

Publications

Client Alert: Issuance of Rules for the InvestOhio Program

Related Attorneys

David A. Froling

Scott J. Ziance

Related Services

Taxation

CLIENT ALERT | 11.18.2011

On July 1, 2011, Governor Kasich signed Am. Sub. House Bill 153 (the "Bill"), the biennial Budget Bill. The Bill included the establishment of the InvestOhio program, which provides non-refundable Ohio income tax credits to investors in certain Ohio "small business enterprises," with unused portions of the credit carried forward for up to seven years. The credit is equal to 10% of total "qualifying investment" made, but the total amount of credits that may be claimed by any one investor is limited to \$1 million in each fiscal biennium. In addition, the amount of credits issued by the Director of Development in any fiscal biennium is limited to \$100 million, which equates to investments of \$1 billion. The credits are provided on a first-come, first-served basis in each biennium.

The Ohio Department of Development recently promulgated emergency rules for the InvestOhio program that include details regarding the process of qualifying for the tax credits. Key provisions of the rules are as follows:

- Both the small business enterprise and the eligible investor must register with the InvestOhio program before submitting an application and before reaching an agreement to provide a qualifying investment.
- Upon registration, the small business enterprise and the eligible investor each will be assigned an InvestOhio User ID that will be used to identify the parties throughout the InvestOhio program, even if multiple investments are made. Both the small business enterprise and eligible investor must have an InvestOhio User ID in order to complete an application for a qualifying investment.
- Either party may complete the application for a qualifying investment. Once the application is submitted and the information contained in the application is deemed to be complete, the Director of Development will assign an InvestOhio Transaction ID.
- Assuming that all eligibility requirements are met, tax credit certificates will be issued in the order of the InvestOhio Transaction IDs. Certificates will only continue to be issued until the above-described limit is reached for the particular biennium.

- The rules also contain specific guidelines for pass-through entities that wish to participate in the InvestOhio program and claim tax credits.

If you have any questions about the InvestOhio program, or you believe that your company or community could benefit from the InvestOhio Program, please contact:

Scott J. Ziance – (614) 464-8287; sjziance@vorys.com;

David A. Froling – (614) 464-3022; dafroling@vorys.com;

or Chris L. Connelly – (614) 464-8244; clconnelly@vorys.com.

IRS CIRCULAR 230 DISCLOSURE: In order to ensure compliance with requirements imposed by the U.S. Internal Revenue Service, we inform you that any federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and it cannot be used, by any taxpayer for the purpose of (i) avoiding penalties that may be imposed under the U.S. Internal Revenue Code or (ii) promoting, marketing, or recommending to another person, any transaction or other matter addressed herein.

This client alert is for general information purposes and should not be regarded as legal advice.