
DEVELOPMENT SERVICES AGENCY

Tax credit transparency

- Requires the Development Services Agency (DSA) Director to make available to the public an estimate of total revenue that will be foregone by the state as a result of each tax incentive approved by the Tax Credit Authority within 30 days after the Authority approves the incentive.

Lakes in Economic Distress Revolving Loan Program

- Creates the Lakes in Economic Distress Revolving Loan Program to assist businesses and other entities that are adversely affected due to economic circumstances that result in the declaration of a lake as an area under economic distress, and requires the DSA Director to administer the Program.
- Requires the Director of Natural Resources to declare a lake as an area under economic distress based on environmental or safety issues and subsequently declare it as an area no longer under economic distress when those issues have been resolved.
- Creates the Lakes in Economic Distress Revolving Loan Fund, requires the DSA Director to use the Fund to make loans, and stipulates that the loans must be zero interest loans during the time that a lake has been declared an area under economic distress.
- Requires the DSA Director to adopt rules that establish requirements and procedures for the making of loans such as eligibility criteria and criteria for repayment of the loans.

Abandoned Gas Station Cleanup Grant Program

- Creates the Abandoned Gas Station Cleanup Grant Program for the cleanup and remediation of Class C release sites, and authorizes the DSA Director to award grants to specified political subdivisions and organizations owning public land for property assessments and cleanup and remediation of sites.
- Requires a grant applicant to certify that the applicant did not cause or contribute to a prior release of petroleum or other hazardous substances on the site.
- Creates the Service Station Cleanup Fund, and authorizes the Director of Budget and Management to transfer to it not more than \$20 million from the Clean Ohio Revitalization Fund.



Third Frontier Internship Program

- Requires the Third Frontier Commission to operate, for fiscal years 2016 and 2017, an Ohio Third Frontier Internship Program.

Local Government Safety Capital Grant Program

- Establishes the Local Government Safety Capital Grant Program under which the Local Government Innovation Council is to award grants to political subdivisions for the purchase of vehicles, equipment, facilities, or systems needed to enhance public safety.
- Specifies that the total grants awarded to an individual political subdivision cannot exceed \$100,000.

Fund closures

- Abolishes the Motion Picture Tax Credit Program Operating Fund and redirects the Fund's revenue to the Business Assistance Fund.
- Abolishes the Industrial Site Improvements Fund and the Rural Industrial Park Loan Fund.

Distribution of federal Community Services Block Grant funds

- Decreases, from 95% to 91%, the minimum percentage of funds that must be distributed to community action agencies and migrant and seasonal farm worker organizations from the federal Community Services Block Grant Act.
- Requires at least 4.5% of the funds to go to one or more nonprofit organizations that train and provide technical assistance to community action agencies.

Report deadlines

- Changes, from August 1 to October 1, the due date of the annual report that must be prepared by DSA regarding its bond financed economic assistance programs.
- Moves from January 7 to August 1 of each year the date by which DSA must submit a report regarding the Career Exploration Internship Program to the Governor and General Assembly leaders.

Housing Trust Reserve Fund

- Creates the Housing Trust Reserve Fund in the state treasury.



- Provides that the Reserve Fund is to consist of specified housing trust fund fees received each year by the Treasurer of State.
- Permits the DSA Director to request the Director of Budget and Management to transfer money from the Reserve Fund to the Low- and Moderate-Income Housing Trust Fund if money in the Trust Fund falls below a certain level.

Entrepreneurial business incubators report

- Requires DSA to produce and post on its website by December 31, 2015, a report that maps and reviews entrepreneurial business incubators in Ohio.

Tax credit transparency

(R.C. 122.942; Section 803.240)

The act requires the Development Services Agency (DSA) Director to estimate the total revenue that will be foregone by the state as a result of each tax incentive approved by the Tax Credit Authority. The DSA Director must base the estimate on the monetary value of the tax incentive and not on potential economic growth. The DSA Director must make each estimate, along with the name and address of the taxpayer that will receive the tax incentive, available to the public within 30 days after the Authority approves the incentive. The act defines "tax incentive" as an exemption, either in whole or in part, of the income, goods, services, or property of a taxpayer from the effect of taxes levied by or under the Revised Code. Further, the act authorizes the DSA Director to adopt rules in accordance with the Administrative Procedure Act for the purpose of implementing the preparation and issuance of such estimates.

Lakes in Economic Distress Revolving Loan Program

(R.C. 122.641)

The act creates the Lakes in Economic Distress Revolving Loan Program to assist businesses and other entities that are adversely affected due to economic circumstances that result in the declaration of a lake as an area under economic distress by the Director of Natural Resources (see below). The DSA Director must administer the Program.

The act requires the Director of Natural Resources to do both of the following:

- (1) Declare a lake as an area under economic distress based solely on environmental or safety issues, including the closure of a dam for safety reasons;



(2) Subsequently declare a lake as an area no longer under economic distress when the environmental or safety issues have been resolved.

The act then creates the Lakes in Economic Distress Revolving Loan Fund. The DSA Director must use money in the Fund to make the loans. A loan must be a zero interest loan during the time that a lake has been declared an area under economic distress. The Fund is to consist of money appropriated to it, payments of principal and interest on loans made from the Fund, and investment earnings on money in it.

The DSA Director must adopt rules that establish both:

(1) Requirements and procedures for making loans such as eligibility criteria, a stipulation that an applicant must demonstrate that the loan will help to achieve long-term economic stability in the area, and criteria for repayments of the loans, including the establishment of an interest rate that does not exceed two points less than prime after a lake has been declared as an area no longer under economic distress; and

(2) Any other provisions necessary to administer the Program.

Finally, the DSA Director must assist businesses and other entities in determining the amount of loans needed.

Abandoned Gas Station Cleanup Grant Program

(Sections 610.20 and 610.21 (amending Section 235.10 of H.B. 497 of the 130th General Assembly))

The act creates the Abandoned Gas Station Cleanup Grant Program for the cleanup and remediation of Class C release sites to provide for and enable the environmentally safe and productive reuse of publicly owned lands. Grants may be used for both:

(1) The cleanup or remediation, or planning and assessment for that cleanup or remediation, of contamination; and

(2) Addressing property conditions or circumstances that (a) may be deleterious to public health and safety or the environment or (b) preclude or inhibit environmentally sound or economic reuse of the property as authorized by the constitutional provisions governing the Clean Ohio Program.

Grants may be awarded to a county, municipal corporation, township, port authority, or an organization that owns publicly owned lands. Publicly owned lands include land that is owned by an organization that has entered into a relevant agreement with such a political subdivision.



Cleanup or remediation is any action at a Class C release site to contain, remove, or dispose of petroleum or other hazardous substances or remove underground storage tanks used to store petroleum or other hazardous substances. A Class C release is a release of petroleum occurring or identified from an underground storage tank system that is subject to the Underground Storage Tanks Law for which the person responsible for the release is specifically determined by the State Fire Marshal not to be a viable person capable of undertaking or completing the corrective actions required under that Law. A Class C release also includes any release designated as such in accordance with rules adopted by the State Fire Marshal under that Law.

Under the program, the DSA Director may do either or both of the following:

- (1) Award a grant of not more than \$100,000 to a property owner for a property assessment on a Class C release site;
- (2) Award a grant of not more than \$500,000 to a property owner for cleanup or remediation of a Class C release site.

For the act's purposes, a property assessment is a property assessment conducted in accordance with the Voluntary Action Program Law or a corrective action process or source investigation process under the State Fire Marshal's rules governing petroleum underground storage tanks.

A property owner must use the grant to create a site that provides opportunities for economic impact through redevelopment. The DSA Director may consult with the Environmental Protection Agency, the State Fire Marshal, the Ohio Water Development Authority, and the Ohio Public Works Commission in connection with the act's grant program and the awarding of the grants. The act states that the statutes governing Clean Ohio grants and loans for brownfield revitalization projects do not apply to the grant program.

Under the act, an authorized representative of the property owner must sign and submit an affidavit with a grant application certifying that the property owner did not cause or contribute to any prior release of petroleum or other hazardous substances on the site. The act requires the DSA Director to examine applications for completion and establishes a process for return and later resubmission. If the DSA Director approves an application, the DSA Director may enter into an agreement with the property owner to award a grant to the property owner. The agreement must be executed prior to paying or disbursing any grant funds approved by the DSA Director under the act.



Service Station Cleanup Fund

The act creates the Service Station Cleanup Fund in the state treasury. Money in the Fund must be used to award the grants. At the request of the DSA Director, the Director of Budget and Management may transfer up to \$20 million from the Clean Ohio Revitalization Fund to the Service Station Cleanup Fund as needed to provide for grants.

Third Frontier Internship Program

(Section 701.90)

The act requires the Third Frontier Commission to operate, for fiscal years 2016 and 2017, an Ohio Third Frontier Internship Program. The Program is to contribute to the expansion of a technologically proficient workforce in Ohio, and is to encourage the retention in Ohio of highly knowledgeable and talented students through employing upon graduation at for-profit companies doing business in Ohio.

The Third Frontier Commission in DSA coordinates and administers science and technology programs to promote the economic growth of the state. The Commission approves funding from the state's Third Frontier Research and Development Fund to support the Internship Program, which is administered by DSA's Business Services Division.

Local Government Safety Capital Grant Program

(Section 701.120)

The act establishes the Local Government Safety Capital Grant Program to be administered by the Local Government Innovation Council.²⁴ Under the Program, the Council may award grants to political subdivisions for the purchase of vehicles, equipment, facilities, or systems needed to enhance public safety.

Applications are to be submitted to DSA on a form specified by the DSA Director. DSA is to forward the applications to the Council for evaluation and selection. The Council cannot award more than \$100,000 in total grants to an individual political subdivision. Grants are to be made from the Local Government Safety Capital Fund, which is created by the act in the state treasury. The Fund is to consist of money appropriated to it.

²⁴ R.C. 189.03, not in the act. The Council expires December 31, 2015; R.C. 189.10, not in the act.



Fund closures

Motion Picture Tax Credit Program Operating Fund

(R.C. 122.174 and 122.85)

The act abolishes the Motion Picture Tax Credit Program Operating Fund. The Fund consisted of application fees paid by motion picture companies applying for certification of a motion picture as a tax credit-eligible production and all grants, gifts, fees, and contributions made to the DSA Director for marketing and promotion of the motion picture industry in Ohio. Money in the Fund was used to cover administrative costs of the Motion Picture Tax Credit Program and the Ohio Film Office.

The revenue formerly required to be deposited into the Fund is to be deposited into the Business Assistance Fund instead. The Business Assistance Fund is used by the Director to pay expenses related to administration of the Business Services Division of DSA.

Industrial Site Improvements Fund

(R.C. 122.95 and 122.951; R.C. 122.952 (repealed))

Under prior law, the DSA Director was authorized to make grants from the Industrial Site Improvement Fund to eligible counties for acquiring commercial or industrial land or buildings and making improvements to commercial or industrial areas, if the grant could create new jobs or preserve existing jobs. The Fund consisted of money appropriated to it by the General Assembly.

The act abolishes the Fund, but retains the grant program.

Rural Industrial Park Loan Fund

(R.C. 122.26 (repealed))

The act abolishes the Rural Industrial Park Loan Fund, which was used by the DSA Director to provide financial assistance in the form of loans and loan guarantees for the development or improvement of industrial parks. The Rural Industrial Park Loan Program, however, is retained under the act.

Distribution of federal Community Services Block Grant funds

(R.C. 122.68)

The act decreases, from 95% to 91%, the minimum percentage of funds that must be distributed to community action agencies and certain migrant and seasonal farm



worker organizations from the federal Community Services Block Grant Act. But it also requires that at least 4.5% of the total funds received go to one or more nonprofit organizations that provide training and technical assistance to community action agencies and that were incorporated in Ohio before 2015. This leaves 4.5% for the state to use for administrative expenses, which is a 0.5% decrease from prior law. Under federal grant requirements, 5% is the *maximum* that states may use for administrative expenses. And states must distribute at least 90% of the funds to qualifying agencies and organizations. The average financial assistance to a state is over \$5.2 million (per fiscal year).²⁵

Report deadlines

Economic assistance programs

(R.C. 122.64)

Under ongoing law, the DSA Director is required to make a report of the activities and operations of DSA's bond financed economic assistance programs for the preceding fiscal year. Prior law required that the report be submitted to the Governor and General Assembly by August 1 of each year. The act changes the due date to October 1.

Career Exploration Internship Program

(R.C. 122.177)

The act moves from January 7 to August 1 of each year, until 2017, the date by which DSA must submit a report regarding the Career Exploration Internship Program to the Governor and General Assembly leaders. Under continuing law, DSA administers the Program to award grants to businesses that employ a student intern in a career exploration internship.

Housing Trust Reserve Fund

(R.C. 174.02, 174.09, and 319.63)

The act creates the Housing Trust Reserve Fund in the state treasury. It is to consist of specified housing trust fund fees collected by county recorders under ongoing law and paid to the Treasurer of State. The Treasurer of State deposits the first \$50 million of those housing trust fund fees received each year into the Low- and Moderate-

²⁵ Catalogue of Federal Domestic Assistance, Community Services Block Grant, Number 93.569: Range and Average of Financial Assistance (070) and (123), available at www.cfda.gov/index?s=program&mode=form&tab=core&id=9a01593a6925d3635566f7400e10f6a3.



Income Housing Trust Fund and, under former law, any amounts in excess of \$50 million were deposited into the GRF. Under the act, any amounts received in excess of \$50 million are to be deposited into the Reserve Fund *unless* the cash balance of the Reserve Fund is greater than \$15 million. In that event, the Treasurer of State must deposit any amounts received in excess of \$50 million into the GRF.

If, in the prior fiscal year, the Treasurer of State received less than \$50 million of housing trust fund fees, the DSA Director may request the Director of Budget and Management to transfer money from the Reserve Fund to the Low- and Moderate-Income Housing Trust Fund. Based on the information provided by the DSA Director regarding the transfer request, the OBM Director is to determine the amount to be transferred. However, the amount transferred, when combined with the housing trust fund fees received by the Treasurer of State in the prior fiscal year, cannot exceed \$50 million.

Entrepreneurial business incubators report

(Section 257.90)

Under the act, DSA must produce a report mapping and reviewing entrepreneurial business incubators (EBIs) in Ohio. An EBI is an entity supporting startup companies, offering a collaborative environment, and providing access to support services, technical expertise, and business assistance resources to help innovators grow their business ideas into independent job-creating companies. The report must be produced and made publicly available on the DSA website by December 31, 2015.

The report must:

- Identify locations and available support services, unmet service areas, and duplication of service at EBIs;
- Classify the industry of member entrepreneurs receiving services by the following categories: advanced manufacturing, aerospace and aviation, agribusiness, food processing, automotive supply chain, biohealth, energy, information technology, polymers, chemicals, and additional industry sectors, as determined by DSA;
- Gather data on member entrepreneurs based on jobs, capital investment, and sales; and
- Describe characteristics of EBIs that successfully graduate companies to be independent job creators for Ohio.

