

**2011**  
**Ohio Job Retention Tax Credit  
Program Annual Report**

**October 15, 2012**



**Development  
Services Agency**

**John R. Kasich**, Governor

**Christiane Schmenk**, Director



October 15, 2012

Dear Governor John Kasich, President Thomas Niehaus, and Speaker William Batchelder:

On behalf of the members of the Ohio Tax Credit Authority, I am pleased to present the Ohio Job Retention Tax Credit Program Annual Report for calendar year 2011. This report contains the following: (1) a summary of all Job Retention Tax Credit projects approved since the program's inception in 2001; (2) a listing of all Job Retention Tax Credit projects approved by the Ohio Tax Credit Authority in calendar year 2011; (3) a listing of all Job Retention Tax Credit agreements executed during calendar year 2011; (4) the status of all Job Retention Tax Credit projects approved by the Ohio Tax Credit Authority prior to calendar year 2011; (5) a listing and description of all "combination" projects approved for both an Ohio Job Retention Tax Credit and an Ohio Job Creation Tax Credit; and (6) a summary of the tax credits issued annually since the program's inception.

The Ohio Tax Credit Authority operates as a statutorily created board and is comprised of the Director of Development (now Director of the Ohio Development Services Agency) and four other appointed members. The Governor, the President of the Ohio Senate, and the Speaker of the House of Representatives shall each appoint one member who is a specialist in economic development and the Governor shall also appoint a member who is a specialist in taxation. With the assistance of the Ohio Department of Development's (now Ohio Development Services Agency) staff, the board reviews and approves applications for the job retention tax credit assistance submitted by companies proposing to retain existing full-time jobs in the state. Once a project is determined to be eligible for tax credits, the Ohio Tax Credit Authority awards benefit levels contingent upon the scope of a proposed project. Participating companies generally can receive non-refundable tax credits equaling up to 75 percent of Ohio income taxes withheld from eligible full-time employees, for a term of up to 10 years. Projects that included commitments of "significant retention" (defined as projects with an annual payroll of at least \$40 million) may be granted a tax credit for up to 15 years (with the appropriate departmental approvals).

The Ohio Job Retention Tax Credit Program is significant for its ability to protect the state of Ohio's existing workforce and large capital investment activities. Given that it is a performance-based program, projects are subject to removal from active status and rendered ineligible for Ohio Job Retention Tax Credit assistance if they fail to retain jobs.

As evidenced by this report, the Ohio Job Retention Tax Credit Program has distributed tax credit assistance to a number of existing business operations in Ohio. As of December 31, 2011, 31 economic development projects received approval for Ohio Job Retention Tax Credit assistance, of which 29 projects remained active. In 2011, the Ohio Tax Credit Authority approved 10 projects, obtaining commitments from companies to retain a total of 14,147 jobs.

The data and analyses contained in this report illustrate the substantial impact the Ohio Job Retention Tax Credit Program has had on retaining existing workforce in the state of Ohio. As you review the details of this report, I believe the true economic impact of the program and its reach across the state will become even more evident.

Thank you for the opportunity to share the accomplishments of the Ohio Job Retention Tax Credit Program. If you have any questions regarding the information presented in the 2011 Annual Report or would like to learn more about the administration of the program, please contact Jeremy Brisson, Ohio Tax Credit Authority Executive Director, at (614) 466-3504.

Sincerely,

Christiane Schmenk  
Director, Ohio Development Services Agency

## Section A: Time Series Analysis of Ohio Job Retention Tax Credit Program Activity, Calendar Years 2002–2011

Table 1: Approved Projects Summary of Commitments by Calendar Year, 2002–2011

Calendar Year	No. of Projects	Retained Jobs	Total Committed Fixed Asset Investment (Unadjusted)	Total Committed Fixed Asset Investment (2011 Dollars)	Weighted Average Hourly Wage (Unadjusted)	Weighted Average Hourly Wage (2011 Dollars)	Avg. Rate	Avg. Term
2002	0	0	\$0	\$0	\$0.00	\$0.00	0	0
2003	2	2,810	\$216,300,000	\$264,430,000	\$29.74	\$36.36	65*	12.5
2004	2	4,386	\$515,600,000	\$613,970,000	\$23.89	\$28.45	72	10
2005	0	0	\$0	\$0	\$0.00	\$0.00	0	0
2006	1	1,500	\$413,200,000	\$461,040,000	\$27.58	\$30.77	*	15
2007	1	2,900	\$890,000,000	\$965,530,000	\$45.00	\$48.82	*	15
2008	4	6,850	\$732,300,000	\$765,070,000	\$29.37	\$30.68	70	15
2009	4	7,716	\$537,000,000	\$563,804,690	\$37.16	\$38.96	68.8	11.25
2010	7	5,429	\$1,132,100,000	\$1,189,458,850	\$30.64	\$31.61	62.1	10
2011	10	14,146	\$597,300,000	\$597,300,000	\$33.50	\$33.50	51.5	12.8
<b>Total</b>	<b>31</b>	<b>45,737</b>	<b>\$5,033,800,000</b>	<b>\$5,420,633,540</b>				

\*The average rate listed in these values exclude projects approved in that year with variable rates. These variable rate projects have their annual tax credit rate determined by the number of retained jobs reported in the program's annual report.

The Job Retention Tax Credit (JRTC) Program, created by the Ohio General Assembly through Amended Substitute House Bill 405 in December 2001, is an important economic development tool used to encourage businesses to retain jobs and invest in the state of Ohio. The JRTC program is designed for use exclusively by large-scale capital investment projects that include the retention of a significant number of jobs. Eligible companies operating within Ohio may use these tax credits against their respective corporation franchise tax, Commercial Activities Tax, or income tax obligations. The calculated tax credit equals a portion of the state income taxes withheld from eligible existing full-time employment positions.

The Ohio Tax Credit Authority (Authority), a five-member independent board consisting of taxation and economic development professionals from throughout the state, is charged with reviewing and making determinations on tax credit applications for JRTC assistance. In addition to its review and approval functions, the Authority has contract and oversight responsibilities that include monitoring and reporting the progress of approved tax credit projects. The Ohio Department of Development (Development)<sup>1</sup> administers the JRTC program for the Authority.

<sup>1</sup> The Ohio Department of Development is now known as the Ohio Development Services Agency (ODSA).

A significant change to the JRTC program occurred in 2011, with the passage of H.B. 153 of the 129th General Assembly. With this bill, the program was expanded to include a refundable tax credit component. In order to qualify for the refundable tax credit, a retention project must include the following:

- Retention of at least 500 full-time jobs and minimum annual retained payroll of at least \$20 million OR minimum annual retained payroll of \$35 million with no required job retention threshold; and
- Fixed asset investment of at least \$5 million.

As with the non-refundable tax credit, the refundable tax credit is measured as a percentage of the state income tax withholding for all employees retained under the program. The tax credit rates for approved projects can be up to 75 percent for up to 15 years. In its first year of operation in 2011, the Authority approved four refundable tax credit retention projects.

During 2011, in addition to utilizing the new refundable tax credit element, the Authority continued to operate the program under the revisions implemented as a result of H.B.1 of the 128th General Assembly. These programmatic changes applied to non-refundable tax credit projects approved by the Authority after October 17, 2009, include:

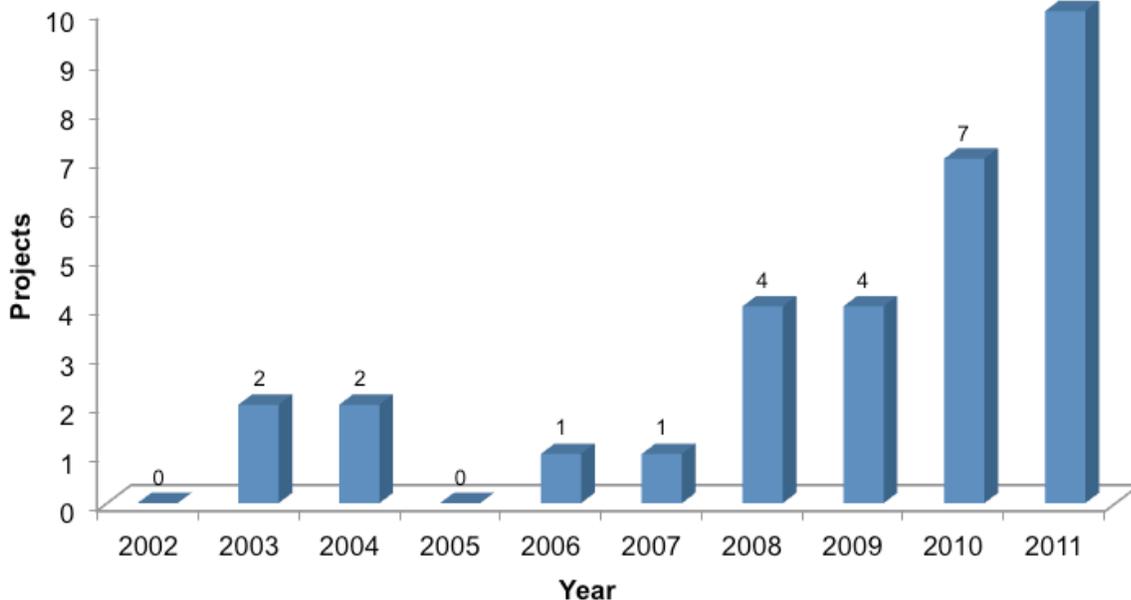
- Investment at the project site of at least \$50 million in fixed assets for manufacturing operations or \$20 million for projects including corporate administrative function operations; and
- Minimum employment and maintenance of 500 full-time equivalent employees at the project site.

Additionally, both the refundable and non-refundable tax credits approved after October 17, 2009 will be operated under the following parameters:

- Cap on the annual amount of aggregate tax credits issued;
- Reduction of the post-term reporting period;
- Simplification of annual progress reporting requirements; and
- Tax credit calculated on aggregate payroll withholdings from retained full-time equivalent employees.

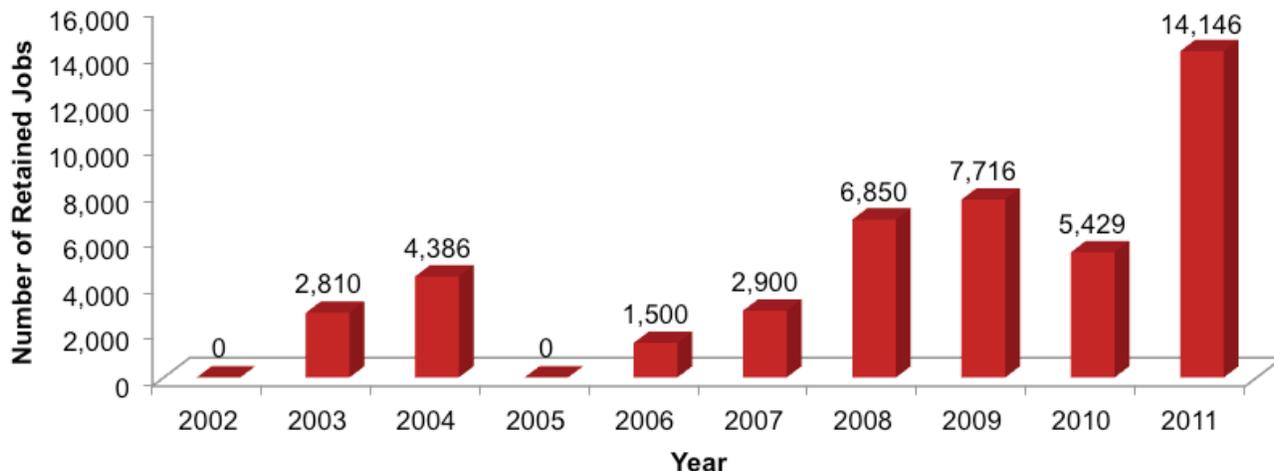
In 2011, the Authority approved 10 projects for assistance, the largest number of approvals in a calendar year since the inception of the program. Of these projects, six included a non-refundable tax credit and four included a refundable tax credit. This is an almost 43 percent increase in project approvals when compared to the 2010 number (the previous high water mark). The figure below details the historic annual approvals:

**Figure 1: Number of Projects Approved Calendar Year, 2002-2011<sub>10</sub>**



The 2011 projects included commitments to retain a total of 14,146 existing jobs in the state of Ohio, the largest annual commitment in the history of the program. This number represents a 160 percent increase from the 2010 value, and an almost 50 percent increase from the previous greatest annual commitment in 2009. Figure 2, appearing below, illustrates the annual aggregate job retention commitments through 2011.

**Figure 2: Total Committed Aggregate Retained Jobs by Calendar Year, 2002-2011**



However, even though the overall job commitment number for 2011 was the largest ever, the average number of retained jobs committed per project in 2011 was one of the smaller over the life of the program. As noted below in Table 2, the average number of retained jobs committed per project in calendar year 2011 was the third lowest annual average since the inception of the JRTC program (discounting 2002 and 2005, when no projects were approved by the Authority). One reason for this relatively low average in 2011 is a continuing result of the legislative changes enacted in October 2009, which were implemented to expand the program to a larger population by reducing the required job retention threshold. Prior to October 2009, the job retention threshold was a minimum of 1,000 full-time employees retained at the project site. The current job retention threshold is 500 full-time equivalent employees retained at the project site. Of the 10 JRTC projects approved by the Authority in 2011, four included job retention commitments with fewer than 1,000 employees, and three of those four included commitments in the 500 to 600 employee range.

The October 2009 threshold change made a significant impact upon the program, expanding its availability and allowing companies that were previously excluded from the program to now benefit from the tax credit. However, as more projects are approved utilizing the new, lower threshold, it can be expected that the annual average number of retained jobs per project will continue to be smaller than those of the program’s earlier years.

**Table 2: Average Number of Retained Jobs Committed per Project by Calendar Year, 2002–2010**

Calendar Year	Average Number of Retained Jobs Committed per Project
2002	0
2003	1,405
2004	2,193
2005	0
2006	1,500
2007	2,900
2008	1,713
2009	1,929
2010	776
2011	1,415

The total fixed asset commitment across all 10 projects approved in 2011 calculated to more than \$597 million. While it is only slightly more than half of the fixed asset commitment made in 2010, the 2011 commitment level is significant in its own right, becoming the fourth highest fixed asset commitment over the life of the program.

It is important to discuss the fixed asset commitment for 2010, which is the largest annual commitment in the history of the program. The 2010 JRTC Annual Report lists the fixed asset commitment for 2010 as \$447.1 million. This was the total of the commitments as of December 31, 2010. However, at the December 2011 Authority meeting, two of the projects approved in 2010 were amended to include a significantly expanded fixed asset investment commitment. The Ford Motor Company amended its project in the City of Brook Park/Cuyahoga County to include \$405 million in fixed assets (increased from its original \$50 million commitment) and also amended its project in Bath Township/Allen County to include \$380 million in fixed assets (increased from its original \$50 million commitment). These new investment totals represent 69 percent of the total commitment for the year and caused the substantial adjustment in the annual fixed asset commitment that is evidenced in this year's report.

It is also noteworthy to mention that the year with the second largest investment total, calendar year 2007, is a special case within the program. The fixed asset investment commitment for 2007 was made in conjunction with a single project, The Goodyear Tire and Rubber Company. The company's project is one of the program's most significant in size and scope and represents the program's largest single project fixed asset commitment of \$890 million.

Figure 3 graphs the aggregate commitments by calendar year:

**Figure 3: Total Fixed Asset Commitments by Calendar Year 2002-2011**



As noted below in Table 3, when looking at the average fixed asset investment commitment per project, 2011 had the lowest per project average in the history of the program. As with the retained jobs, the aggregate fixed asset commitment level is affected by the legislative thresholds implemented on October 17, 2009. The minimum fixed asset investment thresholds for a project prior to the law change were \$200 million or \$100 million if the average wage was at least 400 percent of the federal minimum wage. The post-October 2009 thresholds are \$50 million for manufacturing operations or \$20 million for significant corporate administrative functions for the non-refundable tax credit, and \$5 million for the refundable tax credit. In calendar year 2011, six of the 10 projects approved by the Authority included fixed asset commitments of \$50 million or less. These new thresholds are notably reduced compared to previous levels and directly affect the average fixed asset commitment value for 2011.

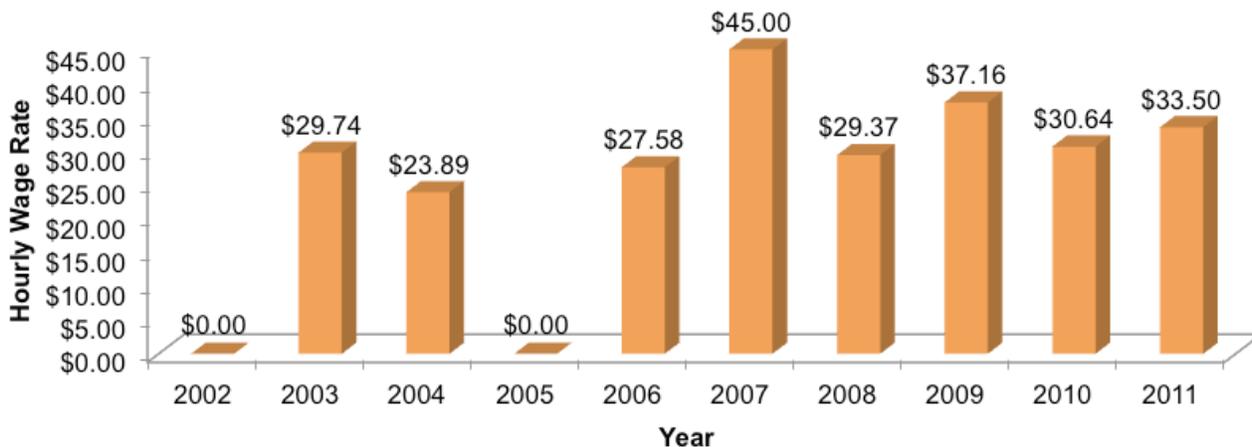
**Table 3: Average Fixed Asset Investment Committed per Project by Calendar Year, 2002-2011**

<b>Calendar Year</b>	<b>Average Fixed Asset Investment Committed per Project</b>
2002	0
2003	\$108,105,000
2004	\$257,800,000
2005	0
2006	\$413,200,000
2007	\$890,000,000
2008	\$183,075,000
2009	\$134,250,000
2010	\$161,728,571
2011	\$59,730,000

The weighted average wage rate is calculated by (1) multiplying, for each approved project, the number of committed retained jobs by the committed average hourly wage, (2) aggregating those calculated project values for the calendar year, and (3) dividing that aggregate number by the number of total annual retained jobs committed for the year. Rather than just calculating a straight “average” (the wage rate per project divided by the number of projects), this weighted calculation gives more value to wages associated with a larger job retention commitment. As evidenced below in Figure 4, calendar year 2011 represents the third largest weighted average hourly wage rate and one of only four calculated rates which exceed \$30 per hour. The wage rate also experienced a 9 percent increase over the weighted average hourly wage of 2010. Two of the projects in 2011 had average hourly wage rates of more than \$40.00, and these projects were also the second and third highest job retention commitments for the year (1,750 and 1,650 retained jobs, respectively) which, in turn, gives the high wage rates more weight in the calculation.

Looking at the calculated wage rates over the life of the program, the highest rate occurred in 2007 and is 21 percent higher than the second highest rate (occurring in 2009). This 2007 value represents The Goodyear Tire and Rubber Company project, a unique project within the history of the JRTC due to its significant commitment levels.

**Figure 4: Committed Weighted Average Hourly Wage Rate by Calendar Year, 2002-2011**



## Section B: Projects Approved by the Ohio Tax Credit Authority during Calendar Year 2011

The Authority and its staff are responsible for setting tax credit benefit rates and terms based upon a proposed project's scope and viability. Care is taken in preparing projects for review given the long-term relationship to be forged between the Authority and the participating taxpayers. Tax credits are awarded on the conditions that a taxpayer remain at its project location and report to ODSA for a period that could be up to 30 years.

This section of the report provides information on the projects approved by the Authority during calendar year 2011. Economic benefits committed to the state of Ohio as a result of these projects include the following:

- Approval of tax credits for 10 projects, six non-refundable and four refundable;
- Commitments to retain 14,146 full-time equivalent positions; and
- Planned fixed asset investment of \$597.3 million in communities across the state.

**Table 4: Projects Approved in Calendar Year 2011**

Beneficiary	Type	Local Jurisdiction	County	Approval Date	Project Commitments					
					Retained Positions	Average Hourly Wage	Annual Retained Payroll	Fixed Asset Investment	Rate	Term
American Greetings Corporation	Refundable	TBD	TBD	3/28/2011	1,750	\$42.58	\$155,000,000	\$50,000,000	75	15
Marathon Petroleum Corporation, et al	Non-refundable	City of Findlay	Hancock	5/23/2011	1,650	\$46.82	\$160,600,000	\$20,000,000	75	15
Diebold, Incorporated	Refundable	TBD	TBD	5/23/2011	1,500	\$34.30	\$95,000,000	\$105,000,000	75	15
New York Community Bancorp, Inc. and The NYCB Mortgage, LLC	Non-refundable	City of Cleveland/City of Brooklyn	Cuyahoga	6/27/2011	835	\$28.55	\$49,600,000	\$27,000,000	70	10
The Andersons, Inc.	Non-refundable	City of Maumee	Lucas	6/27/2011	636	\$41.27	\$54,600,000	\$35,000,000	60	8
Chrysler Group LLC	Non-refundable	Perrysburg Township	Wood	8/29/2011	640	\$18.75	\$24,900,000	\$65,400,000	50	10
Eastman Kodak Company	Refundable	City of Kettering	Montgomery	9/26/2011	500	\$30.76	\$32,000,000	\$7,500,000	30	10
Abercrombie & Fitch Management Co, et al	Non-refundable	City of New Albany	Franklin	12/5/2011	1,702	\$27.18	\$96,200,000	\$35,100,000	10	15
The Timken Company	Non-refundable	Perry Township	Stark	12/5/2011	3,533	\$33.65	\$247,000,000	\$177,300,000	20	15
Ford Motor Company	Refundable	City of Avon Lake, City of Sheffield Lake, Sheffield Village	Lorain	12/5/2011	1,400	\$20.00	\$58,000,000	\$75,000,000	50	15
<b>Total</b>					<b>14,146</b>			<b>\$597,300,000</b>	<b>51.5</b>	<b>12.8</b>

## Section C: Projects with Tax Credit Agreements Executed with the Ohio Tax Credit Authority during Calendar Year 2011

This section includes information for taxpayers that entered into tax credit agreements with the Authority during calendar year 2011. These executed agreements represent two populations: (1) taxpayers that are entering into their initial agreement, and (2) taxpayers that are executing new agreements due to amendments being made to their previous agreements. This information is illustrated below in Table 5.

Economic benefits to the state associated with projects whose tax credit agreements were fully executed during calendar year 2011 include the following:

- commitments by taxpayers to undertake seven retention projects;
- committed fixed asset investment totaling \$817.2 million; and
- taxpayer commitments to retain 7,966 positions.

**Table 5: Tax Credit Agreements Executed in Calendar Year 2011**

Beneficiary	Local Jurisdiction	County	Approval Date	Executed Agreement Date	Retained Positions	Average Hourly Wage	Committed Fixed Asset Investment	Rate	Term
Chrysler Group LLC	City of Toledo	Lucas	9/27/2004	4/20/2011	1,500	\$26.38	\$236,600,000	75/65	4/6
Ford Motor Company	City of Sharonville	Hamilton	1/28/2008	1/21/2011	1,400	\$24.89	\$200,000,000	75	15
General Mills Operations, LLC	City of Wellston	Jackson	12/7/2009	8/29/2011	1,154	\$18.00	\$70,000,000	75	10
E. I. DuPont De Nemours and Company	Pickaway Township	Pickaway	3/29/2010	11/22/2011	500	\$29.00	\$110,000,000	50	10
The Procter & Gamble Company	City of Cincinnati	Hamilton	4/26/2010	2/16/2011	562	\$43.46	\$20,000,000	65	10
Ashland, Inc.	City of Dublin	Franklin	10/25/2010	12/9/2011	1,200	\$26.21	\$20,000,000	60	10
Marathon Petroleum Corporation, et al	City of Findlay	Hancock	5/23/2011	10/6/2011	1,650	\$46.82	\$160,600,000	75	15
<b>Totals</b>					<b>7,966</b>		<b>\$817,200,000</b>	<b>66.7</b>	<b>11.7</b>

## Section D: Status of Job Retention Tax Credit Projects approved through December 31, 2010

This section contains information regarding the status of those projects that have been approved by the Authority from the program's inception through December 31, 2010.

Table 6 denotes committed jobs, wages, and fixed asset investment commitments, the tax credit rate and term contained in taxpayers' tax credit agreements, and the current status of each project. Throughout the year, staff evaluate each project to ensure compliance and as a result, projects can fall into several categories. The following status categories are included:

- **Approved:** the project has been approved by the Authority but no agreement has yet been executed.
- **Executed:** the project is within its tax credit term, filing in-term annual reports and receiving benefits.
- **Canceled:** the project was removed from the program without financial recourse and had no executed contract.
- **Terminated without Clawback:** the project was removed from the program without financial recourse.

The other component of the table displays the performance of each project. This performance data is obtained from the taxpayers' most recently submitted annual report. Note that some of the report data may be subject to change upon final audit. Some projects have not submitted an annual report due to timing related to their start date. These projects are noted below.

One final point of clarification for the JRTC projects, the execution dates indicated for each of the projects may represent either (1) the initial agreement memorialization or (2) any subsequent amendments executed between the parties, whichever is most recent.

Some important points to note from Table 6:

- Bridgestone Research LLC et al began its tax credit on 1/1/2011. The company's first annual report was due in March 2012 and the information will be reflected in the 2012 JRTC Annual Report.
- Ernst & Young U.S. LLP has not yet submitted an annual report as its tax credit is not scheduled to begin until 2013.
- The Procter & Gamble Company has not yet submitted an annual report as its tax credit is not scheduled to begin until 2012.
- General Motors LLC began its tax credit on 1/1/2011. The company's first annual report was due in March 2012 and the information will be reflected in the 2012 JRTC Annual Report.
- Ford Motor Company/Bath Township and Ford Motor Company/City of Brook Park began its tax credits on 1/1/2011. The company's first annual reports were due in March 2012 and the information will be reflected in the 2012 JRTC Annual Report.

Table 6: Tax Credit Agreements Executed in Calendar Year 2011

Beneficiary	Local Jurisdiction	County	Approval Date	Contract Execution Date	Status	Project Commitments					Information from the most recent Annual Report	
						Retained Positions	Average Hourly Wage	Fixed Asset Investment	Rate	Term	Retained Positions	Fixed Asset Investment
Convergys Corporation et al	City of Cincinnati	Hamilton	6/30/2003	9/29/2003	Executed	1,700	\$33.49	\$104,000,000	Variable	15	967	\$179,660,000
Delphi Corp.	City of Dayton	Montgomery	9/29/2003	6/21/2005	Terminated without Clawback	1,110	\$24.00	\$112,300,000	65	10	N/A	N/A
ABX Air, Inc. and DHL Holdings (USA), Inc.	City of Wilmington	Clinton	9/27/2004	N/A	Canceled	2,886	\$22.60	\$279,000,000	75	10	N/A	N/A
Chrysler Group LLC	City of Toledo	Lucas	9/27/2004	4/20/2011	Executed	1,500	\$26.38	\$236,600,000	75/65	4/6	1,858	\$208,000,000
General Motors LLC	City of Toledo	Lucas	6/26/2006	12/17/2009	Executed	1,500	\$27.58	\$413,200,000	Variable	15	1,794	\$258,154,523
The Goodyear Tire and Rubber Company	City of Akron	Summit	12/3/2007	12/9/2008	Executed	2,900	\$45.00	\$890,000,000	Variable	15	2,593	\$136,614
Ford Motor Company	City of Sharonville	Hamilton	1/28/2008	1/21/2011	Executed	1,400	\$24.89	\$200,000,000	75	15	1,567	\$225,330,677
Bridgestone Research LLC et al.	City of Akron	Summit	6/30/2008	3/26/2012	Executed	750	\$28.85	\$100,000,000	75	15	N/A	N/A
General Motors LLC	Village of Lordstown	Trumbull	7/28/2008	12/17/2009	Executed	3,700	\$26.00	\$317,300,000	75	15	4,923	\$230,187,364
Eaton Aeroquip LLC	City of Beachwood	Cuyahoga	10/27/2008	3/6/2009	Executed	1,000	\$48.50	\$115,000,000	55	15	2,862	\$280,000,000
Alcoa Inc.	Vig. Of Cuyahoga Heights/Vig. Of Newburgh Heights	Cuyahoga	4/27/2009	8/26/2010	Executed	1,000	\$31.31	\$111,000,000	75	10	1,137	\$110,707,617
The General Electric Company	Village of Evendale	Hamilton	7/27/2009	7/6/2012	Executed	5,000	\$42.61	\$100,000,000	50	15	6,964	\$147,991,347
Ernst & Young U.S. LLP	City of Cleveland	Cuyahoga	12/7/2009	12/28/2010	Executed	562	\$38.47	\$256,000,000	75	10	N/A	N/A
General Mills Operations, LLC	City of Wellston	Jackson	12/7/2009	8/29/2011	Executed	1,154	\$18.00	\$70,000,000	75	10	1,068	\$70,787,409
E. I. DuPont De Nemours and Company	Pickaway Township	Pickaway	3/29/2010	11/22/2011	Executed	500	\$29.00	\$110,000,000	50	10	574	\$175,000,000
The Procter & Gamble Company	City of Cincinnati	Hamilton	4/26/2010	2/16/2011	Executed	562	\$43.46	\$20,000,000	65	10	N/A	N/A
Ashland Inc.	City of Dublin	Franklin	10/25/2010	12/9/2011	Executed	1,200	\$26.21	\$20,000,000	60	10	836	\$30,420,619
General Motors LLC	City of Defiance	Defiance	10/25/2010	N/A	Approved	1,337	\$31.26	\$176,900,000	50	10	N/A	N/A
Alcatel-Lucent USA Inc.	TBD	TBD	12/6/2010	N/A	Canceled	540	\$40.87	\$20,200,000	60	10	N/A	N/A
Ford Motor Company	Bath Township	Allen	12/6/2010	N/A	Approved	540	\$24.89	\$380,000,000	75	10	N/A	N/A
Ford Motor Company	City of Brook Park	Cuyahoga	12/6/2010	N/A	Approved	750	\$24.89	\$405,000,000	75	10	N/A	N/A

## Section E: Job Retention Tax Credit and Job Creation Tax Credit Combination Projects, 2002-2010

The General Assembly has authorized two tax incentive programs, the JRTC and the Job Creation Tax Credit (JCTC) to provide tax credits in conjunction with the retention and creation of employment positions associated with a fixed asset investment. Some projects, due to their wide-ranging project parameters and expansive scope of work, qualify for both programs. In order to increase an incentive package to encourage a company to implement its project in the state of Ohio, both the JRTC and JCTC programs may be offered. The projects shown in Table 7 have been awarded tax credits through the JRTC and JCTC programs:

**Table 7: Projects Approved for both a Job Retention Tax Credit and Job Creation Tax Credit**

Beneficiary	Local Jurisdiction	Approved	Status	Project Commitments					
				New Jobs	Retained Jobs	Average Hourly Wage	Fixed Asset Investment	Rate	Term
Convergys Corporation et al	Cincinnati	6/30/2003	Executed	0	1,700	\$33.50	\$104,000,000	Var.	15
Convergys Corporation et al (JCTC)	Cincinnati	6/30/2003	Executed	195	1,700	\$33.50	\$104,000,000	80	15
Project Total				195	1,700		\$104,000,000		
ABX Air, Inc.	Wilmington	9/27/2004	Canceled	0	2,886	\$23.48	\$279,000,000	75	10
DPWN HOLDINGS (USA), INC. (JCTC)	Wilmington	9/27/2004	Canceled	600	2,886	\$23.48	\$279,000,000	90	15
Project Total				600	2,886		\$279,000,000		
General Motors Corporation	Warren	7/28/2008	Executed	0	3,700	\$26.00	\$317,300,000	Var.	15
General Motors Corporation (JCTC)	Warren	7/28/2008	Executed	200	3,700	\$26.00	\$317,300,000	75	15
Project Total				200	3,700		\$317,300,000		
Eaton Corporation	Beachwood	10/27/2008	Executed	0	1,000	\$48.50	\$115,000,000	55	15
Eaton Corporation (JCTC)	Beachwood	10/27/2008	Executed	177	509	\$94.25	\$115,000,000	75	15
Project Total				177	1,000		\$115,000,000		
General Mills Operations, LLC	Wellston	12/7/2009	Executed	0	1,154	\$18.00	\$70,000,000	75	10
General Mills Operations, LLC (JCTC)	Wellston	6/29/2009	Executed	70	1,154	\$18.00	\$70,000,000	75	10
Project Total				70	1,154		\$70,000,000		

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The Procter & Gamble Company	Cincinnati	4/26/2010	Executed	0	562	\$43.46	\$20,000,000	65	10
The Procter & Gamble Company (JCTC)	Cincinnati	4/26/2010	Executed	336	562	\$33.79	\$20,000,000	65	10
ProjectTotal				336	562		\$20,000,000		
Ford Motor Company (Lima Engine)	Bath Township	12/6/2010	Approved	0	540	\$24.89	\$380,000,000	75	10
Ford Motor Company (Lima Engine) (JCTC)	Bath Township	1/31/2011	Approved	300	540	\$24.89	\$380,000,000	75	10
ProjectTotal				300	540		\$380,000,000		
Marathon Petroleum Corporation et al	Findlay	5/23/2011	Executed	0	1,650	\$46.82	\$20,000,000	75	15
Marathon Petroleum Corporation et al (JCTC)	Findlay	5/23/2011	Executed	100	1,650	\$46.82	\$20,000,000	60	10
ProjectTotal				100	1,650		\$20,000,000		
The Andersons, Inc.	Maumee	6/27/2011	Approved	0	636	\$41.27	\$35,000,000	60	8
The Andersons, Inc. (JCTC)	Maumee	6/27/2011	Approved	20	636	\$38.00	\$35,000,000	60	8
ProjectTotal				20	636		\$35,000,000		

## Section F: Job Retention Tax Credit Certificates Issued in 2011

The JRTC program mandates that participating taxpayers must file an annual report with Development including the following information: (1) cumulative fixed asset investment, (2) the number of retained employees, and (3) the income tax withholdings for those employees for the year. Complete annual reports must be submitted to Development by March 1 of each year. Development's tax incentives' audit staff records and reviews the data provided. The annual reports are used as the basis for the tax credit value issued through the tax credit certificates.

The taxpayer (or taxpayers) included in the tax credit agreement must evidence in the annual report that it is achieving the commitments made in the agreement. In order to receive a tax credit, the taxpayer must satisfy its commitment to retain a specific threshold of jobs and payroll, fulfill its fixed asset investment pledge, and remain in compliance with all other terms of the tax credit agreement.

As with modifying the parameters and thresholds of the JRTC program, H.B. 1 of the 129th General Assembly also made revisions to the issuance of tax credit certificates of the program. For projects approved after October 17, 2009, an annual limit on the amount of non-refundable certificates issued in a fiscal year has been instituted. Therefore, every JRTC project approved after that date has annual benefit maximums placed on the project's tax credit.

**Table 8: Tax Credit Certificates Issued by Calendar Year, 2002-2011**

Calendar Year of Certificate Issuance	Total Taxpayer Withholdings	Total Value of Issued Certificates
2002	\$0.00	\$0.00
2003	\$0.00	\$0.00
2004	\$4,107,010.00	\$3,080,257.50
2005	\$4,461,012.00	\$3,345,759.00
2006	\$8,813,887.00	\$6,211,321.55
2007	\$4,771,866.00	\$3,578,899.50
2008	\$16,998,250.47	\$12,748,687.85
2009	\$11,427,582.87	\$8,570,646.65
2010	\$32,089,908.00	\$14,961,187.25
2011	\$41,984,618.69	\$18,368,274.02
<b>Total</b>	<b>\$82,669,516.34</b>	<b>\$52,496,759.30</b>

The intent of the JRTC program is to strengthen the state of Ohio's economy through business and job retention. Due to the program's unique ability to provide a credit against a company's existing tax liability, it plays a pivotal role in retaining companies to the state of Ohio and often makes the difference for companies choosing between remaining in Ohio versus relocating to a site outside of the state. Projects associated with this program all explored the possibility of relocating outside the state of Ohio but ultimately decided to remain within the state in part due to the assistance of the JRTC program.