

# TAX INCENTIVES: ENTERPRISE ZONE

## Overview

The Rural Enterprise Zone (REZ) Program in Clermont County allows for special tax incentives to be offered, by contract, to businesses which agree to invest in real property and create or retain jobs in the county. These incentives take the form of partial exemption, or reduction, of taxes generated by new capital investment. Existing Ohio assets are not eligible for exemption.

## Project Eligibility

For-profit businesses that agree to establish, expand, renovate or occupy a facility and hire and/or retain employees are eligible for local tax exemptions. Clermont County may enter into an agreement with an eligible enterprise based on the project investment and job creation/retention levels, and a determination of financial responsibility and business experience. All incentives offered under this program are at the discretion of the granting authority.

The amount of tax exemption is negotiated on an individual project basis and varies according to the size of the investment, jobs created and other factors. An agreement must be in place between the company and Clermont County before a project commences.

If the eligible project will reduce investment or employment at another company site in Ohio, a Relocation Waiver must be obtained from the Ohio Department of Development.

## Amount and Term

Clermont County has designated certain areas as Rural Enterprise Zones, which allows for eligible companies to receive real and/or personal property tax exemptions on new investment of up to 60% for up to 10 years in townships. Under limited circumstances, and with approval of the locally affected school district, an exemption of 75% for 10 years may be granted. Municipalities may grant an exemption of up to 75% for 10 years on eligible real property investment. The percentage of property tax exemption offered will reflect the level of investment and job creation/retention associated with the project.

## Note on Tax Reform in Ohio

Tax law changes enacted by the State Legislature in 2005 eliminated tangible personal property tax on any new machinery purchased on or after July 1, 2005, and will phase out the tangible personal property tax on furniture, fixtures, office equipment and inventory by 2008. Due to these changes in Ohio's tax structure, the REZ Program will now be applied towards new real property investment only.



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## Approval Process

A company wishing to obtain incentives from the REZ program must complete the following steps:

- 1) Meet with Clermont County Office of Economic Development to discuss proposed project, program guidelines, and application process.
- 2) The local community will recommend a level of incentives to be offered based on the project investment and other factors.
- 3) Complete a State of Ohio REZ Application and submit to Clermont County Office of Economic Development.
  - a. Complete and submit a Relocation Waiver (if necessary) to the Ohio Department of Development. This step is only completed if the company is reducing investment or employment at another company site in Ohio.
- 4) A representative of the Clermont County Office of Economic Development will meet with the applicant to review the application, discuss reporting requirements, and provide estimated dates when the agreement would be reviewed by the local community (city or township) and the county.
- 5) The local community's legislative body (city council or township trustees) considers the application at a regular meeting.
- 6) If approved by the local community's legislative body, the Clermont County Board of Commissioners then considers the application for approval.

Note: The process described above typically takes 3-4 weeks depending on individual circumstances. A minimum 14-day notice must be provided to the local school district before the local community or Clermont County can take any action. If a relocation waiver is needed from the State of Ohio, the process typically takes 5-6 weeks before final approval of the incentive.

## Fees

There are specific fees involved with the REZ program. A \$750 application fee is due, payable to the Ohio Department of Development, upon execution of the REZ Agreement. Some local communities may charge a separate application processing fee, ranging from \$250 - \$500.

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