Lorain Port Authority
Incentive/Financing Programs

Construction Financing Program

Who Might Qualify:

- Developers
- Business owners

The Construction Financing Program can assist qualified businesses to receive a sales tax exemption on all construction materials related to the project by having the Port Authority lease the facility to the company. The borrower is the owner for federal tax purposes and acquires the project for $1.00 at the end of the lease term. The borrower retains full control of the property.

Conduit Financing Program

Who Might Qualify:

- 501c3 Non-Profit Organizations
- Manufacturing Projects

The Conduit Financing Program provides tax-exempt financing for land and building acquisition, renovations, new construction and equipment purchase. The program can provide up to 100% financing. In order to reduce transaction costs, the borrower may consider direct placement of the bonds with a local bank.

Property Assessed Clean Energy (PACE) Program

Who Might Qualify:

- Developers
- Business owners
- Non-Profit Organizations
- Governmental Entities

The PACE Program can finance investments in energy related improvements in new and existing real estate property, thereby reducing the operating costs of the borrower through energy cost savings. Eligible costs include any improvements that reduce energy costs, including heating and cooling systems, roof, insulation, windows, doors, solar, geothermal projects, etc. The PACE bonds are paid by the property owner with special assessments levied on the property. The program can provide up to 100% fixed-rate financing for a term not to exceed the expected useful life of the improvements. [Note—if the property owner has mortgaged the property via nonrecourse/CMBS financing or may wish to consider such financing in the future, then this program may not be a suitable option.]

Tax Increment Financing Program (TIF)

Who Might Qualify:

- Developers
- Business owners
- Non-Profit Organizations
- Governmental Entities
The TIF Program assists developers, municipalities and others in financing public infrastructure projects such as roads, curbs, streetlights, utilities, sidewalks, landscaping, public parking garages, etc. Qualified TIF projects dedicate a portion of the incremental property tax payments, derived from the increased property value of the project, to finance bonds issued to pay for certain public infrastructure costs related to the project. This program can provide 100% fixed-rate, tax-exempt financing for 10 to 33 years. [Note—City approval is required for all TIFs. In addition, consent of local school board is required if the pledged TIF revenues exceed 75% and if the term is more than 10 years.]

Special Assessment Program

Who Might Qualify:

- Developers
- Business owners

The Special Assessment Financing Program assists developers and business owners in financing public infrastructure projects such as roads, curbs, streetlights, utilities, sidewalks, landscaping, public parking garages, etc. Special assessment financing can be used to supplement TIF bonds. Special assessment bonds allow the borrower to reduce the amount of equity or conventional financing, and are non-recourse. The local municipality levies an annual special assessment on the project in an amount sufficient to finance debt issued to pay for certain public infrastructure costs related to the project. This program can provide 100% fixed-rate, tax-exempt financing for 10 to 33 years.
City of Lorain
Economic Development Incentives

I) LOW-INTEREST RATE LOAN PROGRAMS

A.) Business Assistance Loan Program: allows businesses to borrow up to $300,000 for the purchase of fixed assets, to make leasehold improvements, purchase of inventory, furniture and fixtures, and to provide working capital. This gap financing program requires acceptable private financing as well as matching owner equity. The project should create 1 job for every $10,000 received from the city.

B.) Commercial Façade Loan Program: Allows owners to rehabilitate their commercial building’s exterior with improvements to; windows, doors, roof repair, tuck-pointing, exterior shutters, awnings, gutters, painting and landscaping. The owner may borrow up to 50% of the renovation cost subject to review by the Design Review Committee.

C.) “Go Green” Brownfield Redevelopment Loan: Allows owners of brownfield property to remediate contaminated properties for the purpose of redevelopment with loans using flexible terms and conditions subject to applicable EPA rules and regulations.

II) BUSINESS FORGIVABLE LOAN/GRANT PROGRAMS

Lorain Business Performance Grant: This forgivable loan allows businesses to borrow funds for the purchase of fixed assets, to make leasehold improvements, purchase of inventory, furniture and fixtures, and to provide working capital. The project should create 1 job for every $10,000 received from the city.

The financing structure is:
- 70% Bank Financing
- 15% Owner Equity
- 15% (up to $20,000) City of Lorain

The City’s 15% funding becomes a grant at the end of a 5-year term.

B.) Core City Facade Grant Program: Allows owners to rehabilitate their commercial building’s exterior with improvements to; windows, doors, roof repair, tuck-pointing, exterior shutters, awnings, gutters, painting and landscaping. City will reimburse one third of the total project cost (up to $20,000) upon completion, per individual building.

III) TAX ABATEMENT PROGRAMS

A.) Job Creation Tax Credit Rebate: allows businesses to earn cash rebates on all new jobs based on a percentage of payroll withholding and corporate net income taxes paid to the City up to 50% during the first 10 years and up to 25% over an additional 10 year period. Total incentive period shall not to exceed 20 years.

B.) Lorain Incentive Tax Credit Rebate: allows businesses in targeted industries like Medical R & D, Advanced Manufacturing and Information Technology to earn cash rebates on all new jobs based on a percentage of payroll withholding and corporate net income taxes paid to the City up to 75% during the first 10 years and up to 30% over an additional 10 year period. Total incentive period shall not to exceed 20 years. Each job receiving the credit must pay a Living Wage.

C.) Real Estate Tax Abatement Programs: allows businesses to earn property tax abatements under Enterprise Zone and Community Reinvestment Areas of up to 75% for periods up to 15 years depending on the increased value of real property to be constructed and significantly rehabilitated.
State of Ohio Incentives

**Job Creation Tax Credit**—a refundable tax credit to companies generally creating at least 10 new jobs (within three years) with a minimum annual payroll of $660,000 that pay at least 150 percent of the federal minimum wage. The tax credit is measured as a percentage of the state income tax withholdings for all new employees hired under the program, and is applied toward the company’s commercial activity tax liability. Should the amount of the credit exceed the company’s commercial activity tax liability for any given year, the difference is refunded. A business must apply for the credit before committing to the project. Applicants must be approved through the Ohio Tax Credit Authority before hiring begins.

**JobsOhio Growth Fund**—capital for expansion projects to companies that have limited access to capital and funding from conventional, private sources of financing. JobsOhio will consider loans to companies that are in the growth, established or expansion stage, and that have generated revenues through a proven business plan. The JobsOhio Growth Fund’s loan decisions are based on a number of project factors, including but not limited to job creation, additional payroll, fixed-asset investment commitment, project return on investment, and project location.

**JobsOhio Economic Development & Workforce Grants**—created to promote economic development, business expansion, and job creation by providing funding for eligible projects as well as improvement of worker skills and abilities in the State of Ohio. Grant decisions are based on a number of project factors, including but not limited to job creation, additional payroll, fixed-asset investment commitment, project return on investment, and project location.

**Community Reinvestment Area (CRA)**—company can locate its facility in certain municipalities or townships and receive a tax exemption of up to 100 percent for up to 15 years on a new building or 12 years on major renovation projects (real property only). Authorizing legislation should be reviewed before the start of the project. The maximum length of the term depends on the project, and tax exemption percentages may be negotiated subject to the authorizing legislation.

**166 Direct Loan**—provides loans for land and building acquisition, construction, expansion, or renovation, and equipment purchases for eligible businesses. The program provides low-interest loans up to 40 percent not to exceed $1.5 million.

**Ohio Enterprise Bond Fund (Loan)**—provides revenue bond financing through an S&P rated fund, whereby proceeds from the sale of bonds are loaned to companies for fixed-rate, long-term capital asset financing. Rates are market-driven and fixed prior to funding. Loan terms range between 7 to 10 years for equipment and 15 to 20 years for real estate. Up to $10 million in financing is available through the program.

**Innovation Ohio Loan Fund**—provides loans for acquisition, construction, and related capital costs of technology, facilities, and equipment purchases. The fund was created to assist existing Ohio companies in developing next-generation products and services within the state’s Industry Sectors up to 75 percent ranging from $500,000 to $1.5 million.
Research and Development Investment Loan—provides loan financing between $500,000 and $5 million for projects primarily engaging in research and development activity. Rates are fixed (at- or below-market rates) with other loan terms similar to those of commercial bank financing. Companies receive a dollar-for-dollar, non-refundable Ohio commercial activity tax credit for principal and interest payments made during the year up to $150,000 during the loan term.

Research and Development Investment Tax Credit—provides a non-refundable tax credit up to seven percent for qualified research and development expenses. Qualifying expenses fit into two categories: in-house research expenses, and contracted research expenses. Any unused portion of a tax credit may be carried forward for up to seven years.

Roadwork Development Account (629)—funds are available for public roadway improvements, including engineering and design costs. Funds are available for projects primarily involving manufacturing, research and development, high technology, corporate headquarters, and distribution activity. Projects must create or retain jobs. Grants are reimbursable and provided to a local jurisdiction and require local participation.

Clean Ohio Revitalization Fund— a key financial component to helping a community build economic capacity by providing funding for brownfield redevelopment. Brownfield redevelopment allows a community to reclaim and improve its lands, making property viable for new development. Grants are made through a competitive process that includes local evaluation.

Other State Economic Development Programs

- Ohio Third Frontier
- Technology Investment Tax Credit Program
- Invest Ohio Program
- Site Selection Assistance
- Edison Technology
- Edison Technology Incubators
- The Ohio Venture Capital Authority (OVCA)
- OhioMeansJobs.com
- Ohio Business Gateway
- Appalachian Training Investment Partnership Program
- Appalachian Regional
- Regional Initiative Program
- Appalachian Regional Commission’s Federal Access Road Program
- Governor’s Office of Appalachia Rapid Response Fund
- Ohio Incumbent Workforce Training Voucher Program
The JobsOhio Economic Development Grant was created to promote economic development, business expansion, and job creation by providing funding for eligible projects in the State of Ohio.

Grant decisions are based on a number of project factors, including but not limited to job creation, additional payroll, fixed-asset investment commitment, project return on investment, and project location.

Job Creation
The program requires the creation of jobs within a specified period of time (typically 3 years), and may consider the amount of proceeds per job created. In addition to new jobs, JobsOhio may consider providing assistance for eligible projects that improve operational efficiencies and production expansion, along with the retention of jobs.

Eligible Projects
The program includes projects by companies engaged in JobsOhio’s targeted industries and business functions. JobsOhio will set a wage floor based on multiple wage considerations. Ineligible projects include but are not limited to retail and other population driven businesses.

Eligible Costs
The JobsOhio Economic Development Grant focuses on fixed-asset and infrastructure investment by companies, including the following:
- Freight shipping of equipment related to the project
- Infrastructure including utility, telecommunications, information technology
- Site development costs
- Purchase of land
- Machinery and equipment
- Leasehold improvements
- Fees and material costs related to planning or feasibility studies
- Moving and relocation costs of machinery and equipment related to the project
- Engineering Services

Ineligible Costs
- Bonds or other debt instruments issued by Grantee to finance completion of the site improvement project shall not be retired or otherwise serviced with grant funds
- Administrative costs (including salaries and travel expenses)
- Rolling stock (defined as anything that has to be registered with a government entity and/or travels on a public right-a-way)
- Contributions and donations by the Grantee to individuals or to other organizations
- Costs resulting from violation of or failure to comply with federal, state, and local laws and regulations
- Food, drinks and entertainment
- Goods and services for personal use by the Grantee’s employees
- Long-term housing expenses
- Interest on borrowed money
- Organized fundraising
- Travel expenses
- Taxes from which the Grantee is normally exempt

**Term**
The JobsOhio Economic Development Grant term is based upon the project's completion date (typically 3 years).

**Disbursement of Funds**
The JobsOhio Economic Development Grant is reimbursement-based with supporting documentation.