

Publications

Ohio Budget Bill Brings Significant Changes and Economic Development Focus

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On June 30, 2025, Governor Mike DeWine signed Amended Substitute House Bill 96 (H.B. 96), establishing Ohio's biennial budget for State fiscal years 2026-2027 (July 1, 2025 through June 30, 2027). This comprehensive budget continues popular initiatives while maintaining a strong focus on residential development through the Welcome Home Ohio program and the newly created Residential Development Revolving Loan Program.

The legislation also initiates a significant organizational shift, transferring certain community services programs from the Ohio Department of Development (ODOD) to the Ohio Department of Jobs & Family Services and the Public Utilities Commission. Additionally, the General Assembly enacted substantial amendments to the Transformational Mixed Use Development (TMUD) tax credit program, which will be addressed in a separate client alert.

Major Program Funding and Changes

Brownfield Remediation Program

The budget allocates \$200 million (\$100 million per fiscal year) to the Brownfield Remediation Fund. Key changes include:

- Amendment of Ohio Revised Code (R.C.) Section 122.6511 to explicitly include demolition and infrastructure development costs as eligible remediation expenses
- Elimination of the first-come, first-served award process in favor of ODOD evaluating projects based on economic merit
- Requirement that ODOD ensure projects are awarded across different regions of the state
- Retention of the existing provision reserving \$1 million per county for one calendar year

Building Demolition and Site Revitalization Program

This program receives \$43 million (\$21.5 million per fiscal year) for the Demolition and Site Revitalization Fund. Similar to the Brownfield program, the first-come, first-served language has been removed from R.C. Section 122.6512, while maintaining the existing provision that reserves a proportional amount of the appropriation for each county.

New Residential Development Programs

Residential Economic Development District Grants This newly created program allows counties, townships, and municipalities near major economic development projects to seek grants for housing-related matters. Total funding of \$25 million is available over two fiscal years, with \$10 million allocated for FY2026. The program is codified in R.C. Section 122.636.

Residential Development Revolving Loan Program Another new initiative designed to fund infrastructure improvements necessary for new single-family residential construction in rural Ohio. The \$100 million program is available to local governments in counties with populations of 75,000 or less that have issued fewer construction permits for single-family homes than the Ohio county average. The program is established under R.C. Sections 122.98 and 122.981.

Tax Credit Program Updates

Qualified Opportunity Zone Tax Credit R.C. Section 122.84 has been amended to redefine "investment" as money from any source (excluding grant funds) invested to improve property in an Ohio opportunity zone with profit expectations. This change appears to clarify that borrowed funds can be used for investments and suggests that property acquisition alone may no longer qualify—only improvement investments will be eligible.

Additional changes include:

- Shortened application period from 21 days to 8 days (January 10-17 and July 10-17)
- Increased annual credit amount from \$25 million to \$50 million
- Program sunset at the end of fiscal year 2027
- New \$5 million credit limitation per project

Other Notable Program Changes

Enhanced and Modified Programs

- **TMUD Program:** Increased available credits from \$100 million to \$125 million+, with \$40 million+ now available for general (non-major city) projects.
- **Film Tax Credit:** R.C. Section 122.85 amendments provide for rolling applications and clarify financing support requirements. The theater capital improvement tax credit is repealed, but Broadway theatrical production costs now qualify. Governor DeWine vetoed a provision to sunset the Film Tax Credit in 2027.

- **Ohio Historic Preservation Tax Credits:** R.C. Section 149.311 increases the credit from 25% to 35% for projects outside cities with at least 300,000 residents, with \$75 million available annually. Governor DeWine vetoed the sunset of the program after fiscal year 2027.

Program Sunsets and Limitations

- **InvestOhio:** R.C. Section 122.86 adds a sunset provision limiting investments to those made on or before November 3, 2025, with the program ending January 2, 2026.
- **Rural Industrial Park Loan Program:** Annual funding reduced from \$15 million to \$5 million.

Broadband Investment

The budget provides substantial broadband funding with \$31.4 million for the Broadband Pole Replacement and Undergrounding Program and up to \$793 million for the Ohio Broadband Equity, Access, and Deployment (BEAD) Program to support high-speed internet infrastructure adoption.

Ohio Cultural and Sports Facility Performance Grant Fund R.C. Sections 123.28 et seq., 169.08, and certain non-codified provisions establish a grant fund using transfers from unclaimed funds, including \$600 million for the Browns facility and funding for other eligible cultural and sports facilities.

Additional Statutory Modifications

Infrastructure and Development Support

R.C. Section 122.14 has been expanded to include roadwork funding for professional sports facilities alongside tourism attractions and airports. The section now permits tourism attractions and professional sports facilities to use funds for retail and residential improvements. Corresponding revisions to the Facilities Establishment Fund loan provisions (R.C. Sections 166.01, 166.02, 166.12, and 166.17) allow funds to support tourism attractions and professional sports facilities.

Workforce Development

The TechCred program (R.C. Section 122.1710, with new Sections 122.1712 and 122.1713) has been updated to create an advanced payment program for state institutions of higher education to train individuals in earning micro-credentials.

Housing and Community Development

Several changes to the Welcome Home Ohio program (R.C. Sections 122.631, 122.632, and 122.633) require review by Ohio non-profits engaged in community development and housing initiatives.

Administrative Updates

R.C. Section 122.97 codifies existing state practices and rules for Volume Cap administration.

Megaproject Provisions

Statutory changes support megaprojects through R.C. Section 519.12(J), which exempts megaprojects from township zoning referenda, and Section 3735.67, which clarifies site ownership or occupation by megaproject operators or suppliers and allows existing CRA abatements to be extended to 30 years for megaprojects.

Governor's Strategic Vetoes

Governor DeWine demonstrated strong support for economic development programs through three significant vetoes:

- Data Center Tax Exemption sunset (originally set for October 1, 2025)
- Film Tax Credit sunset (originally scheduled for 2027)
- Ohio Historic Preservation Tax Credit sunset (originally planned after fiscal year 2027)

Conclusion

This budget bill represents a comprehensive approach to Ohio's economic development strategy, with particular emphasis on residential development, infrastructure improvement, and maintaining competitive tax credit programs. The funding allocations and programmatic changes reflect the state's commitment to supporting diverse economic development initiatives across urban and rural communities.

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