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Significant 2016 Year-End Ohio Historic Preservation Tax Credit Developments

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AUTHORED ARTICLE | Spring 2017

Originally published in *Development Incentives Quarterly*.

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Elimination of Future Ohio Historic Preservation Tax Credit "Catalytic" Awards

In order for a development project to be eligible for Ohio state historic preservation tax credits, the director of Ohio Development Services must make a specific award of tax credits to that project. The director may award up to $60 million of historic preservation tax credits annually, with generally no more than $5 million being awarded to any specific project. Prior to 2017, for each biennium period the director was authorized to make one award of up to $25 million to a "catalytic" project meeting certain criteria (for example, a catalytic award was received by the former Huntington Building in Cleveland in December of 2015). In December 2016, Substitute Senate Bill Number 235 was enacted. This bill granted a catalytic award to each person who had previously applied for a catalytic award for the fiscal year 2016-2017 biennium, and whose application was not previously approved. See Section 3(B) of the bill (as a result of this provision, two additional projects received catalytic awards in the fiscal year 2016-2017 biennium, the May Co. building in Cleveland, and the former Goodyear Tire & Rubber Co. headquarters in Akron). In addition, the bill eliminated the ability of the director to make additional future catalytic awards. See O. R.C. Section 149.311(D)(2). Going forward, therefore, no project may receive an award of Ohio state historic preservation tax credits in excess of $5 million.

Ohio 2020 Tax Policy Commission Report

In June 2015 lawmakers in the Ohio General Assembly proposed the elimination of Ohio state historic preservation tax credits. After significant outreach by the Ohio development community, this proposal was withdrawn. However, the 2020 Tax Policy Study Commission was tasked with studying the Ohio historic preservation tax credit. The Commission completed its study in 2016, and released a report in November of last year The report contains a number of recommendations, including a recommendation to require applicants for Ohio state rehabilitation tax credits to disclose “what percentage of the credit will actually go toward the project.” (It is unclear how this requirement would be applied, were this recommendation to be adopted, particularly given the variety of funding sources and interplay of federal historic tax credit requirements, that are involved in a typical tax credit transaction.) In addition, the report recommends that “there should be further discussion about the pros and cons of converting future tax credits into a grant program without any disruptions to existing tax credits.” To date, no public action has been taken in response to the report.