

Financial Incentives

The type and amount of government financial assistance available for expansion and relocation varies widely depending on project details, the type of company applying and the area that company seeks to serve. The key point is that *all* expansion and relocation projects have the potential for government financing. Here are some examples:

1. A plumbing company sought to buy and renovate a 20,000-sq. ft. building for the purpose of relocating their corporate offices and operations base to the northern part of Central Ohio. The company outsourced more than 70% of their work to private plumbers. While they planned to retain 25 employees, they did not intend to create any new positions. The company also announced that they intended to stay in Ohio, precluding the opportunity to seek incentives from the state.

Incentives – The City of Worthington offered the company a \$30,000 grant to relocate their operation to an existing building within the city limits. The city also offered the company a tax abatement of 75% on the taxable value of the \$900,000 in planned renovations.

2. A heavy metal manufacturing company sought to purchase an existing facility in the City of Columbus. They planned to modernize the facility by making investments in machinery and equipment, hire a workforce of 235 blue collar employees from an economically depressed part of the city and provide safety training for those workers. The project's biggest advantage was its potential for creating a large number of employment opportunities.

Incentives – The City of Columbus offered this company a \$35,000 grant for part of the machinery and equipment investment. The state of Ohio offered a 70% Job Creation Tax Credit for 10 years, with a value of \$2.34 million. The state also offered a low-interest 166 Loan valued at \$3 million and a training grant valued at \$250,000.

3. An existing natural resource recycling company in Central Ohio decided to implement a new technology for producing recycled oil. The company intended to invest \$8 million to either relocate the company to Kentucky or purchase property adjacent to their Columbus facility for expansion. Although the project would create only a handful of new jobs, the environmentally friendly technology and product were likely to be assets for the region and the state.

Incentives – To keep the project in the City of Columbus, the municipal government offered the company a 60% tax credit for 6 years and a 75% tax abatement for 10 years on real property improvements. The estimated value of the incentives totaled more than \$125,000. In addition, state officials offered the company a \$2 million low-interest loan (a 166 Loan), a \$20,000 grant to assist with employee training and a Job Creation Tax Credit with an estimated value of over \$100,000 as enticements to remain in Ohio.

Results will vary depending on the specific factual and legal circumstances of each client.