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# Renewing Ohio's Job-Creation Efforts

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## **PART IV: LEGISLATION FINALIZING THE TRANSITION**

### ***Ohio Department of Development to the Ohio Development Services Agency***

#### **BACKGROUND**

Over its nearly 50 years of existence, the Ohio Department of Development (ODOD) had become calcified and was no longer meeting the needs of businesses to help create jobs and revive Ohio's economy. When Governor John Kasich took office in 2011, one of his first priorities was to realign Ohio's economic development efforts and replace this once cutting-edge organization with a private, not-for-profit entity—JobsOhio—that could quickly and effectively respond to the needs of job creators. In February 2011, Governor Kasich signed Amended Substitute House Bill 1 refocusing Ohio's development efforts under JobsOhio. Follow-up legislation was anticipated at the time to complete the transition of the Ohio Department of Development into its successor organization—the Ohio Development Services Agency (ODSA). That legislation will be sought this year and is outlined below.

#### **OVERVIEW**

The legislation would update sections of the Ohio Revised Code that address the ODOD to reflect the state's new relationship with JobsOhio and implement internal reorganization recommendations from a required analysis of agency functions that was submitted to the General Assembly in August 2011. Key provisions include:

- **Protecting Public Funds with Strong Oversight of JobsOhio:** The legislation clarifies the relationship between ODSA and JobsOhio through contractual services [see *Part III fact sheet*].
- **Name Change:** Officially changes the name of the “Ohio Department of Development” to the “Ohio Development Services Agency.”
- **Funding:** Sets appropriation levels for ODSA for Fiscal Year 2013.
- **Incentive Approval Process Efficiencies:** Phases out the Development Finance Advisory Council (DFAC), allowing ODSA to submit loan requests directly to the Controlling Board for final approval and streamlining the process to allow for faster approval of loans.
- **Integrating JobsOhio's Leadership:** Places the JobsOhio Chief Investment Officer on the Ohio Third Frontier Commission, Ohio Tax Credit Authority, and the Tourism Advisory Board.
- **Tax Credit Process Reforms:** Changes the initial date of the income tax revenue period from when the Ohio Tax Credit Authority acts to when ODSA and JobsOhio recommend a tax credit to the Ohio Tax Credit Authority.
  - Under the current structure, business expansions have been delayed due to difficulties in scheduling Ohio Tax Credit Authority meetings. This change allows Tax Credit Authority projects to move forward upon the recommendation of both JobsOhio and ODSA, ensuring a business is not penalized by delays in advance of an Ohio Tax Credit Authority meeting.
- **Improving Access to Capital for Job Creation:** Provides revisions in the Capital Access Loan Program and the Minority Business Loan Program, making them more efficient and business friendly.
  - The Capital Access Loan Program would have a new credit reserve pool within Ohio banks to offset losses in the event of default. Changes will provide discretion for ODSA to provide smaller loan guarantees in order to assist more small businesses.

- The Capital Access Loan and Minority Direct Loan Programs would be authorized to accept certifications from the minority supplier development councils.
- The Minority Direct Loan Program would have more flexibility by increasing the amount of a project that can be financed.
- InvestOhio: Provides administrative updates to the InvestOhio program to clarify that investors can only claim one tax credit for the amount invested even if the investor meets the qualifications for a second tax credit, and to require that ODSA collect data regarding the number of Ohio jobs created or retained as a result of the investments.
- Strengthening Tourism Promotion: Creates an advisory board for the Office of TourismOhio comprised of the Chief Investment Officer of JobsOhio, the Deputy Chief of the Office of TourismOhio and eight directors appointed by the Governor.
  - Of the Governor's eight appointments, three must be representatives of the tourism industry, one from the convention and visitor's bureau, one from the lodging industry, one from the restaurant industry, one from the attractions industry, and one representing special events and festivals.
  - A new pilot program would dedicate a portion of annual growth in tourism and recreation sales taxes, such as taxes on travel transportation, taxes paid for travel agent services, taxes collected at attractions, and hotel and restaurants taxes, in order to fund the Office of TourismOhio beginning in Fiscal Year 2014 and ending in Fiscal Year 2018. The pilot program shall be evaluated after this five-year period and recommendations shall be made to the Governor and General Assembly on whether to make it permanent, change it, or end it.

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