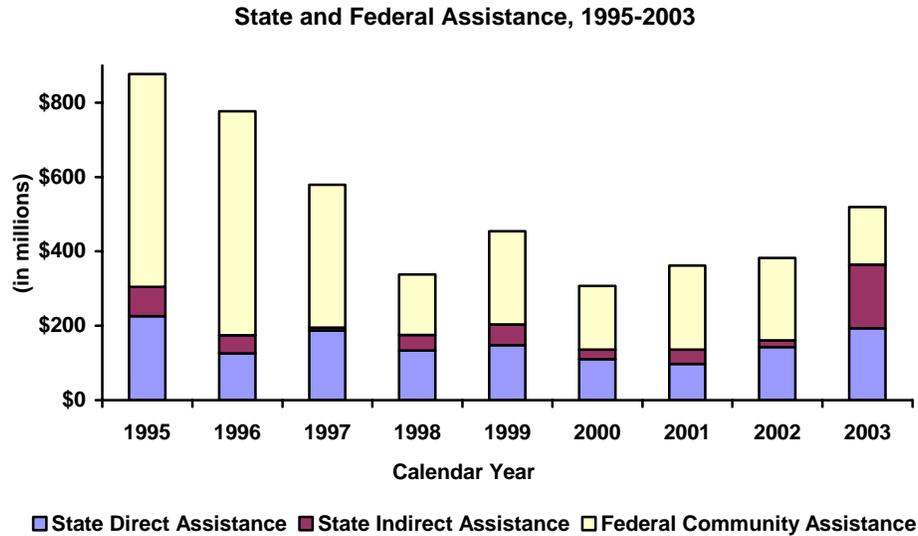
Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
419	\$892.13 million	\$894.79 million	\$99.80 million	\$103.37 million	Am. Sub. H.B. 66 Am. Sub. H.B. 68

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2005.

Economic Development Issues of Interest

State and federal funds administered by the Department of Development include: **direct assistance**, ODOD financial assistance for business attraction and expansion projects that include job creation, retention, and training; **indirect assistance**, ODOD funding programs that improve an entity's competitiveness but are not measurable in terms of employment increases; and **community assistance**, quality-of-life enhancements at the local level that are mainly federally funded and administered by ODOD. These assistance activities are supported by programs within the Department's Economic Development Division, Division of Minority Business Affairs, Technology Division, and the Community and Housing Development Divisions.

- Total funding is \$892 million in FY 2006 and \$894 million in FY 2007
- New or enhanced programs include the Shovel Ready Sites program, Defense Conversion Assistance Program, Alternative Fuel Transportation Grant Program, and the Lung Cancer and Lung Disease Research Fund
- Increased funding is provided to the Business Development Grants Program, Ohio Investment in Training Program, and Roadwork Development Grants Program
- Funding for the First Frontier Program is eliminated



Financial Assistance Programs

The Department of Development provides assistance to firms interested in expanding or locating their operations in Ohio. Integral to the Department's economic development initiatives are the following programs: Business Development Grants (GRF 195-412), the Ohio Investment in Training Program (GRF 195-434, GSF 195-667), 166 Direct Loans and Ohio Enterprise Bond Loans (Fund 037, Facilities Establishment), and the Job Creation Tax Credit Program.

Third Frontier Project

The Third Frontier Project is Ohio's economic development initiative to invest over \$1 billion over a ten-year period for the purpose of expanding high-tech research capabilities, promoting innovation, encouraging company formation, and creating high-paying jobs in the state of Ohio. The initiative is composed of multiple parts: (1) funding of \$500 million over a ten-year period to existing Third Frontier programs, (2) \$500 million for ten years for the Wright Capital Fund to provide competitive grants for capital assets, (3) \$100 million for the Innovation Ohio Loan Program for targeted industry sectors in Ohio, (4) \$200 million for the Research and Development Loan Program for capital investments in research facilities, and (5) a ballot issue for the use of bonds toward applied research and technology commercialization projects.

The Third Frontier Commission coordinates the many initiatives of the Third Frontier Project, while the Third Frontier Advisory Board counsels and advises the Commission on issues such as strategic planning for Commission programs, budget and funding priorities, RFP criteria, coordination of programs, progress measures and methodologies, and studies relating to the goals of the Third Frontier Project. The Commission is composed of the Director of Development, Chancellor of the Board of Regents, and the Governor's Science and Technology Advisor. The Third Frontier Advisory Board consists of 16 members (9 business representatives, 5 university or nonprofit research institutions, 1 member from the House of Representatives and 1 member from the Senate).

Third Frontier Action Fund

The Third Frontier Action Fund (GRF 195-422) is administered by the ODOD and provides competitive grants for entrepreneurial activities. The program seeks to encourage the creation of quality job opportunities in technology-driven sectors.

Wright Capital Fund

Funding for the Wright Capital Fund program is provided through capital appropriations and is intended for the acquisition, renovation, or construction of facilities and the purchase of equipment for research programs, technology development, product development, and commercialization programs. Funding under the program is to be used for grants, which are awarded on a competitive basis and are administered by the Department of Development, for capital assets, specifically buildings and equipment for conducting research and commercializing new technologies at the Wright Centers of Innovation. The Wright Centers are intended to draw together Ohio business and industry, higher education and nonprofit research institutions, and the state to pursue research and development opportunities.

Innovation Ohio Loan Fund Program

Under the Innovation Ohio Loan Fund Program, \$100 million in revolving loan funds are intended for fixed-asset loans in targeted industry sectors across Ohio. The purpose of the initiative is to build upon Ohio's strengths, allowing for high growth in these sectors and for high-wage companies to remain competitive in the industry. Program funding will be generated from economic development bonds that will be backed by liquor profits. Liquor profits currently support economic development bonds that fund the Department of Development's Facilities Establishment Fund, which includes programs such as the 166 Direct Loan Program. In FYs 2006 and 2007, \$50 million are appropriated to line item 195-664, Innovation Ohio.

Research and Development Loan Fund Program

Under the Research and Development Loan Fund Program, an eventual \$200 million in revolving loan funds is intended for research and development projects that design, create, or formulate new or enhanced products, equipment, or processes, and conduct scientific or technological inquiry and experimentation in the physical sciences with the goal of increasing scientific knowledge that may reveal the bases for new or enhanced products, equipment, or processes. Under this program, the state provides loans ranging from \$1.5 million to \$25 million for up to 50% of eligible capital costs to companies investing a minimum of \$2 million in fixed assets. In FYs 2006 and 2007, \$50 million is appropriated to line item 195-665, Research and Development.

Ballot Issue

H.J.R. 2, passed by the General Assembly on August 3, 2005 proposes to submit a constitutional amendment for the state voters' approval at the November 8, 2005 general election. The proposal authorizes the state, generally, to issue general obligation bonds to fund local government public infrastructure capital improvements, research and development, and the development of certain sites and facilities for industry, commerce, distribution, and research and development.

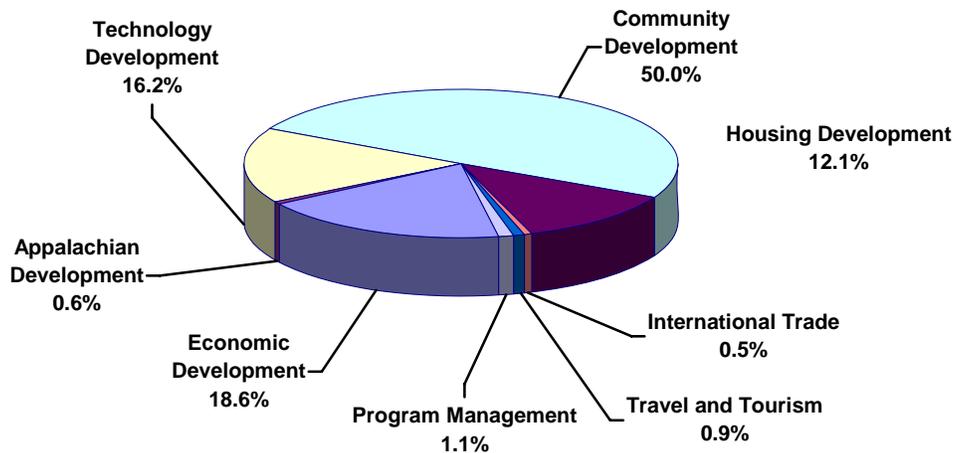
A total of \$500 million in general obligation bonds with a maximum of 20 years' maturity period may be issued for research and development purposes. Bond issuance is limited up to \$100 million in the first three fiscal years, and up to \$50 million in the last four fiscal years. The bonds will be used for

development and commercialization projects competitively selected by Ohio's Third Frontier Commission for the Third Frontier Program.

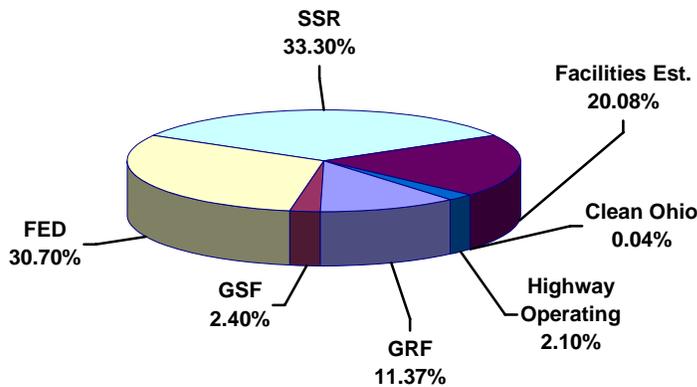
Additionally, a total of \$150 million general obligation bonds with a maximum of 30 years' maturity period may be issued for the development of certain sites and facilities purposes. Bond issuance is limited up to \$30 million in the first three fiscal years, and up to \$15 million in the last four fiscal years. The bonds for the site and facility development will be used to prepare sites for industrial and business expansion for the Job Ready Sites program.

Breakdown of Department of Development's Total Budget

Total Budget by Program Series



Total Budget by Fund Group



ANALYSIS OF THE ENACTED BUDGET

Program Series 1

Economic Development

Purpose: To retain and expand existing businesses in Ohio, attract businesses to the state, and develop new businesses in Ohio.

The following table shows the line items that are used to fund the Economic Development program series, as well as the enacted funding levels contained within Am. Sub. H.B. 66 and Am. Sub. H.B. 68.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	195-321	Operating Expenses	\$1,479,482	\$1,440,003
GRF	195-404	Small Business Development	\$1,740,722	\$1,740,722
GRF	195-405	Minority Business Development Division	\$1,580,291	\$1,580,291
GRF	195-410	Defense Conversion Assistance	\$300,000	\$200,000
GRF	195-412	Business Development Grants	\$11,750,000	\$11,750,000
GRF	195-414	First Frontier Match	\$0	\$0
GRF	195-415	Economic Development Division and Regional Offices	\$5,794,975	\$5,894,975
GRF	195-426	Clean Ohio Implementation	\$300,000	\$300,000
GRF	195-434	Investment in Training Grants	\$12,227,500	\$12,227,500
GRF	195-436	Labor/Management Cooperation	\$811,869	\$811,869
GRF	195-515	Economic Development Contingency	\$10,000,000	\$0
General Revenue Fund Subtotal			\$45,984,839	\$35,945,360
General Services Fund				
5AD	195-667	Investment in Training Expansion	\$5,000,000	\$5,000,000
5AD	195-668	Worker Guarantee Program	\$3,000,000	\$3,000,000
5AD	195-677	Economic Development Contingency	\$0	\$10,000,000
General Services Fund Subtotal			\$8,000,000	\$18,000,000
Federal Special Revenue Fund				
308	195-609	Small Business Administration	\$4,296,381	\$4,296,381
3AE	195-643	Workforce Development Initiatives	\$5,800,000	\$5,800,000
Federal Special Revenue Fund Subtotal			\$10,096,381	\$10,096,381
State Special Revenue Fund				
450	195-624	Minority Business Bonding Program Administration	\$53,967	\$53,967
451	195-625	Economic Development Financing Operating	\$2,358,311	\$2,358,311
4F2	195-639	State Special Projects	\$8,000	\$8,000
4F2	195-676	Promote Ohio	\$5,228,210	\$5,228,210
4H4	195-641	First Frontier	\$0	\$0
4S0	195-630	Enterprise Zone Operating	\$275,000	\$275,000

Fund	ALI	Title	FY 2006	FY 2007
4S1	195-634	Job Creation Tax Credit Operating	\$375,800	\$375,800
4W1	195-646	Minority Business Enterprise Loan	\$2,580,597	\$2,580,597
5CA	195-678	Shovel Ready Sites	\$5,000,000	\$5,000,000
5CV	195-680	Defense Conversion Assistance	\$1,000,000	\$0
617	195-654	Volume Cap Administration	\$200,000	\$200,000
State Special Revenue Fund Subtotal			\$17,079,885	\$16,079,885
Facilities Establishment Fund				
037	195-615	Facilities Establishment	\$63,931,149	\$63,931,149
4Z6	195-647	Rural Industrial Park Loan	\$3,000,000	\$3,000,000
5D2	195-650	Urban Redevelopment Loans	\$5,475,000	\$5,475,000
5H1	195-652	Family Farm Loan Guarantee	\$1,000,000	\$1,000,000
5S8	195-627	Rural Development Initiative	\$3,000,000	\$3,000,000
5S9	195-628	Capital Access Loan Program	\$3,000,000	\$3,000,000
Facilities Establishment Fund Subtotal			\$79,406,149	\$79,406,149
Highway Operating Fund				
4W0	195-629	Roadwork Development	\$18,699,900	\$18,699,900
Highway Operating Fund Subtotal			\$18,699,900	\$18,699,900
Clean Ohio Revitalization Fund				
003	195-663	Clean Ohio - Operating	\$350,000	\$350,000
Clean Ohio Revitalization Fund Subtotal			\$350,000	\$350,000
Total Funding: Economic Development			\$179,617,154	\$178,577,675

This analysis focuses on the following specific programs within the Economic Development program series:

- **Business Development and Financial Incentives**
- **Investment in Training**
- **Small and Developing Business**
- **Minority Business Development**
- **Tax Incentives**
- **Regionalization of Economic Development**
- **Marketing, Promotion, and Advertisement**

Business Development and Financial Incentives

Program Description: Programs within the Department of Development's Economic Development Division assist and promote economic growth by providing financial assistance and various support services to companies and communities throughout the state. Assistance ranges from direct financial assistance to small business counseling. The Division also provides specialized funding for various activities, including Clean Ohio funding to revitalize underutilized "brownfield" sites.

The Office of Business Development assists companies looking to expand or locate in Ohio by structuring incentive packages, providing information on the state's business assistance programs, and conducting site and building searches. The Office administers the 412 Business Development and 629 Roadwork Development (funded under the Transportation Budget Bill) grant programs, which support

economic development through infrastructure assistance. The Office also contains a Key Projects Section, which focuses on larger and more complex economic development deals.

The Office of Financial Incentives has two sections: the Credit and Finance Section that manages the state's business loan portfolio, analyzes loan applications, and provides recommendations regarding appropriate loan terms; and the Loan and Grant Servicing Section that monitors all existing loans and grants, including loans and grants governed under Chapter 166. of the Revised Code and implemented through the Facilities Establishment Fund (including 166 Direct Loans, Rural Industrial Park Loans, Rural Development Initiative Grants, Urban Redevelopment Loans, and the Family Farm Loan Guarantee Program).

Funding Sources: General Revenue Fund, unclaimed funds, various program participation fees, various program loan repayments, economic development bond proceeds, investment interest

Implication of the Enacted Budget: Enacted funding levels for all aspects of this program total \$128,395,447 in FY 2006 and \$127,393,133 in FY 2007. Noteworthy provisions contained within the Main Operating Budget Bill and the Transportation Budget Bill are described below.

Business Development Grants: GRF appropriation item 195-412, Business Development Grants, receives a total of \$11.75 million in each fiscal year, reflecting a 32% increase above FY 2005 appropriations. Business Development Grants are used as an incentive for attracting and retaining business opportunities for the state. Projects that receive funding must create and/or retain a significant number of jobs in the state. The Department of Development's primary goal is to award funds to political subdivisions for off-site infrastructure improvements, though the Director may recommend that funds be used in an alternative manner when considered appropriate to meet an extraordinary economic development opportunity or need.

Facilities Establishment Fund: A number of transfers from the Facilities Establishment Fund (Fund 037) are authorized under Am. Sub. H.B. 66. These include:

- Up to \$1.8 million each FY to the Economic Development Financing Operating Fund (Fund 451);
- Up to \$10.95 million to the Urban Redevelopment Loan Fund (Fund 5D2) over the biennium;
- Up to \$3 million each FY to the Rural Industrial Park Loan Fund (Fund 4Z6);
- Up to \$1 million each FY to the Family Farm Loan Guarantee Fund (Fund 5H1);
- Up to \$3 million each FY to the Rural Development Initiative Fund (Fund 5S8);
- Up to \$3 million each FY to the Capital Access Loan Program Fund (Fund 5S9);
- Up to \$5 million each FY to the Shovel Ready Sites Fund (Fund 5CA).

Shovel Ready Sites Program: The Shovel Ready Sites program is established in permanent law to provide grants for projects to port authorities and development entities approved by the Director of Development. Grants may be used toward the acquisition of property; the preparation of sites; construction of road, water, telecommunication, and utility infrastructure; and the payment of professional fees. The program was originally established as a pilot program in Am. Sub. H.B. 95 of the 125th

General Assembly and was funded with a GRF appropriation. Under Am. Sub. H.B. 66, a new fund (Fund 5CA) is established and appropriated \$5 million per fiscal year. Moneys will be transferred from the Facilities Establishment Fund (Fund 037).

Defense Conversion Assistance: In response to the U.S. Department of Defense's Base Realignment and Closure (BRAC) Commission recommendations, Am. Sub. H.B. 66 authorizes municipalities and counties to enter into agreements with the U.S. or any department, agency, or instrumentality of the U.S. (i.e., tenants) for the purpose of retaining jobs at military facilities. Under these agreements, tenants who propose a project to retain jobs at facilities recommended for realignment or closure under the BRAC program may receive annual payments from the Department of Development equal to the income tax revenue the tenants generate from the retention of employees. These annual payments are to be paid from revenue that is not raised by taxation (this is likely to include revenue generated from liquor sales).

Additionally, the Defense Conversion Assistance Fund (Fund 5CV) is established to provide grants to local communities for costs associated with the preparation and redevelopment of military installations slated for closure under the BRAC program. One million dollars is transferred to Fund 5CV from unclaimed funds during FY 2006.

Roadwork Development Grants: The Ohio Department of Transportation (ODOT) and the Department of Development have established a 14-year partnership allocating gas tax moneys to the Roadwork Development (195-629) account. Available funding for 629 grants increases \$6.0 million in each of FYs 2006 and 2007 compared to FY 2005 levels (\$12.7 million in FY 2005; \$18.7 million in FYs 2006 and 2007). The additional funding is intended to meet a recent and strong increase in demand for these grants that is not expected to subside in the near term.

Investment in Training

Program Description: The Ohio Investment in Training Program (OITP) assists companies by financially supporting employee training. The primary functions of the OITP are to create and retain jobs within Ohio, train and educate Ohio's workforce, and support new and expanding Ohio businesses. The OITP grants require a 50% match of eligible project costs and require companies to make capital investments that can include the purchase of new machinery and equipment or construction of new facilities.

The Worker Guarantee Program is designed to guarantee employers the skilled workers they need to fill new job openings and grow their businesses in Ohio. Eligible companies includes those who create at least 100 high-paying, full-time jobs over a three-year period and who demonstrate, prior to the commitment of state funds, that the availability of those skilled workers is a major factor in the employer's decision to locate or expand in Ohio. Activities eligible for funding through the Worker Guarantee Program include job assessment services, screening and testing of potential employees, customized training activities, and any other training or related service determined by the Director of Development.

Funding Sources: General Revenue Fund, unclaimed funds, U.S. Department of Labor Workforce Investment Act funds

Implication of the Enacted Budget: The enacted budget funds all aspects of this program at \$26,342,588 in FY 2006 and \$26,344,902 in FY 2007. A new line item, Investment in Training Expansion (GSF 195-667), which was established to supplement grant funding provided under line item

195-434, Investment in Training Grants, receives \$5 million in appropriation authority each year. Additionally, the Worker Guarantee Program is continued, and provides funds to assess, train, and screen employees for companies creating 100 or more jobs. Funding also supports the Governor's Workforce Policy Board, which is working to improve Ohio's employment and training services through systematic workforce development change.

The Investment in Training Expansion Program and the Worker Guarantee Program are funded through a transfer of unclaimed funds made by the Director of Commerce.

Small and Developing Business

Program Description: This program works with small- and women-owned businesses interested in expanding or locating their businesses in Ohio. The program acts as a liaison between the small business community and governmental agencies and provides technical assistance through its network of Small Business Development Centers (SBDC) and Manufacturing SBDCs.

The Small Business Development Center Program helps to build community capacity to provide in-depth small business consulting and training resources and to foster a strong climate for small business survival and growth. Key activities of this program include a network of regional direct-service offices, the 1st Stop Business Connection, the Ohio Graduate Business School Competition, the eVantage Training Program, the NxLevel Entrepreneurship Training Initiative, the International Trade Assistance Program, and the Ohio Manufacturing, Defense and Technology Program. Additionally, the Ohio Small Business Ombudsman offers assistance to business owners who have not been able to settle business or regulatory issues with state agencies.

The Ohio Labor/Management Cooperation Program consists of a network of area labor-management councils and university based labor-management centers. The program provides information on cooperative processes and a variety of services including conducting workplace assessments, establishing and training teams, and implementing quality improvement programs.

The Capital Access Loan Program is designed to encourage state-chartered financial institutions to make loans to for-profit or not-for-profit small businesses that are having difficulty obtaining business loans through conventional underwriting standards. The program encourages lending by establishing a unique loan "guarantee" reserve pool at an Ohio Capital Access Program participating lending institution. The state, the lender, and the borrower each pay a small fee contribution into the pool. The reserve pool is available to the participating lender for recovery of any losses on any loan they have enrolled in the Ohio Capital Access Program.

Funding Sources: General Revenue Fund, Small Business Development Center funds, program participation fees, program loan repayments, economic development bond proceeds, investment interest

Implication of the Enacted Budget: Enacted funding levels for all aspects of this program total \$9,348,972 in each of FYs 2006 and 2007. In addition to supporting the Small Business Development Center Program, funding also supports the Governor's Small Business Advisory Council in soliciting the concerns and priorities of small business owners, and continues the Capital Access Loan Program, an economic development tool that encourages lending to small businesses for growth and expansion.

Capital Access Loan Program: Under Am. Sub. H.B. 66, the conditions under which the state contributes moneys to a financial institution's program reserve account is modified. Formerly, an eligible business that received a loan under the Capital Access Loan Program was required to pay a fee equal to

not less than one and one-half percent (1 1/2%), and not greater than three percent (3%), of the principal amount of the loan. The amount of this fee was then matched by the financial institution, and both payments were deposited to the financial institution's program reserve account. The state contributed an amount equal to 10% of the principal amount of the loan, which was also deposited to the reserve account. Under new law, the Department of Development will contribute 50% of the principal amount of the loan for the first three loans that are issued by the financial institution. Thereafter, the state's contribution drops back to 10%.

Increasing the state's contribution for the first three loans issued under the Capital Access Loan Program is likely to provide an incentive to banks that are not currently participating in the program to make these loans. Section 122.602 of the Revised Code sets the parameters for loan amounts as follows: \$500,000 for fixed assets and \$250,000 for lines of credit. According to the agency, the average loan amount under the program is \$65,802. Depending on the number of financial institutions that participate in the program, there will likely be greater expenditures from the Capital Access Loan Program Fund (Fund 5S9) to meet the new 50% of principal match requirement. Revenue to Fund 5S9 is derived from the sale of economic development bonds.

Minority Business Development

Program Description: This program aids in the creation of a business environment that is sensitive to the needs of small, disadvantaged, and minority businesses. Information is provided to minority business owners through the Minority Contractors and Business Assistance Program, the Office of Technical Services, and the Office of Procurement Services.

A program launched by a Governor's Executive Order in December 2002 is the Encouraging Diversity, Growth and Equity (EDGE) Program, a small business assistance program designed to promote, nurture, and encourage diversity, growth, and equity in Ohio's marketplace. The program includes assisting small business with securing contracts in the marketplace and also includes a mentor-protégé component that will pair larger companies as mentors to EDGE Program participants to benefit both companies commercially. This program is funded through line item 195-405, Minority Business Development Division, in conjunction with the Department of Administrative Services.

Funding Sources: General Revenue Fund, Procurement Technical Assistance Center funds, program participation fees, interest income, loan principal and interest repayments

Implication of the Enacted Budget: Enacted funding levels for all aspects of this program total \$4,714,855 in each of FYs 2006 and 2007. Funding will support activities to assist targeted businesses, including the EDGE Program, and continues programs that provide loans, bond guarantees, and loan guarantees to assist minority and small businesses with growth and development.

Minority Business Development Loan and Bonding Programs: Under Am. Sub. H.B. 66, the powers of regional economic development entities to recommend loan assistance for minority business enterprises to the Director of Development are recognized and established. This authority is in addition to the powers of the Minority Development Financing Advisory Board to recommend loan assistance for minority business enterprises.

Additionally, the membership of the Minority Development Financing Advisory Board is increased from seven to ten and the Director of Development (or his designee) is designated as a voting member on the board. Seven members are to be appointed by the Governor, one member is to be a member of the Senate, and one of the House of Representatives. Also, the number of members necessary

for a quorum increases from five to six, and the number of affirmative votes necessary for any action taken by the board increases from five to six.

Tax Incentives

Program Description: The Office of Tax Incentives provides technical assistance to both local government and business clients to successfully implement various state and local tax incentive programs permitted under the Ohio Revised Code, including local income tax incentives, real and personal property exemptions, and state franchise/income tax incentives. The programs include the Enterprise Zone, Community Reinvestment Area, and Tax Increment Financing programs, the Job Creation Tax Credit and Job Retention Tax Credit programs, and the Machinery and Equipment Investment Tax Credit program. The state's role in these programs is to:

- (1) Review applications submitted from areas eligible for an exemption;
- (2) Review requests affecting the intrastate relocation of projects into a nondistressed based area;
- (3) Provide technical assistance to local economic development officials considering a property tax incentive; and
- (4) Report to the Governor, General Assembly, and other interested parties on the performance of property tax projects throughout the state.

Funding Sources: Application fees and penalties collected under the Enterprise Zone Program and the Community Reinvestment Area Program, application and servicing fees from recipients of tax credits under the Job Creation Tax Credit Program and the Job Retention Tax Program

Implication of the Enacted Budget: Enacted funding levels for all aspects of this program total \$650,800 in each of FYs 2006 and 2007. Funding will support administration of the Job Creation Tax Credit (JCTC) and the Job Retention Tax Credit (JRTC) programs, which are available to companies with proposed projects that meet statutory and administrative requirements regarding job creation and retention. Funding also supports the Ohio Tax Credit Authority, an independent board that approves JCTC and JRTC projects and oversees the execution of existing tax credit agreements.

Regionalization of Economic Development

Program Description: The purpose of the Governor's Regional Economic Development offices is to enhance the overall business climate of the state by providing outreach assistance to local governments, businesses, and professional economic development agencies. These 12 regional offices assist with the department's mission of retaining, expanding, and creating new employment opportunities in the state, and act as liaisons between their region and state government.

Funding Source: General Revenue Fund

Implication of the Enacted Budget: Enacted funding levels for all aspects of this program total \$3,448,800 in each of FYs 2006 and 2007. Funding will support the operation of 12 regional offices, located in Youngstown, Marietta, Cambridge, Akron, Cleveland, Chillicothe, Mansfield, Cincinnati, Dayton, Lima, Toledo, and Columbus.

Marketing, Promotion, and Advertisement

Program Description: This program promotes the programs and services of the Department of Development, plans economic development-related events, responds to media inquiries, and coordinates marketing programs that promote the state as a favorable site for business expansion and relocation.

The Ohio Business Development Coalition (OBDC) is a 501(c) 6 organization, charged with developing and executing a targeted, proactive marketing and sales strategy for Ohio. A self-appointed Board of Directors leads the coalition with representation from the business community, corporate marketing, communications professionals, and regional and local economic development professionals. The primary objective of the OBDC is to provide the Department of Development and economic regional development organizations with qualified leads and effective tools to both retain and expand Ohio companies, and to attract new companies to Ohio.

Funding Sources: General Revenue Fund, vendor fees and other payments from utility companies, unclaimed funds, matching funds from local governments/economic development organizations who participate in First Frontier marketing initiatives

Implication of the Enacted Budget: Enacted funding levels for this program total \$6,715,692 in FY 2006 and \$6,676,213 in FY 2007. Funding will assist with the operation of the Ohio Business Development Coalition (through line item 195-676, Promote Ohio), and will support the operation of the Office of Marketing Communications. Promote Ohio is funded through a transfer of unclaimed funds from the Department of Commerce.

First Frontier Program: All funding for the First Frontier Program is eliminated under Am. Sub. H.B. 66. The program assisted Ohio's rural and Appalachian counties with business marketing efforts to attract economic development opportunities to their communities. In the past, the program produced special Ohio marketing supplements focusing on Appalachian Ohio, which were published in economic development publications and larger media such as Forbes and the Wall Street Journal.

Program Series 2

Appalachian Development

Purpose: To provide economic and community development assistance to Ohio's Appalachian region.

The following table shows the line items that are used to fund the Appalachian Development program series, as well as the enacted funding levels contained within Am. Sub. H.B. 66.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	195-416	Governor's Office of Appalachia	\$4,122,372	\$4,122,372
GRF	195-501	Appalachian Local Development Districts	\$380,080	\$380,080
GRF	195-502	Appalachian Regional Commission Dues	\$246,803	\$246,803
General Revenue Fund Subtotal			\$4,749,255	\$4,749,255
Federal Special Revenue Fund				
308	195-602	Appalachian Regional Commission	\$600,660	\$600,660
Federal Special Revenue Fund Subtotal			\$600,660	\$600,660
Total Funding: Appalachian Development			\$5,349,915	\$5,349,915

Appalachian Development

Program Description: The Governor's Office of Appalachia assists the 29-county Appalachian Region with economic and community development projects, both short- and long-term planning, and represents Ohio's Appalachian counties in state government. The economic and community development-related activities of the program include grants and loans supported by state and federal funding, which are administered with the help of three local development district offices located in Marietta, Cambridge, and Waverly. The federal Appalachian Regional Commission provides funding for projects in concert with other federal, state, and local moneys. Ohio's Appalachian Regional Commission follows a strategic plan to implement its various activities.

Funding Sources: General Revenue Fund; federal grant moneys for Appalachian state research, technical assistance, and demonstration projects

Implication of the Enacted Budget: The enacted budget funds this program at \$5,349,915 in each of FYs 2006 and 2007. Funding will provide continued support of Appalachian development activities, including participation in federal Appalachian Regional Commission efforts.

Industrial Site Improvement Fund: The Industrial Site Improvement Grant Program provides grants to eligible counties for the improvement of commercial or industrial areas within Appalachian counties, counties designated as "distressed," and counties that experienced specific types of job loss within the previous calendar year. Am. Sub. H.B. 66 amends the program in the following ways: (1) reduces the maximum grant award to eligible counties from \$1 million to \$500,000, (2) limits the amount of a grant to not more than 75% of the estimated total cost of the project, (3) prohibits more than 10% of a grant from being used for professional services related to the project, (4) prohibits an eligible county that receives a grant in one fiscal year from receiving any additional grant that same fiscal year or in the subsequent fiscal year, (5) allows grant money to be used to acquire commercial or industrial land or buildings, and (6) allows an eligible county to designate a port authority, community improvement corporation, or other economic development entity in the county to apply for a grant.

During FY 2005, the grant program was supported by a transfer of liquor profits from the Department of Commerce. In each of FYs 2006 and 2007, the program will be funded through a transfer of \$2.5 million from the Energy Efficiency Revolving Loan Fund (Fund 5M5). The Industrial Site Improvement Fund (Fund 5AR) does not have established appropriation authority under Am. Sub. H.B. 66.

Program Series 3**Technology Development**

Purpose: To support economic development through the research, development, and commercialization of advanced systems, processes, and products.

The following table shows the line items that are used to fund the Technology Development program series, as well as the enacted funding levels contained within Am. Sub. H.B. 66.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	195-401	Thomas Edison Program	\$17,554,838	\$17,454,838
GRF	195-422	Third Frontier Action Fund	\$16,790,000	\$16,790,000
GRF	195-905	Third Frontier Research and Commercialization Debt Service	\$0	\$13,910,000
General Revenue Fund Subtotal			\$34,344,838	\$48,154,838
Facilities Establishment Fund				
037	009	Innovation Ohio	\$50,000,000	\$50,000,000
037	010	Research and Development	\$50,000,000	\$50,000,000
Facilities Establishment Fund Subtotal			\$100,000,000	\$100,000,000
Total Funding: Technology Development			\$134,344,838	\$148,154,838

This analysis focuses on the following specific programs within the Technology Development program series:

- **Thomas Edison Program**
- **Third Frontier Program**

Thomas Edison Program

Program Description: The Thomas Edison Program provides companies with research and technology resources in Ohio's key manufacturing sectors, including primary metals, metal fabrication, rubber, transportation (both automobile and aerospace), and electrical machinery and equipment. The Edison Program also provides assistance with the formation of new, technology-oriented businesses. Services are delivered through Edison Technology Centers, Edison Technology Incubators, Edison Partners, and the Small Business Innovation Research Program. The overall goal of the Technology Division is to coordinate all Department and state technology activities and functions.

Edison Technology Centers: These centers develop and deploy critical technologies, and deliver associated services to enhance industrial competitiveness that drives economic growth. Services offered include workforce development and training, electronic commerce, quality standards, regulatory compliance, pollution prevention, shop floor problem solving, product and process improvement, applied R&D collaboratives, and financing. The seven Edison Technology Centers are CAMP, EWI, OMERIS, EISC, EMTEC, TechSolve, and OITA.

Edison Technology Incubators: Incubators contribute to the formation and enhanced survival rate of new technology-oriented companies in Ohio that produce high-wage jobs and create wealth for the state. They provide start-up businesses with quality entrepreneurial and business services, and access to

below market rate office, laboratory, and manufacturing space. The seven Edison Technology Incubators are Akron Industrial Incubator, Youngstown Business Incubator, Business Technology Center, The Entrepreneur's Center, Hamilton County Business Center, Braintree, and BioStart.

Edison Partners: The Great Lakes Industrial Technology Center (GLITeC) provides technology for NASA Glenn through NASA and Department of Development funding. Polymer Ohio, JumpStart, and the Regional Growth Partnership provide assistance, access to capital, access to strategic partners and other assistance needed to launch and grow technology-based businesses.

Small Business Innovation Research Program: This program assists companies applying for research funds through the federal Small Business Innovation Research (SBIR) Program. The SBIR awards are granted to small businesses in amounts of up to \$100,000 (Phase I) and up to \$750,000 (Phase II). Ohio's SBIR Office assists businesses in identifying research topics for research and development projects, educational services, workshops, and conferences.

Funding Source: General Revenue Fund

Implication of the Enacted Budget: The enacted budget funds this program at \$17,554,838 in FY 2006 and \$17,454,838 in FY 2007. Funding will provide continued support for seven Edison Centers, seven Edison Incubators, and four Edison Partners that assist new and existing businesses in product-based technology. Additionally, the program provides support for the Governor's Fuel Cell Initiative, the Ohio Venture Capital Association, and the Ohio Aerospace and Defense Council.

Am. Sub. H.B. 66 provides for an earmark of \$100,000 in FY 2006 from GRF appropriation item 195-401, Thomas Edison Program, for technology recruitment, development, and construction.

Third Frontier Program

Program Description: This program includes significant portions of the Governor's Third Frontier Initiative. Program investments are focused in the areas of bioscience, advanced materials, information technology, power and propulsion, and instruments, control, and electronics. The Third Frontier Action Fund awards competitive grants to projects that contribute to technology-based economic development in Ohio. The Innovation Ohio Loan Program assists Ohio companies in developing next generation products and services. The Research and Development Loan Program targets large, private-sector research and development investments that create high-wage jobs.

Funding Sources: General Revenue Fund, economic development bond proceeds, investment interest, loan repayments, service fees

Implication of the Enacted Budget: The enacted funding levels for all aspects of this program total \$116,790,000 in FY 2006 and \$130,700,000 in FY 2007. Funding will provide continued support for Third Frontier Action awards, will provide required payments on bonds projected to be issued for Third Frontier projects, and will maintain funding for the Innovation Ohio Loan Program and the Research and Development Loan Program.

A provision of Am. Sub. H.B. 66 that would have prohibited the Third Frontier Commission from making any grants or loans for any activities involving human embryonic stem cell research was vetoed by the Governor.

Program Series 4

Community Development

Purpose: To support local economic development activities that create and retain jobs, rehabilitate communities and neighborhoods through infrastructure improvements, and provide weatherization services, energy conservation incentives, and homeless assistance.

The following table shows the line items that are used to fund the Community Development program series, as well as the enacted funding levels contained within Am. Sub. H.B. 66.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	195-497	CDBG Operating Match	\$853,584	\$853,584
GRF	195-498	State Match Energy	\$94,000	\$94,000
General Revenue Fund Subtotal			\$947,584	\$947,584
Federal Special Revenue Fund				
308	195-605	Federal Projects	\$15,300,249	\$15,300,249
308	195-618	Energy Federal Grants	\$3,397,659	\$3,397,659
335	195-610	Oil Overcharge	\$3,000,000	\$3,000,000
3K8	195-613	Community Development Block Grant	\$53,300,000	\$53,300,000
3K9	195-611	Home Energy Assistance Block Grant	\$90,500,000	\$90,500,000
3K9	195-614	HEAP Weatherization	\$16,219,478	\$16,219,478
3L0	195-612	Community Services Block Grant	\$25,235,000	\$25,235,000
Federal Special Revenue Fund Subtotal			\$206,952,386	\$206,952,386
State Special Revenue Fund				
444	195-607	Water and Sewer Commission Loans	\$523,775	\$523,775
4F2	195-639	State Special Projects	\$282,183	\$282,183
5CG	195-679	Alternative Fuel Transportation	\$150,000	\$150,000
5M4	195-659	Universal Service	\$210,000,000	\$210,000,000
5M5	195-660	Energy Efficiency Loan and Grant	\$12,000,000	\$12,000,000
5X1	195-651	Exempt Facility Inspection	\$25,000	\$25,000
611	195-631	Water and Sewer Administration	\$15,713	\$15,713
State Special Revenue Fund Subtotal			\$222,996,671	\$222,996,671
Total Funding: Community Development			\$430,896,641	\$430,896,641

This analysis focuses on the following specific programs within the Community Development program series:

- **Downtown Revitalization**
- **Services to Alleviate Poverty**
- **Energy Efficiency**
- **Public Works/Infrastructure Development**
- **Local Government Economic Development**

Downtown Revitalization

Program Description: This program administers the Comprehensive Downtown Revitalization Program, which is supported by the Small Cities Community Development Block Grant Program. The objective of the Small Cities Community Development Block Grant Program is to create and retain permanent, private-sector job opportunities, principally for low- and moderate-income persons and to aid in the revitalization of central business districts and in the elimination of slums and blight.

Funding Sources: General Revenue Fund, federal Community Development Block Grant

Implication of the Enacted Budget: The enacted budget funds this program at \$2,742,680 in each of FYs 2006 and 2007. Funding will support the stabilization of central business districts with deteriorating infrastructure systems by annually improving 16,400 linear feet of streets, 2,000 linear feet of water or sewer lines, 6,000 linear feet of flood and drainage facilities, and 64,000 square feet of curbs and sidewalks; renovating 360 central business district facades and building interiors, and completing 20 major streetscape projects.

Services to Alleviate Poverty

Program Description: This program administers federal funds provided through the Community Services Block Grant and the Community Food and Nutrition Initiatives Program. The Community Services Block Grant supports activities that address unemployment and underemployment, inadequate education, inefficient and/or ineffective use of income, inadequate housing, inability to meet emergency needs, incomplete use of available programs and services, and starvation and malnutrition. Funds are provided to 52 community action agencies serving all 88 Ohio counties. The Community Food and Nutrition Initiatives Program works to alleviate hunger in the general population and specifically among children through expansion of participation in child nutrition programs. Grants are awarded to the Children's Hunger Alliance and the Ohio Association of Second Harvest Food Banks for activities related to the objectives of the federal funding.

Funding Source: Federal Community Services Block Grant

Implication of the Enacted Budget: The enacted budget funds this program at \$25,235,000 in each of FYs 2006 and 2007. Funding will provide continued support for awards and administration of grants for the Community Services Block Grant and Community Food and Nutrition Initiatives programs at levels consistent with FY 2005.

Energy Efficiency

Program Description: *Energy Efficiency Loan and Grant Program:* The Office of Energy Efficiency administers the Energy Efficiency Loan and Grant Program, which supports investments in products, technologies, or services for residential, small business, local government, nonprofit, agricultural, or other entities for improving energy efficiency in a cost-effective manner. Revenues to Fund 5M5, Energy Efficiency Revolving Loan, include a surcharge on retail electric distribution rates, based on an aggregate revenue target for a given year, divided by the number of customers of electric

distribution utilities in the state.⁶ Additional revenues are generated from loan repayments and revenues remitted by municipal electric companies who choose to participate in the program.

Home Energy Assistance Program (HEAP): This federal program assists eligible households in paying for their primary heating fuel. When federal funds are reduced, moneys are augmented by supplemental oil overcharge funds. Through the regular HEAP program, grants are awarded to nonprofit agencies that administer moneys to households with incomes at or below 150% of U.S. Department of Health and Human Services poverty guidelines. The recipient households are provided 10% to 35% of their primary heating fuel costs for December, January, and February. Emergency HEAP provides eligible families up to \$175 to prevent disconnection of heating service, to restore heating services, to perform heating system repairs, or for emergency fuel delivery.

Home Weatherization Assistance Program (HWAP): The purpose of this program is to create more affordable housing by reducing energy costs through energy efficiency measures. Services include attic, wall, and basement insulation; blower door guided air leakage reduction; heating system repairs or replacements; health and safety testing and inspections; and public information.

Universal Service: The Percentage of Income Payment Program (PIPP) is an extended payment arrangement that is based on a percentage of household income. Households with incomes at or below 50% of federal poverty guidelines are allowed to pay a smaller percentage of income, but households with incomes up to 150% of the guidelines are eligible to participate. Moneys from the Universal Service Fund are used to reimburse electric utility companies for amounts unpaid by eligible low-income customers participating in PIPP, currently 155,000 accounts. This fund is also used for education programs related to the PIPP and for administration of the PIPP program.

Funding Sources: General Revenue Fund; federal Low-Income Energy Assistance, Weatherization Assistance for Low-Income Persons, State Energy Conservation, Energy Conservation for Institutional Buildings, and National Industrial Competitiveness grants; oil overcharge settlement payments; vendor fees and other payments from utility companies; revenues from the rider on retail electric service; customer payments under the PIPP; revenues remitted from municipal electric utilities and rural cooperatives; loan repayments; application fees for exempt facility certificates

Implication of the Enacted Budget: The enacted budget funds all aspects of this program at \$350,968,569 in each of FYs 2006 and 2007. In addition to supporting the programs described above, funding will provide support to the Governor's Smart Energy and Fuel Cell Initiatives, for the development of methods for the performance of energy audits of buildings, for the preparation or identification of curricula or source materials for training persons conducting energy audits, the continuation of education efforts for energy conservation, and financial assistance for innovative projects and technologies.

Transfers from the Energy Efficiency Revolving Loan Fund: Am. Sub. H.B. 66 provides for the following transfers of cash from the Energy Efficiency Revolving Loan Fund (Fund 5M5):

- \$2.5 million each FY to the Industrial Site Improvement Fund (Fund 5AR);

⁶ The revenue target cannot exceed \$15 million in any year through 2005 or \$5 million thereafter (R.C. § 4928.61). The fund is capped at \$100 million, and when reached, no additional funds will be provided by utility customers.

- \$150,000 each FY to the Alternative Fuel Transportation Grant Fund (Fund 5CG).

Alternative Fuel Transportation Grant Program: This program is established to provide grants to businesses, nonprofit organizations, public school systems, and local governments for the purchase and installation of alternative fuel refueling facilities and the purchase and use of certain alternative fuels (blended biodiesel and blended gasoline). The Director of Development is required to adopt rules necessary for the administration of the program.

Training Services: \$400,000 in each FY is earmarked from appropriation item 195-605, Federal Projects, for grants to the Ohio Weatherization Training Center, administered by the Corporation for Ohio Appalachian Development, for training and technical assistance services. An additional \$200,000 per FY is earmarked from appropriation item 195-614, HEAP Weatherization, for the same purpose.

Public Works/Infrastructure Development

Program Description: Community Development Block Grant moneys are also used for infrastructure improvements, including wastewater treatment, flood and drainage, water and sewer, streets and bridges, and sidewalk construction in nonmetropolitan areas. The primary beneficiaries must be low- and moderate-income individuals. Grants for public works projects are awarded based on a formula allocation, requiring collective planning. Program effectiveness is measured by comparisons of projected to actual performance outcomes.

Funding Sources: General Revenue Fund, federal Community Development Block Grant, loan repayments, loan administration fees

Implication of the Enacted Budget: The enacted budget funds this program at \$42,805,283 in each of FYs 2006 and 2007. Funding will support the improvement of 710,000 linear feet of streets, 2,600,000 linear feet of water or sewer lines, 75,000 linear feet of flood and drainage facilities, and 200,000 linear feet of curbs and sidewalks, and to construct or rehabilitate 40 water or wastewater treatment facilities.

Local Government Economic Development

Program Description: This program aims to stabilize communities experiencing economic distress by supporting local programs that create and retain jobs, improve infrastructure, and provide training. The assistance is targeted to low- and moderate-income populations and entrepreneurs.

Funding Sources: General Revenue Fund, federal Community Development Block Grant

Implication of the Enacted Budget: The enacted budget funds this program at \$9,145,109 in each of FYs 2006 and 2007. Funding will support efforts to stabilize communities by improving 130,000 linear feet of streets, 22,000 linear feet of water or sewer lines, 13,300 linear feet of flood and drainage systems, assisting 65 small businesses, and by training 500 individuals.

Program Series 5**Housing Development**

Purpose: To administer a range of services to provide affordable housing for low- and moderate-income homebuyers and renters.

The following table shows the line items that are used to fund the Housing Development program series, as well as the enacted funding levels contained within Am. Sub. H.B. 66.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	195-497	CDBG Operating Match	\$187,372	\$187,372
General Revenue Fund Subtotal			\$187,372	\$187,372
Federal Special Revenue Fund				
3K8	195-613	Community Development Block Grant	\$11,700,000	\$11,700,000
3V1	195-601	HOME Program	\$40,000,000	\$40,000,000
308	195-603	Housing and Urban Development	\$5,000,000	\$5,000,000
Federal Special Revenue Fund Subtotal			\$56,700,000	\$56,700,000
State Special Revenue Fund				
646	195-638	Low and Moderate Income Housing Trust	\$53,000,000	\$53,000,000
State Special Revenue Fund Subtotal			\$53,000,000	\$53,000,000
Total Funding: Housing Development			\$109,887,372	\$109,887,372

This analysis focuses on the following specific programs within the Housing Development program series:

- **Local Government Housing Assistance**
- **For-Profit and Not-for-Profit Housing Development**
- **Housing Trust Fund**
- **Homelessness Assistance**

Local Government Housing Assistance

Program Description: This program administers federal grants to eligible units of local government through the Community Housing Improvement Program (CHIP) and the HOME Investment Partnership Program. These programs provide funding to local governments to rehabilitate existing housing, construct new housing, and to make emergency repairs in order to increase the available housing stock for low- and moderate-income Ohioans. Funds are also available for public and supportive service programs such as home maintenance education, lead-hazard screening, and job counseling.

Funding Sources: General Revenue Fund, federal Community Development Block Grant, federal HOME Investment Partnership Program Grant

Implication of the Enacted Budget: The enacted budget funds this program at \$41,187,372 in each of FYs 2006 and 2007. Program funds will enable the Department of Development to repair 1,600 housing units, rehabilitate 1,000 housing units, construct 130 housing units, provide down payment assistance to 28 households, and provide homebuyer information/counseling to 400 households.

Membership of Metropolitan Housing Authorities: Metropolitan Housing Authorities are fully funded by the U.S. Department of Housing and Urban Development and receive no operating funds from the state of Ohio. Each MHA is a separate political subdivision not tied to any local government entity. Am. Sub. H.B. 66 requires one resident member be appointed to an MHA when required by federal law. This generally replaces a current requirement for two additional members (at least one of whom is a resident member) when a district has 300 or more assisted housing units and no resident member on the metropolitan housing authority. However, authorities that already appointed two additional members, pursuant to current law, must continue to have those additional members. Members of MHAs serve without compensation, but are reimbursed for necessary expenses.

The act also specifies that if the resident member who is appointed because of a federal law, following his or her appointment, no longer qualifies as a resident, another resident member must be appointed by the "appointing authority who originally appointed the resident member" rather than by the "chief executive officer of the most populous city in the district."

For-Profit and Not-for-Profit Housing Development and the Housing Trust Fund

Program Description: Two of the housing programs administered by the Department of Development are the Housing Development Assistance Program (HDAP) and the Community Housing Development Organization (CHDO) Competitive Operating Grant Program. These programs are designed to develop and provide financing for eligible housing projects to expand the supply of decent, safe, and affordable housing in Ohio. These funds provide not-for-profit organizations, private developers, and lenders in Ohio with matching funds to complete housing projects. The primary goals and objectives of the programs are to conserve and expand the affordable housing stock in order to provide suitable living environments for low- and moderate-income populations and as well provide long-term solutions for affordable housing.

The Low and Moderate Income Housing Trust Fund (Housing Trust Fund, or HTF) subsidizes low- to moderate-income persons by providing low-interest loans and some grants. Housing Trust Fund programs include the Housing Assistance Request for Proposals Program, the Special Project Program, Emergency Shelter Grant Program, the transitional and permanent housing programs, the community development corporation programs, and the Resident Services Coordination Program. Housing Trust Fund programs fund housing construction, improvement, repair, rehabilitation, supportive services, homelessness prevention, business assistance, and training activities. Not-for-profit organizations and certain units of local government are eligible to participate in Housing Trust Fund programs in order to complete housing and community development activities across the state. Most of the programs provide loans for down payment assistance or rental housing development and grants for preservation projects. Eligible recipients for trust fund moneys vary by program, but include low-income homebuyers, developers, resident homeowners, and landlords.

Funding Sources: Federal Home Investment Partnership Program grant, Housing Trust Fund fees, grants, gifts, and private contributions

Implication of the Enacted Budget: The enacted budget funds this program at \$63,000,000 in each of FYs 2006 and 2007. Program funding is expected to support the construction of 800 rental units, the rehabilitation of 300 rental units, down payment assistance to 3,000 households, subsidy payments to 22,000 rental units, the development of 3,000 new housing units, supportive services to 6,400 households, the repair or rehabilitation of 2,000 housing units, homelessness prevention assistance to 25,000 households, business assistance to 120 businesses, training and technical assistance to 3,000 persons, and tenant/landlord mediation services to 1,100 households.

Am. Sub. H.B. 66 also provides for a transfer of \$1.5 million each FY from the Housing Trust Fund (Fund 646) to the Residential State Supplement Fund (Fund 5CH) in the Department of Mental Health for subsidized support of licensed adult care facilities that serve individuals with mental illnesses.

Homelessness Assistance

Program Description: Two of the housing programs administered by the Department of Development are the Emergency Shelter Grant (ESG) Program and the Housing Opportunities for Persons with AIDS (HOPWA) Program. These programs fund housing, supportive services, and homelessness prevention activities by providing local governments and not-for-profit organizations with matching funds to complete housing projects across the state. The goals of the programs are to provide long-term solutions for affordable housing, address the issue of homelessness, and provide short-term emergency assistance, social, and other public services for low-income Ohioans.

Funding Sources: Federal Community Development Block Grant, federal Housing Opportunities for Persons with AIDS, and Emergency Shelter Grant Program grants

Implication of the Enacted Budget: The enacted budget funds this program at \$5,700,000 in each of FYs 2006 and 2007. Funding will provide support for housing projects across the state in partnership with local governments and not-for-profit organizations, resulting in rental assistance to 900 households, mortgage payment assistance to 100 households, supportive services to 900 households, and utility payment assistance to 800 households.

Program Series 6

International Trade

Purpose: To assist Ohio manufacturers and service providers in locating and capitalizing on export opportunities, market Ohio as a premier business location, attract direct investment by foreign companies, and organize Ohio business missions to international markets.

The following table shows the line item that is are used to fund the International Trade program series, as well as the enacted funding levels contained within Am. Sub. H.B. 66.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	195-432	International Trade	\$4,223,787	\$4,223,787
General Revenue Fund Subtotal			\$4,223,787	\$4,223,787
Total Funding: International Trade			\$4,223,787	\$4,223,787

International Trade

Program Description: The International Trade Division promotes Ohio exports and foreign direct investment into Ohio. The Division operates seven full-service trade offices located in Columbus, Brussels, Hong Kong, Mexico City, Tel Aviv, Tokyo, and Toronto, and jointly administers offices with the Council of Great Lakes Governors in Buenos Aires, Santiago, Johannesburg, and Sao Paulo. Other activities include business and investment missions, trade shows, and export assistance.

Funding Source: General Revenue Fund

Implication of the Enacted Budget: The enacted budget funds this program at \$4,223,787 in each of FYs 2006 and 2007. Funding will provide continued support in Ohio's efforts to strengthen Ohio's economy through international business and export promotion, foreign direct investment attraction, and international business missions.

Program Series 7

Travel and Tourism Promotion

Purpose: To develop and implement an integrated marketing campaign including print, television, on-line, and radio advertising, regional and national public relations, the DiscoverOhio.com web site, and the 1-800-BUCKEYE call center.

The following table shows the line items that are used to fund the Travel and Tourism program series, as well as the enacted funding levels contained within Am. Sub. H.B. 66.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	195-407	Travel and Tourism	\$6,812,845	\$6,712,845
GRF	195-507	Travel and Tourism Grants	\$1,287,500	\$1,162,500
General Revenue Fund Subtotal			\$8,100,345	\$7,875,345
Total Funding: Travel and Tourism Promotion			\$8,100,345	\$7,875,345

Travel and Tourism Promotion

Program Description: The Division of Travel and Tourism is responsible for state tourism activities including advertising, promotional campaigns, and travel information. The Division promotes Ohio as a desirable location for film and video production, and administers grants to local and regional tourism entities. Activities include the state's travel and tourism web site, www.ohiotourism.com, 1-800-BUCKEYE phone line, market research, advertising, the Ohio Film Commission, and statewide publications (Discover Ohio Calendar of Events and Visitor's Guide and Travel Planner). Activities funded through the Division are experiencing a shift from information-based publications that are mailed to customers to web based information that is accessed directly by the consumer. Since FY 1996, grants for local travel and tourism events have been provided through line item 195-507, Travel & Tourism Grants.

Funding Source: General Revenue Fund

Implication of the Enacted Budget: The enacted budget funds this program at \$8,100,345 in FY 2006 and \$7,875,345 in FY 2007. Funding will be directed toward television, print, radio, on-line, and public relations advertising, web site development, the 1-800-BUCKEYE call center, and the following earmarked grants to local organizations (totaling \$1,287,500 in FY 2006 and \$1,162,500 in FY 2007):

- \$25,000 each FY for the Lorain County Visitors Bureau;
- \$25,000 each FY for the Ottawa County Convention and Visitors Bureau;

- \$25,000 each FY for the Sandusky/Erie County Visitors and Convention Bureau;
- \$45,000 each FY for the Warren County Convention and Visitors Bureau;
- \$50,000 each FY for the Greene County Convention and Visitors Bureau;
- \$12,500 each FY for the Morgan County Community Improvement Corporation;
- \$25,000 each FY for the Wood County Economic Development Commission;
- \$5,000 each FY for the Canton Football Hall of Fame;
- \$40,000 each FY for the Cincinnati Film Commission;
- \$40,000 each FY for the Cleveland Film Commission;
- \$50,000 each FY for the Wright Dunbar Historical Site;
- \$50,000 each FY for the Lake Shore Railway Association, Inc.;
- \$50,000 each FY for the Ohio River Trails program;
- \$100,000 each FY for the Cleveland Institute of Art;
- \$120,000 each FY for the outdoor dramas "Trumpet in the Land," "Blue Jacket," and "Tecumseh!";
- Up to \$500,000 each FY for The International Center for the Preservation of Wild Animals;
- \$25,000 in FY 2006 for the Ohio Buckeye Junior Hereford Association; and
- \$100,000 in FY 2006 for the NCR U.S. Open.

Program Series 8**Program Management**

Purpose: To provide centralized services to the Department of Development.

The following table shows the line items that are used to fund the Program Management program series, as well as the enacted funding levels contained within Am. Sub. H.B. 66.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	195-321	Operating Expenses	\$1,259,426	\$1,283,905
General Revenue Fund Subtotal			\$1,259,426	\$1,283,905
General Services Fund				
135	195-605	Supportive Services	\$7,450,000	\$7,539,686
685	195-636	General Reimbursements	\$1,000,000	\$1,000,000
General Services Fund Subtotal			\$8,450,000	\$8,539,686
State Special Revenue Fund				
5CV	195-682	Lung Cancer & Lung Disease Research	\$10,000,000	\$0
State Special Revenue Fund Subtotal			\$10,000,000	\$0
Total Funding: Program Management			\$19,709,426	\$9,823,591

Program Management

Program Description: Program Management encompasses the activities of the Director's Office, the Legal Office, the Human Resources Office, fiscal and audit activities, Information Technology, Facilities Management, Legislative Affairs, and the Office of Strategic Research. These offices and programs manage and control all divisions of the Department of Development to implement departmental policy and to communicate actions and activities to the Governor, the General Assembly, and to other state and local agencies. Additionally, the Office of Strategic Research provides demographic, economic, industrial, and programmatic information for the Department of Development, other state agencies, local governmental authorities, and designated affiliates of the United States Bureau of the Census.

Funding Sources: General Revenue Fund, interagency payments and indirect cost charges to other Department of Development line items

Implication of the Enacted Budget: The enacted funding levels for this program provide \$19,709,426 in FY 2006 and \$9,823,591 in FY 2007. Funding will provide continued support for centralized services to ensure efficient operation of the Department of Development.

Miscellaneous provisions contained with Am. Sub. H.B. 66 include:

- \$50,000 in FY 2006 and \$35,000 in FY 2007 is earmarked from GRF appropriation item 195-321, Operating Expenses, for Crawford County to hire an employee to act as a local economic development coordinator for Crawford, Hancock, Richland, and Marion Counties.

- The composition of the Development Financing Advisory Council is modified so that six members, rather than four, of the total membership of the Council constitutes a quorum, and that an affirmative vote of six members is necessary for any action taken by the Council.
- The Lung Cancer and Lung Disease Research Fund (Fund 5CY) has established and appropriated \$10 million in FY 2006 with moneys transferred from the Tobacco Master Settlement Agreement Fund (Fund 087). Newly established appropriation item 195-682, Lung Cancer and Lung Disease Research, is to be used by the Department of Development to promote lung cancer and lung disease research.