



Ohio Revised Code

Section 122.151 Certification as a rural business growth fund.

Effective: March 23, 2018

Legislation: Senate Bill 8 - 132nd General Assembly

(A) On and after the effective date of the enactment of this section, a person that has developed a business plan to invest in rural business concerns in this state and has successfully solicited private investors to make credit-eligible capital contributions in support of the plan may apply to the development services agency for certification as a rural business growth fund. The application shall include all of the following:

(1) The total eligible investment authority sought by the applicant under the business plan;

(2) Documents and other evidence sufficient to prove, to the satisfaction of the agency, that the applicant meets all of the following criteria:

(a) The applicant or an affiliate of the applicant is licensed as a rural business investment company under 7 U.S.C. 2009cc, or as a small business investment company under 15 U.S.C. 681.

(b) As of the date the application is submitted, the applicant has invested more than one hundred million dollars in operating companies, including at least fifty million dollars in operating companies located in rural areas. In computing investments under this division, the applicant may include investments made by affiliates of the applicant and investments made in businesses that are not operating companies but would qualify as operating companies if the principal business operations were located in this state.

(3) The industries in which the applicant proposes to make growth investments and the percentage of the growth investments that will be made in each industry. The applicant shall identify each industry by using the codes utilized by the north American industry classification system.

(4) An estimate of the number of new full-time equivalent employees and retained full-time equivalent employees that will result from the applicant's growth investments;



(5) A revenue impact assessment for the applicant's proposed growth investments prepared by a nationally recognized third-party independent economic forecasting firm using a dynamic economic forecasting model. The revenue impact assessment shall analyze the applicant's business plan over the ten years following the date the application is submitted to the agency.

(6) A signed affidavit from each investor successfully solicited by the applicant to make a credit eligible capital contribution in support of the business plan. Each affidavit shall include information sufficient for the agency and the superintendent of insurance to identify the investor and shall state the amount of the investor's credit-eligible capital contribution.

(7) A nonrefundable application fee of five thousand dollars.

(B)(1) Except as provided in division (B)(2) of this section, the agency shall review and make a determination with respect to each application submitted under division (A) of this section within sixty days of receipt. The agency shall review and make determinations on the applications in the order in which the applications are received by the agency. Applications received by the agency on the same day shall be deemed to have been received simultaneously. The agency shall approve not more than seventy-five million dollars in eligible investment authority and not more than forty-five million dollars in credit-eligible capital contributions under this section.

(2) If the agency denies an application for certification as a fund, and approving a subsequently submitted application would result in exceeding the dollar limitation on eligible investment authority or credit-eligible contributions prescribed by division (B)(1) of this section assuming the previously denied application were completed, clarified, or cured under division (D) of this section, the agency shall refrain from making a determination on the subsequently submitted application until the previously denied application is reconsidered or the fifteen-day period for submitting additional information respecting that application has passed, whichever comes first.

(C) The agency shall deny an application submitted under this section if any of the following are true:

(1) The application is incomplete.



(2) The application fee is not paid in full.

(3) The applicant does not satisfy all the criteria described in division (A)(2) of this section.

(4) The revenue impact assessment submitted under division (A)(5) of this section does not demonstrate that the applicant's business plan will result in a positive economic impact on this state over a ten-year period that exceeds the cumulative amount of tax credits that would be issued under section 122.152 of the Revised Code if the application were approved.

(5) The credit-eligible capital contributions described in affidavits submitted under division (A)(6) of this section do not equal sixty per cent of the total amount of eligible investment authority sought under the applicant's business plan.

(6) The agency has already approved the maximum total eligible investment authority and credit-eligible capital contributions allowed under division (B) of this section.

(D) If the agency denies an application under division (C) of this section, the agency shall send notice of its determination to the applicant. The notice shall include the reason or reasons that the application was denied. If the application was denied for any reason other than the reason specified in division (C)(6) of this section, the applicant may provide additional information to the agency to complete, clarify, or cure defects in the application. The additional information must be submitted within fifteen days after the date the notice of denial was dispatched by the agency. If the person submits additional information within fifteen days, the agency shall reconsider the application within thirty days after receiving the additional information. The application shall be reviewed and considered before any pending application submitted after the original submission date of the reconsidered application. If the person does not submit additional information within fifteen days after dispatch of the notice of denial, the person may submit a new application with a new submission date at any time.

(E) If approving multiple simultaneously submitted applications would result in exceeding the overall eligible investment limit prescribed by division (B) of this section, the agency shall proportionally reduce the eligible investment authority and the credit-eligible capital contributions for each approved application as necessary to avoid exceeding the limit.



(F) The agency shall not deny a rural business growth fund application or reduce the requested eligible investment authority for reasons other than those described in divisions (C) and (E) of this section. If the agency approves such an application, the agency shall issue a written notice to the applicant certifying that the applicant qualifies as a rural business growth fund and specifying the amount of the applicant's eligible investment authority.

(G) A fund shall do all of the following within sixty days after receiving the certification issued under division (F) of this section:

(1) Collect the credit-eligible capital contributions from each investor whose affidavit was included in the application. If the rural business growth fund's requested eligible investment authority is proportionally reduced under division (E) of this section, the investor's required credit-eligible capital contribution shall be reduced by the same proportion.

(2) Collect one or more investments of cash that, when added to the contributions collected under division (G)(1) of this section, equal the fund's eligible investment authority. At least ten per cent of the fund's eligible investment authority shall be comprised of equity investments contributed by affiliates of the fund, including employees, officers, and directors of such affiliates.

(H) Within sixty-five days after receiving the certification issued under division (F)(1) of this section, the fund shall send to the agency documentation sufficient to prove that the amounts described in divisions (G)(1) and (2) of this section have been collected. The fund shall identify any affiliate of an investor described in division (G)(1) of this section that will seek to claim the credit allowed by section 122.152 of the Revised Code. If the fund fails to fully comply with division (G) of this section, the fund's certification shall lapse.

Eligible investment authority and corresponding credit-eligible capital contributions that lapse under this division do not count toward limits on total eligible investment authority and credit-eligible capital contributions prescribed by division (B) of this section. Once eligible investment authority has lapsed, the agency shall first award lapsed authority pro rata to each fund that was awarded less than the requested eligible investment authority because of the operation of division (E) of this section. Any remaining eligible investment authority may be awarded by the agency to new



applicants.

(I) After receiving documentation sufficient to prove that the amounts described in divisions (G)(1) and (2) of this section have been collected, the agency shall issue the following notices:

(1) To each investor or affiliate identified in division (H) of this section, a notice of the amount and utilization schedule of the tax credits allocated to that investor or affiliate as a result of its credit-eligible capital contribution;

(2) To the superintendent of insurance, a notice of the amount and utilization schedule of the tax credits allocated to each investor described in division (G)(1) of this section and any affiliate of such investor who will seek to claim the credit allowed by section 122.152 of the Revised Code.

(J) Application fees submitted to the agency pursuant to division (A)(7) of this section shall be credited to the tax incentives operating fund created under section 122.174 of the Revised Code, and shall be used by the agency to administer sections 122.15 to 122.156 of the Revised Code.