



Ohio Administrative Code Rule 122:24-1-01 Definitions.

Effective: January 9, 2025

Capitalized terms used in rules 122:24-1-01 to 122:24-1-14 of the Administrative Code have the following meaning:

(A) "Annual" sales means the gross sales of the small business enterprise using generally accepted accounting principles for the twelve months preceding the date of the investment of money. For entities that engage in the rental of assets, sales also means rental income.

(B) "Application" means the process of submitting notification of a qualifying investment with the department of development for the purposes of the investOhio program. An application may only be completed after both the eligible investor and the small business enterprise have registered with the investOhio program, in a manner prescribed by the director. The application will identify a specific dollar amount, the date of the investment of money, the eligible investor and the small business enterprise.

(C) "Assets" means the total book value of assets of the small business enterprise using generally accepted accounting principles for the twelve months preceding the date of the investment of money.

(D) "Director" means the director of the department of development of the state of Ohio.

(E) "Disqualifying Event" means a situation in which either the eligible investor or the small business enterprise performs, or fails or perform, an act that renders either a registered party to the transaction or qualifying transaction between the registered parties partially or wholly ineligible for the tax credit described in section 122.86 of the Revised Code.

(F) "Eligible Investor" has the same meaning as described in division (A)(3) of section 122.86 of the Revised Code.



(G) "Full-time Equivalent Employees" means, for purposes of division (A)(1)(b) of section 122.86 of the Revised Code, the quotient obtained by dividing the total number of hours for which employees were compensated for employment at the small business enterprise by two-thousand eighty within the twelve months preceding the date of the investment of money. Ohio full-time equivalent employees are those full-time equivalent employees subject to the tax imposed by Chapter 5747. of the Revised Code or full-time equivalent employees that are exempt from the tax imposed by Chapter 5747. of the Revised Code.

(H) "Investment of Money" means a new investment of cash by an eligible investor to a small business enterprise. It does not include a contribution of non-cash assets, convertible or converted debt, or other impermissible investments described in rule 122:24-1-05 of the Administrative Code.

(I) "InvestOhio Program" means the tax credit program established in section 122.86 of the Revised Code. This program is also identified as the small business enterprise investment tax credit administered by the department of development.

(J) "InvestOhio Transaction ID" means the alphanumeric code issued by the director for a qualifying investment that has successfully applied to the investOhio program. InvestOhio transactions IDs are issued sequentially in the order that applications are received.

(K) "InvestOhio User ID" means the alphanumeric code issued by the director to eligible investors and small business enterprises that have successfully registered with the investOhio program.

(L) "Pass-through Entity" has the same meaning as described in division (O) of section 5733.04 of the Revised Code.

(M) "Managers of the Enterprise" means individuals who have the responsibility for the day to day operations of the business or exercise decision making authority for the entity, regardless of their title, compensation, ownership and regardless of whether they are salaried or hourly employees.

(N) "Qualifying Investment" has the same meaning as described in division (A)(2) of section 122.86 of the Revised Code.



(O) "Register" means the process of creating a user account with the investOhio program.

Registration may entail the establishment of an Ohio business gateway account as well. Eligible investors and small business enterprises are to register separately in order to participate in the investOhio program, even if they are the same person, and are to certify the accuracy of the information provided in each registration.

(P) "Related Entities" means entities, determined by the director pursuant to division (F)(5) of section 122.86 of the Revised Code that: (1) have (i) significant common purposes and substantial common membership or (ii) have directly or indirectly substantial common direction or control; (2) in which the small business enterprise or a twenty per cent or more interestholder of the small business enterprise owns more than twenty per cent; or (3) other determinations made by the director. For the purposes of this calculation, the interestholder includes immediate family members (spouses, children, parents, siblings and other household members). Entities includes trusts controlled by or for the benefit of the interestholder.

(Q) "Small Business Enterprise" has the same meaning as described in division (A)(1) of section 122.86 of the Revised Code.

(R) "Tax Commissioner" means the commissioner of the department of taxation of the state of Ohio.

(S) "Time of Investment" means the date on which an eligible investor completes all of the investments of money to a small business enterprise that are outlined in the application submitted through the investOhio program, regardless of the date on which the small business enterprise issues the equity to the eligible investor.

(T) "United States" means the fifty states, the District of Columbia, Puerto Rico, American Samoa, Guam, Johnston island, Midway island, Wake islands, Northern Mariana islands, and US Virgin islands.