BUTLER COUNTY
ENTERPRISE ZONE
UNIFIED GUIDELINE
2024

I. INTRODUCTION

A. To initiate aggregate expansion of Butler County's economic base, the Butler County Board of Commissioners has designated Enterprise Zones pursuant to Ohio Revised Code (O.R.C.) 5709 and amended by Substitute Senate Bill 19.

B. An enterprise zone is an area within which special tax incentives may be offered, by contract, to businesses which agree to invest in capital improvements, to create and/or retain jobs, and to invest in the community's school district. Tax incentives may be considered provided program guidelines are met, a substantial investment is made, and jobs are either created or retained. Each enterprise zone agreement must be reviewed by the Enterprise Zone Negotiating Team for the community in which the project is proposed to be located, the appropriate school board, endorsed by the Township Trustees or City Council, and ultimately submitted to the Butler County Board of Commissioners for its approval. Final enterprise zone agreements will be submitted to the Ohio Development Services Agency and the Ohio Department of Taxation for review and approval.

C. New or existing businesses shall enter into an agreement with Butler County which provides a schedule for job creation and/or retention and a schedule for capital expenditures. Should the actual expenditures and/or capital investment(s) be less than projected, the continuation of the abatement must be re-evaluated. The Butler County Department of Economic Development, as the appointee of the Butler County Commissioners, will provide a written report to the Tax Incentive Review Council and to the Board of County Commissioners, which may, depending on the circumstances, accept or reject the entire report or any part thereof.

II. PURPOSE

A. The purpose of the Butler County Enterprise Zones is to provide to the community an effective tool for managing and guiding economic development by:

1. Enhancing the tax base by encouraging and sustaining long term investment in the community.
2. Enhancing the quality of life.
3. Enhancing and maintaining the quality of the local schools in the area.
4. Preserving existing and attracting new business investments within the Enterprise Zone.

III. MAP AND LOCATION

A. The territory as evidenced by the attached map (Exhibit A) shall comprise the Enterprise Zones. Only those enterprises located or proposed to be located within a Limited Authority Zone or Full Authority Zone may enter into an enterprise zone agreement.

B. Only businesses already located or that propose to be located within the established boundaries of Enterprise Zones may apply for tax abatements.

C. Any negotiated agreement shall not be construed nor interpreted as an endorsement, or recommendation, for any requested zoning change or any other zoning determination.

IV. PROJECT ELIGIBILITY

A. Only those eligible businesses that are qualified by financial responsibility and business experience to create and/or preserve employment opportunities in the economic climate of the community may apply for the tax incentives available.

B. **No Retroactivity**: The tax incentive will only be offered when necessary to bring about the tax investment. No incentives shall be made available after an investment in land, building, and/or equipment has already occurred. To qualify to receive the tax incentive, the investment must take place subsequent to approval by the approving authority. Any business interested in receiving the tax incentives must show that the incentive(s) requested are essential to cause the investment and, if not for available tax incentive(s), the investment will not be made.

C. **Examples of Eligible Businesses*** (by SIC Code, Major Industry Group, Exhibit B)
Manufacturing
Research and Development
Service and Warehouse
Distribution
Institutional
Office

*Eligibility does not guarantee that an incentive will be offered.

Examples of Ineligible Businesses
Housing
Retail

D. Enterprise Zones may grant incentives to businesses which meet one of the following criteria:

1. A business establishing its first Ohio facility.

2. An existing Ohio business establishing a new facility which does not result in employment reduction or asset relocation at any Ohio site.

3. A relocation of an out-of-state facility to Ohio.

4. An expansion of a business at its existing Ohio site.

5. An intrastate business which, under limited and specific circumstances set by the Ohio Development Services Agency, has received a waiver from the ODSA Director under O.R.C. 5709.63 (B).

6. An intrastate business which is locating in a Full Authority Zone, which meets specific distress criteria as defined in O.R.C. 5709.61 (A)(1) (c through h).

E. In accordance with the above criteria, a project that is to be considered for Enterprise Zone benefits must meet one of the following four definitions:

1. **Establish** means the creation of a facility which is determined to the satisfaction of the Director to entail significant investment in real and/or personal property other than inventory at a location where the business had not previously operated.

2. **Expand** means to make expenditures to add land, buildings, machinery, equipment, or other materials, except inventory, to a facility that equals at least ten percent of market value of the facility prior to such expenditures, as determined for the purpose of local property taxation. (O.R.C. Section 5709.61 (E))

3. **Renovate** means to make expenditures to alter or repair a facility that equals at least fifty percent of the market value of the facility prior to such expenditures, as determined for the purposes of local property taxation. (O.R.C. Section 5709.61 (F))

4. **Occupy** means to make expenditures to alter or repair a vacant facility that equals at least twenty percent of the market value of the facility prior to such expenditures, as determined for the purpose of local property taxation. (O.R.C. Section 5709.61 (G))

V. ASSET ELIGIBILITY

The Ohio Enterprise Zone Program can provide tax exemptions of new real and personal property.

A. Existing land values and existing building values are not eligible except as noted within the large manufacturing facility or Brownfield site provisions:

1. If a business plans to purchase and operate a large manufacturing operation that has employed an average of 1,000 employees per year during the past five years which has closed or has announced closure proceedings.

2. If a business agrees to remediate an environmentally contaminated facility expending at least 250 percent of the existing value of the facility on a new investment project including at least a ten percent investment on remediation activities.

VII. DEGREE OF INVESTMENT REQUIRED AND IMPACT ON JOBS

A. Abatements may be granted to firms that meet both the abatement criteria set forth hereunder and that also make a positive impact on the development of the community. Only businesses that agree to make a substantial investment in either real property and/or personal property and that demonstrate a substantial commitment to the community and school district may be eligible to receive the benefits available under the program.

B. The amount of investment required to qualify as a substantial investment shall depend upon the facts and circumstances of each applying business, within the guidelines provided herein. In addition, any business applying for the incentives available, in addition to the other requirements herein, must agree by contract that their project will have a substantial positive impact on job opportunities and upon the area in which the business is to be located.

C. State law permits up to **75%** abatement of new real and personal property taxes for a period of up to ten (10) years when located within a city, and up to **60%** abatement of new real and personal property taxes for a period of up to ten (10) years for unincorporated areas.

D. Tax Incentive Scale

The following is a scale of the possible incentives a community may give to businesses, and are followed by all Butler County Enterprise Zones as the Unified Guidelines:

Investment	**Jobs Created/Retained**	**Maximum Abatements:** *Unincorporated Areas*	*Incorporated Areas*	**Term**
$ 500,000	15	20%	35%	Negotiable
$ 750,000	23	25%	40%	Negotiable
$ 1,000,000	30	30%	45%	Negotiable
$ 1,500,000	45	35%	50%	Negotiable
$ 2,000,000	60	40%	55%	Negotiable
$ 3,000,000	90	45%	60%	Negotiable
$ 4,000,000	120	50%	65%	Negotiable
$ 6,000,000	180	55%	70%	Negotiable
$ 8,000,000	240	60%	75%	Negotiable

E. **Additional Incentives** may be granted to companies by the community. Companies expressing a strong interest to negotiate with city or township officials on such items as architectural amenities, additional donations to the local school district or city provided services, etc. may be granted additional tax benefits. Innovation on this matter is highly encouraged.

F. Each Enterprise Zone application will be negotiated on a case-by-case basis with the municipality or township and Butler County and will use the preceding table as a guide for negotiation. Compliance with these guidelines does not guarantee that tax incentives will be granted in any specific instance. The maximum abatement will be granted only in limited and specific circumstances and will require the company to demonstrate a commitment to the community of more than just its initial investment.

VII. OTHER REQUIREMENTS

In addition to the guidelines set forth herein, any business applying must comply with all local building, zoning and other development rules regulations and ordinances, and with all applicable local, county, and state regulations pertaining to the Enterprise Zone Program. Applicants must submit all information required by County or the State of Ohio.

VIII. GOOD CORPORATE CITIZEN

Any business receiving tax incentives through the Butler County Enterprise Zone Program is expected to maintain itself as a good corporate citizen by being a member of the local Chamber of Commerce and/or other civic or social organizations that enhance the quality of life of the community. In addition to the requirements of notifying and working with the local school board, the business is encouraged to maintain a cordial relationship with the schools.

IX. PRINCIPALS ONLY

Negotiations with the Enterprise Zone Negotiating Team shall be conducted with the applicant. The applicant shall be the business owner, power of attorney of the owner, or other designee of the owner as authorized in writing to the satisfaction of the Negotiating Team. The written authorization must authorize the appointee to bind the business owner(s).

X. PROMOTION

General information about the Enterprise Zone Program shall be widely distributed and the incentives available shall be aggressively promoted with each community and Butler County's other attributes and programs.

XI. TAX INCENTIVE REVIEW COUNCIL

A. Pursuant to state law (O.R.C. 5709.62), a Tax Incentive Review Council will be created to annually monitor compliance with the terms and conditions of any agreement approved by the Butler County Board of County Commissioners. The Butler County Department of Economic Development shall review all agreements annually to determine whether businesses have complied with their terms and conditions. Based upon such review, the Department of Economic Development shall make a report regarding each agreement to the Tax Incentive Review Council.

B. The Department of Economic Development will then forward its report to the Butler County Board of Commissioners and to the appropriate city or township officials.

C. The Butler County Board of Commissioners, as a party to the agreement, may take any action available to obtain compliance with the agreement. With the approval of the local officials, the Butler County Board of Commissioners may delegate to the local community any powers and duties of the Commissioners to negotiate and administer agreements about the zone. The Tax Incentive Review Council must be composed of the following members, of which at least two members are residents of the local community:

1. Three members appointed by the Board of County Commissioners.
2. Two members appointed by the township or municipality as appropriate.
3. The County Auditor or his/her designee.
4. An individual appointed by the Board of Education of each Local, Exempted Village and Joint Vocational School District with the jurisdiction in the Enterprise Zone.

XII. LOCALITY TO NEGOTIATE AGREEMENTS

A. The Butler County Commissioners have approved the designation of each locality's Enterprise Zone. The Board may delegate to the city or township the authority to negotiate tax incentive agreements with businesses located therein. The enterprise must review the proposed abatement agreement with the affected Board(s) of Education prior to submission of agreement to the officials. Any such proposed abatement agreement must be submitted to the County Commissioners for their final approval.

B. The City or Township shall establish a negotiating team. At least one member of the team will be recommended by the Butler County Commissioners, and one by the affected Board of Education.

XIII. SCHOOL BOARD NOTICE

A. The Ohio Enterprise Zone Program requires specific affected entities to be formally notified of a Proposed Enterprise Zone Agreement prior to a local government reviewing and acting upon the proposal. Formal notice to affected school boards and to communities from which a business will be locating is required.

B. The Board of Education of each school district, including any vocational/technical school district in which the proposed tax-exempt property is to be located, must be notified a minimum of 14 days prior to a local government reviewing and acting upon a tax incentive proposal. The notice must be formal; and must include a copy of the Proposed Agreement (Application Form). The notice must disclose the date, time, and location of each review meeting scheduled. Proposed Agreements, which require both local and county legislative approvals, must provide formal notice of each meeting. If the locality is conducting an initial review, or assigning the proposal to a committee, then the appropriate school board need not be notified. However, that proposal could not be reviewed and acted upon by the board or council until the appropriate notice is given.

C. If the Board of Education comments on the proposal, either in person or by written statement, the local government reviewing the proposal must take the comments into consideration when determining the appropriate action.

D. Proposals which exceed the Ohio Enterprise Zone law stated maximum incentives of 75% in municipalities or 60% in unincorporated areas and the allowable term average incentive of 60% in municipalities and 50% in unincorporated areas must formally request the affected board(s) of education approval no less than 30 days prior to the date that local government(s) plan to review and act upon the proposal.

E. A School Compensation Agreement must be negotiated, approved and executed between the school board, the company and local community and or county where enterprise zone project exists, if applicable (see ORC 5709.82 for compensating school district for revenues lost due to tax exemptions).

XIV. APPLICATION FEE

A. A one-time application fee of $750 made payable to the OHIO DEVELOPMENT SERVICES AGENCY must accompany each enterprise application.

B. This fee is non-refundable and helps to defray administrative and legal costs.

XV. MONITORING FEE

A. The Ohio Enterprise Zone Program requires each enterprise receiving a tax incentive through an Enterprise Zone Agreement to pay an annual monitoring fee of $2,500.00. The fee is made payable annually to the Butler County Board of Commissioners or municipal legislative authority designated by the zone authority for each year the enterprise receives a tax benefit extended from the Enterprise Zone Agreement.

XVI. APPLICATION PROCEDURES

A. Application must be on the State of Ohio prescribed form.

B. Applications are available from the local community or the Butler County Department of Economic Development Office.

C. All applications must be completed and returned to the Butler County Department of Economic Development, 130 High Street, Hamilton, OH 45011.

XVII. CONTINUING OBLIGATION

During the term of any approved agreement, the business involved must continue to cooperate with County and local officials by providing any information requested to ensure compliance with the terms of the tax incentive agreement.

XVIII. STATE OF OHIO TAX INCENTIVES

A business is eligible for state franchise tax benefits if it is in compliance with an existing local Enterprise Zone Agreement, created new jobs, did not close or reduce employment at any other

Ohio location as a result of this project, and at least 25 percent of the new jobs were filled with individuals who meet one of the following disadvantaged categories:

1. Unemployed (for at least 19 weeks preceding new employment) and a resident of the county where the project site is located for at least six months.

2. JTPA eligible and a resident of the county where the project site is located for at least six months.

3. Recipient of Aid to Dependent Children (ADC), General Relief (GA), disability insurance, unemployment compensation and residents of the county where the project site is located for at least six months.

4. Handicapped person who resided in the county where the project site is located for at least six months; or

5. Resident of an Enterprise Zone in the county where the project is located for at least one year.

The business must file the appropriate Tier II State Franchise Tax application with ODSA between January 1st and April 30th. Approved applicants will receive a Tax Incentive Qualification Certification issued on June 30th. The certification is valid for the tax year in which the June 30th issuance date appears in the business tax filing. A business can receive a total of four certifications and three renewals. The applications must be submitted in consecutive at least 10 percent of the supervisory personnel of the facility met one of the five hiring categories at the time the person was hired.

The benefits under this provision include:

1. Exemption of all real and personal property assets provided by the local Enterprise Zone Agreement from the asset or income-based tax calculation.

2. Reduction of the payroll numerator of the wage paid to individuals hired who met one of five disadvantaged categories.

3. A credit of up to $300 or actual reimbursement by the business for daycare services provided for new employees who met one of the five disadvantaged categories; and

4. A credit of up to $1,000 or actual costs by the business for training employees who met one of the five disadvantaged categories and who subsequently work at least 90 days at the facility. One credit is allowed per individual.

ADDITIONAL INCENTIVES

A business with an existing Enterprise Zone Agreement issued by an Enterprise Zone located in an MSA Central City or Appalachian County can apply for an Employee Tax Credit Certificate or Extension of Benefits consideration for each eligible new employee who is a recipient of ADC or GA and who resided for at least one year in the county where the facility is located.

Employee Tax Credit Certification
This certificate entitles the business to a $1,000 non-refundable state franchise tax credit (pro-rated if the individual did not work the entire year) for each taxable year of the agreement.

Extension of Benefits Certification
This certificate entitles the business to receive payments for a portion of the costs of comprehensive medical insurance provided by the employer up to the amount of the state and local share of the average per person cost of such healthcare services for up to 21 months for each eligible new employee (ADC or GA). If the business does not provide health care coverage, ODHS shall maintain coverage to the extent of the law. In either case, the business must apply to ODSA to receive the certification. ODSA shall notify ODHS of the certification. The business must participate with ODHS in the Subsidized Employment Program (SEP) in order to qualify for the extension of benefits.

Businesses interested in these benefits must contact ODSA and complete the appropriate application. A certification will be issued upon verification of the eligibility requirements.

CLAWBACK PROVISION

BUTLER COUNTY may terminate or modify the exemptions from taxation granted under this AGREEMENT and may require the repayment on the amount of taxes that would have been payable had the property not been exempted from taxation under this AGREEMENT. Other than with respect to the number of employee positions estimated to be created or retained under this AGREEMENT, if any party receiving exemptions from taxation under this AGREEMENT, or any agent, employee, or independent contractor of such party, materially fails to fulfill any obligation described in this AGREEMENT, including but not limited to failure to maintain operations at the PROJECT SITE for the term of this AGREEMENT, or if BUTLER COUNTY determines that the certification as to delinquent taxes required by this AGREEMENT is fraudulent, BUTLER COUNTY may also authorize the legislative authority to secure repayment of such taxes by a lien or the exempted property in the amount required to be repaid. Such a lien on exempted real property shall attach, and may be perfected, collected, and enforced, in the same manner as a mortgage lien on real property, and shall otherwise have the same force and effect as a mortgage lien on real property. Notwithstanding section 5719.01 of the Ohio Revised Code, such a lien on exempted tangible personal property shall attach, and may be perfected, collected, and enforced, in the same manner as a security interest in goods under Chapter 1309 of the Ohio Revised Code, and shall otherwise have the same force and effect as such a security interest.

In any three-year period during which this AGREEMENT is in effect, if the actual number of employee positions created or retained by COMPANY is not equal to or greater than 75% (seventy-five percent) of the number of employee positions estimated to be created or retained under this AGREEMENT during that three-year period, COMPANY shall repay the amount of taxes on property that would have been payable had the property not been exempted from taxation under this AGREEMENT during that three-year period. In addition, BUTLER COUNTY may terminate or modify the exemptions from taxation granted under this AGREEMENT.