



The Area Development Foundation, Inc. (the “**Foundation**”) supports using financial incentives to help create and retain jobs that pay residents financially sustainable wages, with benefits and long-term employment prospects baked in. Our playbook includes those economic development tools commonly used throughout Ohio, including **Enterprise Zones, Community Reinvestment Areas, tax increment financing, and New Community Authority** programs. We also work with **municipal income tax credits, Opportunity Zones**, and low-interest loans made from our local **Revolving Loan Fund**.

### Property Tax Mechanisms

In Knox County, property tax abatements are tools in the economic development kit, of which there are several types:

- **Community Reinvestment Areas (“CRA”)** provide property tax exemptions of up to 100 percent for up to 15 years within cities for those owners making improvements to their property. The CRA areas in Knox County currently are within the City of Mount Vernon. Most of the property value abated from CRAs is for industrial and commercial properties; cities can also employ abatements for residential properties.
- **Enterprise Zones (“EZ”)** provide property tax exemptions of up to 100 percent for up to 15 years for industrial and commercial properties. While EZs officially have geographic boundaries, Knox County’s four (4) EZ areas have been drawn to cover most of its land area.
- **Tax Increment Financing (“TIF”)** locks in the taxable worth of real property at the value it holds at the time a local government authorizes the TIF; any increase in taxes as the assessed value of the property climbs is re-directed to a separate fund. Up to 100% of property taxes on improvements thus can be re-directed to pay for public purpose infrastructure serving the “TIF’ed” property.
- **New Community Authorities (“NCAs”)** help pay for and maintain infrastructure, such as roads and school facilities. The costs of implementing the new community development program – including the development of land and construction and operation of community facilities – can be covered by a community development charge which is collected in the same manner as property taxes (see Ohio Revised Code Chapter 349).

### Municipal Income Tax Credits

Municipalities may grant either refundable or nonrefundable credits against their tax on the incomes of workers at a project location. The credits accrue to the benefit of the project company (see Ohio Revised Code Section 718.15). A company can receive a percentage of the new income tax revenue

generated by its workers from an economic development project. Such credits can be for terms of up to 15 years. Municipalities may award such credits by ordinance, with a formal tax credit agreement executed between the company and the municipality.

### **Opportunity Zone**

Businesses and individuals can receive tax free treatment in the handling of capital gains using a new tool under the Tax Cut & Jobs Act of 2018. Namely, Qualified Opportunity Funds, which are established and administered in the same form and model as private equity funds, are being created to serve as vehicles for receiving capital gains, investing them in eligible investments, and converting those gains to tax-free treatment. The Funds' investments must be located, geographically, within so-called Opportunity Zones.

During 2018, the Foundation successfully created an Opportunity Zone in the City of Mount Vernon. See this link to a statewide map showing our Opportunity Zone: <https://odsa.maps.arcgis.com/apps/webappviewer/index.html?id=c5f5e169661149eda370b72fc39fc6e9>

Eligible investments include buying corporate stock, partnership interests, and real estate investments of companies and places located within such Opportunity Zones. This could include any investments you make at the Siemens campus.

### **Revolving Loan Fund**

The Knox County RLF is a county-wide non-profit financing tool established in 1989. It makes loans from the State of Ohio's Community Development Block Grant program meeting the following goals: promote new economic development within Knox County; encourage the expansion and stability of the County's economic base; encourage increased employment opportunities, particularly for low to moderate-income residents; and diversify the County's economy, so as to not rely on a single industry.

The RLF is intended to fill financing "gaps" within Knox County by providing the following: liberal financing options, available to high-risk ventures, repaid according to fixed-rates and longer-terms, with an eye towards investing in growth opportunities.

The current interest rate on all loans under the RLF is 2.75 percent per annum, fixed. Eligible types of financing under the RLF include fixed-asset loans to acquire and improve land and buildings, obtain machinery and equipment, and site preparation and demolition. Loans from the RLF must be provided to projects that will create or retain jobs. The RLF makes loans only to those projects for which there is a demonstrated need for financial assistance; without RLF support, the project will not move forward.

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