



Ohio Revised Code

Section 122.09 Transformational mixed use development tax credit.

Effective: March 31, 2021

Legislation: Senate Bill 39 - 133rd General Assembly

(A) As used in this section:

(1) "Development costs" means expenditures paid or incurred by the property owner in completing a certified transformational mixed use development project, including architectural or engineering fees paid or incurred in connection with the project and expenses incurred before the date the project is certified by the tax credit authority under division (C) of this section. In the case of a certified transformational mixed use development project that is part of a larger contiguous project that is planned to be completed in phases, "development costs" include only expenditures associated with the portion of the project that is certified by the tax credit authority and do not include expenditures incurred for other phases of the project.

(2) "Owner" means a person or persons holding a fee simple or leasehold interest in real property, including interests in real property acquired through a capital lease arrangement. "Owner" does not include the state or a state agency, or any political subdivision as defined in section 9.23 of the Revised Code. For the purpose of this division, "fee simple interest," "leasehold interest," and "capital lease" shall be construed in accordance with generally accepted accounting principles.

(3) "Transformational mixed use development" means a project that consists of new construction or the redevelopment, rehabilitation, expansion, or other improvement of vacant buildings or structures, or a combination of the foregoing, and that:

(a) Will have a transformational economic impact on the development site and the surrounding area;

(b) Integrates some combination of retail, office, residential, recreation, structured parking, and other similar uses into one mixed use development; and

(c) Satisfies one of the following criteria:



(i) If the development site is located within ten miles of a major city, the project includes at least one new or previously vacant building that is fifteen or more stories in height or has a floor area of at least three hundred fifty thousand square feet, or after completion will be the site of employment accounting for at least four million dollars in annual payroll, or includes two or more buildings that are connected to each other, are located on the same parcel or on contiguous parcels, and that collectively have a floor area of at least three hundred fifty thousand square feet;

(ii) If the development site is not located within ten miles of a major city, the project includes at least one new or previously vacant building that is two or more stories in height or has a floor area of at least seventy-five thousand square feet or two or more new buildings that are located on the same parcel or on contiguous parcels and that collectively have a floor area of at least seventy-five thousand square feet.

"Transformational mixed use development" may include a portion of a larger contiguous project that is planned to be completed in phases as long as the phases collectively meet the criteria described in division (A)(3) of this section.

(4) "Increase in tax collections" means the difference, if positive, of the amount of state and local taxes derived from economic activity occurring within the development site and the surrounding area during a period of time minus the amount of such taxes that are estimated to be derived from such economic activity in that site and surrounding area during the same period if the transformational mixed use project were not completed.

(5) "Completion period" means the time period beginning on the day after a transformational mixed use development is certified by the tax credit authority and ending on the fifth anniversary of the day the project is completed.

(6) "Insurance company" means a person subject to the tax imposed under section 5725.18 or 5729.03 of the Revised Code.

(7) "Contribute capital" means to invest, loan, or donate cash in exchange for an equity interest in an asset, a debt instrument, or no consideration.



(8) "Major city" means a municipal corporation that has a population greater than one hundred thousand.

(9) "Tax credit authority" means the tax credit authority created under section 122.17 of the Revised Code.

(10) "Adjusted development costs" means the development costs attributed to a complete transformational mixed use development project minus the sum of the capital contributions of any insurance companies that are preliminarily approved for a tax credit in connection with the same project.

(11) A "property owner's share" of the increase in tax collections equals the product obtained by multiplying the total increase in tax collections since the date the transformational mixed use development project was certified by a fraction, the numerator of which is the adjusted development costs and the denominator of which is the actual development costs attributed to the project.

(12) An "insurance company's share" of the increase in tax collections equals the product obtained by multiplying the total increase in tax collections since the date the transformational mixed use development project was certified by a fraction, the numerator of which is the insurance company's capital contribution to the project and the denominator of which is the actual development costs attributed to the project.

(B) The owner of one or more parcels of land in this state within which a transformational mixed use development is planned or an insurance company that contributes capital to be used in the planning or construction of such a development may apply to the tax credit authority for certification of the development and preliminary approval of a tax credit. Each application shall be filed in the form and manner prescribed by the director of development services and shall, at minimum, include a development plan comprised of all of the following information:

(1) The location of the development site and an indication of whether it is located within ten miles of a major city;

(2) A detailed description of the proposed transformational mixed use development including site



plans, construction drawings, architectural renderings, or other means sufficient to convey the appearance, size, purposes, capacity, and scope of the project and, if applicable, previously completed and future phases of the project;

(3) A viable financial plan that estimates the development costs that have been or will be incurred in the completion of the project and that designates a source of financing or a strategy for obtaining financing;

(4) An estimated schedule for the progression and completion of the project including, if applicable, previously completed and future phases of the project;

(5) An assessment of the projected economic impact of the project on the development site and the surrounding area;

(6) Evidence that the increase in tax collections during the completion period will exceed ten per cent of the estimated development costs reported under division (B)(3) of this section;

(7) If the applicant is an insurance company that is not the property owner, the amount of the insurance company's capital contribution to the development and the date on which it was or will be made;

(8) Evidence that the project will not be completed unless the applicant receives the credit.

(C)(1) In determining whether to certify a project that is the subject of an application submitted under division (B) of this section, the tax credit authority shall consider the potential impact of the transformational mixed use development on the development site and the surrounding area in terms of architecture, accessibility to pedestrians, retail entertainment and dining sales, job creation, property values, connectivity, and revenue from sales, income, lodging, and property taxes. The tax credit authority shall not certify a project unless it satisfies the following conditions:

(a) The project qualifies as a transformational mixed use development and satisfies all other criteria prescribed by this section or by rule of the director of development services;



(b) The estimated increase in tax collections during the completion period exceeds ten per cent of the estimated development costs for the project reported under division (B)(3) of this section;

(c) The project will not be completed unless the applicant receives the credit;

(d) If the development site is located within ten miles of a major city, the estimated development costs to complete the project plus, if applicable, the estimated expenditures that have been or will be incurred to complete all other contiguous phases of the project, exceed fifty million dollars.

In making its determination of whether or not to approve an application, the tax credit authority may conduct an interview of the applicant.

(2) If the tax credit authority approves an application, the authority shall issue a statement certifying the associated transformational mixed use development project and preliminarily approving a tax credit. The statement shall stipulate that receipt of a tax credit certificate is contingent upon completion of the transformational mixed use development as described in the development plan. The statement shall specify the estimated amount of the tax credit, but state that the amount of the credit is dependent upon determination of the actual development costs attributed to the project and, unless the tax credit authority grants a request by the property owner under division (F) of this section, of the increase in tax collections during the completion period.

(3) Except as otherwise provided in this division, if the applicant is an insurance company that is not the property owner, the estimated amount of the tax credit shall equal ten per cent of the insurance company's capital contribution to the project as reported in the development plan pursuant to division (B)(7) of this section. Except as otherwise provided in this division, if the applicant is the property owner, the estimated amount of the tax credit shall equal ten per cent of the estimated development costs for the project as reported in the development plan pursuant to division (B)(3) of this section minus any estimated credit amounts that have been preliminarily approved for insurance companies contributing capital to the project. The estimated credit amounts may be reduced by the tax credit authority as a condition of certifying the project if such a reduction is necessary to comply with the limitations on the amount of credits that may be preliminarily approved as prescribed by division (C)(5) of this section. The estimated credit amounts shall not be adjusted after the statement described in division (C)(2) of this section has been issued.



(4) If the tax credit authority denies an application, the authority shall notify the applicant of the reason or reasons for such determination. The authority's determination is final, but an applicant may revise and resubmit a previously denied application.

(5)(a) The tax credit authority shall not certify any transformational mixed use development projects after June 30, 2023.

(b) The tax credit authority may not preliminarily approve more than one hundred million dollars of estimated tax credits in each of fiscal years 2020, 2021, 2022, and 2023.

(c) Not more than eighty million dollars of estimated tax credits in each such fiscal year may be preliminarily approved in connection with projects that are located within ten miles of a major city.

(d) Not more than forty million dollars of estimated tax credits may be preliminarily approved in connection with the same transformational mixed use development project.

(6) If the dollar amount of tax credits applied for under division (B) of this section in connection with projects that are located within ten miles of a major city exceeds eighty million dollars for a fiscal year, the tax credit authority shall rank those applications and certify the associated projects in order, starting with the project that presents the best combination of economic value and transformational impact. If the dollar amount of tax credits applied for in connection with projects not located within ten miles of a major city exceeds twenty million dollars for a fiscal year, the tax credit authority shall rank those applications and certify the associated projects in order, starting with the project that presents the best combination of economic value and transformational impact. In either case, the authority shall consider the following factors in ranking the applications:

(a) The projected increase in tax collections during the completion period as a percentage of the total amount of estimated tax credits that would be preliminarily approved in connection with the project;

(b) The economic impact of the project on the development site and the surrounding area and the impact of the project in terms of architecture, accessibility to pedestrians, retail entertainment and dining sales, job creation, property values, and connectivity;



(c) The expeditiousness of the schedule for completing the project, realizing the increase in tax collections, and attaining the economic and other impacts on the development site and the surrounding area.

(D) Within twelve months of the date a project is certified, the property owner shall provide the tax credit authority with an updated schedule for the progression and completion of the project and documentation sufficient to demonstrate that construction of the project has begun. If the property owner does not provide the schedule and documentation or if construction of the project has not begun within the time prescribed by this division, the tax credit authority shall rescind certification of the project and send notice of the rescission to the property owner and each insurance company that is preliminarily approved for a tax credit in connection with the project. A property owner that receives notice of rescission may submit a new application concerning the same project under division (B) of this section.

(E) An applicant that is the property owner and is preliminarily approved for a tax credit under this section may sell or transfer the rights to that credit to one or more persons for the purpose of raising capital for the certified project. The applicant shall notify the tax credit authority upon selling or transferring the rights to the credit. The notice shall identify the person or persons to which the credit was sold or transferred and the credit amount sold or transferred to each such person. Only an applicant that owns the property may sell or transfer a credit under this division. A credit may be divided among multiple purchasers through more than one transaction but once a particular credit amount is acquired by a person other than the applicant it may not be sold or transferred again.

(F) After a transformational mixed use development project is certified and before it is completed, the property owner may request that the value of the tax credit certificates awarded in connection with the project be computed using the alternative method described in division (I) of this section. The tax credit authority shall grant the request if the authority determines, and a third party engaged by the authority at the expense of the property owner affirms, that it is reasonably certain that the increase in tax collections will exceed ten per cent of the estimated development costs within one year after the project is completed. Otherwise, the authority shall deny the request and the amount of each credit awarded in connection with the project shall be computed under division (H) of this section. The authority's determination under this division shall be delivered in writing and is final



and not appealable.

(G)(1) The property owner shall notify the tax credit authority upon completion of a certified transformational mixed use development project. The notification shall include a report prepared by a third-party certified public accountant that contains a detailed accounting of the actual development costs attributed to the project.

(2) Upon receiving such a notice, unless the tax credit authority has previously granted a request by the property owner under division (F) of this section, the authority shall determine the increase in tax collections since the date the project was certified by consulting with the tax commissioner and with the tax administrator of any municipal corporation that levies an income tax within the project site and the surrounding area. The tax commissioner and the tax administrators that are consulted pursuant to this division shall provide the tax credit authority with any information that is necessary to determine the increase in tax collections.

(3) After determining the increase in tax collections under division (G)(2) of this section, if required, and computing the value of the tax credit under division (H) or (I) of this section, as applicable, the tax credit authority shall issue a tax credit certificate to each applicant that is preliminarily approved for a credit associated with the project or to the person or persons to which such an applicant sold or transferred the rights to the credit under division (E) of this section. If the amount of the tax credit awarded to the property owner is less than the credit amount estimated under division (C) of this section and the property owner sold or transferred the rights to the credit, the tax credit authority shall reduce the amount of each tax credit certificate issued to each purchaser or recipient on a pro rata basis unless the property owner requests an alternative allocation of the credit.

(H)(1) Unless the tax credit authority granted a request by the property owner under division (F) of this section, the aggregate value of the tax credit certificates issued under division (G) of this section to the property owner and to any persons to whom the property owner sold or transferred the rights to the credit shall equal the lesser of the following:

(a) Ten per cent of the adjusted development costs;

(b) Five per cent of the adjusted development costs plus any amount by which the property owner's



share of the increase in tax collections since the date the project was certified exceeds five per cent of the adjusted development costs;

(c) The estimated credit amount specified in the tax credit authority's statement certifying the project and preliminarily approving the tax credit under division (C) of this section.

(2) The value of a tax credit certificate issued under division (G) of this section to an insurance company that contributed capital to the project shall equal the lesser of the following:

(a) Ten per cent of the insurance company's actual capital contribution;

(b) Five per cent of such capital contribution plus any amount by which the insurance company's share of the increase in tax collections since the date the project was certified exceeds five per cent of the insurance company's capital contribution;

(c) The estimated credit amount specified in the tax credit authority's statement certifying the project and preliminarily approving the tax credit under division (C) of this section.

(I) If the tax credit authority granted a request by the property owner under division (F) of this section, the value of the tax credit certificates issued in connection with the transformational mixed use development project shall be computed as follows:

(1) For the property owner or any person to which the property owner sold or transferred the rights to the credit, ten per cent of the actual development costs attributed to the project. If the amount of the credit is less than the credit amount estimated under division (C) of this section and the property owner sold or transferred the rights to the credit to more than one person, the authority shall reduce the amount of each tax credit certificate on a pro rata basis unless the property owner requests an alternative allocation of the credit.

(2) For an insurance company that contributed capital to the project, ten per cent of the insurance company's actual capital contribution.

(J) If the value of a tax credit certificate was computed under division (H) of this section for a



project, the property owner, on or before the thirtieth day following the first, second, third, fourth, and fifth anniversaries of the date the certified transformational mixed use development project is completed, may request in writing that the tax credit authority update the increase in tax collections during the completion period. Upon receiving such a request, the tax credit authority shall update the increase in tax collections in the same manner described by division (G) of this section. If the tax credit authority determines that the value of the tax credit certificates computed under division (H) of this section would be greater if computed based on the updated increase in tax collections, the authority shall issue an additional tax credit certificate to each person that previously received a certificate for the project under those divisions. The value of each additional tax credit certificate shall equal the amount by which the tax credit certificate computed under division (H) of this section upon completion of the project would have been greater had the value of such certificate been computed based on the updated increase in tax collections, less the value of any additional tax credit certificates previously issued under this division to the same person respecting the same project.

(K) The aggregate value of all tax credit certificates issued under this section for the same transformational mixed use development project shall not exceed (1) ten per cent of the actual development costs of that project or (2) the sum of all estimated credit amounts preliminarily approved by the tax credit authority in connection with the project.

(L) Issuance of a tax credit certificate under this section does not represent a verification or certification by the tax credit authority of the actual development costs of the project or the capital contributions to the project by an insurance company. Such amounts are subject to inspection and examination by the superintendent of insurance.

(M) Upon the issuance of a tax credit certificate under division (G) or (J) of this section, the tax credit authority shall certify to the superintendent of insurance (1) the name of each person that was issued a tax credit certificate, (2) whether the person is the property owner, an insurance company that contributed capital to the development, or a person that acquired the rights to the tax credit certificate from the property owner, (3) the credit amount shown on each tax credit certificate, and (4) any other information required by the rules adopted under this section. A person that holds the rights to a tax credit certificate issued under this section and that is an insurance company may claim a tax credit under section 5725.35 or 5729.18 of the Revised Code.



(N) The tax credit authority shall publish information about each transformational mixed use development on the web site of the development services agency not later than the first day of August following certification of the project. The tax credit authority shall update the published information annually until the project is complete and the credit or credits are fully claimed. The published information shall include all of the following:

- (1) The location of the transformational mixed use development and the name by which it is known;
- (2) The estimated schedule for progression and completion of the project included in the development plan pursuant to division (B)(4) of this section;
- (3) The assessment of the projected economic impact of the project included in the development plan pursuant to division (B)(5) of this section;
- (4) The evidence supporting the estimated increase in tax collections included in the development plan pursuant to division (B)(6) of this section, except that the tax credit authority may omit any proprietary or sensitive information included in such evidence;
- (5) The estimated development costs that have been or will be incurred in completion of the project and, if applicable, the amount of the insurance company's capital contribution to the development and the date on which it was made, as reported in the development plan pursuant to divisions (B)(3) and (7) of this section;
- (6) A copy of each report submitted to the tax credit authority by the applicant under division (D) of this section.

(O) The director, in accordance with Chapter 119. of the Revised Code, shall adopt rules that establish all of the following:

- (1) Forms and procedures by which applicants may apply for a transformational investment tax credit, and any deadlines for applying;
- (2) Criteria and procedures for reviewing, evaluating, ranking, and approving applications within the



limitations prescribed by this section, including rules prescribing the timing and frequency by which the tax credit authority must rank applications and preliminarily approve tax credits under division (C) of this section;

(3) Eligibility requirements for obtaining a tax credit certificate under this section;

(4) The form of the tax credit certificate;

(5) Reporting requirements and monitoring procedures;

(6) Procedures for computing the increase in tax collections within the project site and the surrounding area;

(7) Forms and procedures by which property owners may request the alternative method of computing the value of tax credit certificates under division (I) of this section that are awarded in connection with a project and criteria for evaluating and making a determination on such requests;

(8) Any other rules necessary to implement and administer this section.