



Ohio Legislative Service Commission

Bill Analysis

Mackenzie Damon

Sub. H.B. 18

129th General Assembly
(As Passed by the House)

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

BILL SUMMARY

- Authorizes a \$500 per-employee grant for a business that occupies a facility that has been vacant for 12 months, increases its payroll by hiring new employees, and employs either 50 employees or 50% of its Ohio employees at the vacant facility.
- Permits an employer to receive no more than one grant.
- Limits availability of grants to three years after the bill takes effect.
- Authorizes the award of grants from the Facilities Establishment Fund or from unencumbered funds available to any entity performing job creation and other economic development functions for the state (e.g., the JobsOhio corporation).

CONTENT AND OPERATION

Grant program

The bill authorizes grants to for-profit employers that lease or purchase vacant commercial space, increase payroll by hiring new employees, and employ 50% of the employer's Ohio employees or 50 employees at that space. A "vacant commercial space" must be located in either a building or a business park that is at least 75% unoccupied during the previous 12 months. The employer's space must have been vacant for the immediately preceding 12 months. A "business park" is a collection of two or more buildings on the same or adjacent properties owned by the same owner.¹

¹ R.C. 166.31(A).

To qualify for a grant, the employer's qualifying employees must have been employed at the space for at least one year. Qualifying employees are those employed at the vacant commercial space whose employment causes the employer's total payroll to increase after the employer purchases or leases the space and who were not previously employed by the employer within 60 days before the employer purchases or leases the space. An employer may qualify for the grant only once. Employers required to withhold employee state income tax may apply for the grant, but nonprofit organizations and subdivisions of the state and the federal government are not eligible. The amount of the grant is \$500 for each qualifying employee, with no limit as to the number of qualifying employees a business may claim.²

Grant application and process

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

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

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

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

An employer that moves into a building that is not yet completed, but meets all other grant requirements, including the 12-month prior vacancy requirement, may be eligible for a grant upon providing additional documentation. A building under construction is "unoccupied" for purposes of the 12-month vacancy requirement when the building's construction discontinues as determined by the owner who owned the property at the time construction halted. An employer moving into an unfinished building is required to submit, in addition to the three application attachments discussed above, a copy of a certificate from the building authority indicating the building is at least 85% complete and may be lawfully occupied and an affidavit from

² R.C. 166.31(B).

³ R.C. 166.31(B).

the owner of the property at the time construction discontinued attesting to the date construction discontinued.⁴

The Director must review each submitted application and, if the employer meets all of the eligibility criteria to the Director's satisfaction, approve the award of the grant from the Facilities Establishment Fund. If the Director finds that the unencumbered balance in the fund is not sufficient to fund the grant, the Director must forward the application to the chief executive or director of any entity authorized or charged by law to perform job creation and other economic development functions for the state. That officer must award the grant from any portion of the unencumbered funds available to that entity. (The terms of the liquor sale lease agreement between the state and JobsOhio may affect the award of grants because money in the Facilities Establishment Fund is among the state assets that may be acquired by JobsOhio. For example, if JobsOhio were to acquire the Fund, the Director of Development's authority to award grants from the Fund may be precluded.)⁵

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

Facilities Establishment Fund

Grant proceeds are to be paid to employers from the Facilities Establishment Fund if sufficient unencumbered funds are available. This fund is funded primarily by constitutionally authorized bond issuances. Under continuing law, state bonds may be issued to provide money for economic development as authorized specifically by the Ohio Constitution, provided funds raised through taxation are not pledged. The proceeds of the issuance may be used to acquire or build property for economic development purposes or to lend or guarantee loans for those purposes.⁷ Obligations are currently funded through state liquor profits.⁸

The bill requires an employer receiving a grant to use any proceeds granted from the Facilities Establishment Fund for purposes authorized by Article VIII, Section 13 of the Ohio Constitution – for the acquisition, construction, enlargement, improvement or equipment of property, structures, equipment and facilities used in the employer's

⁴ R.C. 166.31(C).

⁵ R.C. Chapter 4313.

⁶ R.C. 166.31(B).

⁷ Section 13 of Article VIII, Ohio Constitution.

⁸ R.C. 166.03 and 166.08.

business occupying the vacant commercial space.⁹ Any grants from the Fund must be approved by the Controlling Board.¹⁰

HISTORY

| ACTION | DATE |
|---------------------------|----------|
| Introduced | 01-11-11 |
| Reported, H. Ways & Means | 12-07-11 |
| Passed House (82-12) | 12-14-11 |

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⁹ Section 13 of Article VIII, Ohio Constitution.

¹⁰ R.C. 166.03.

