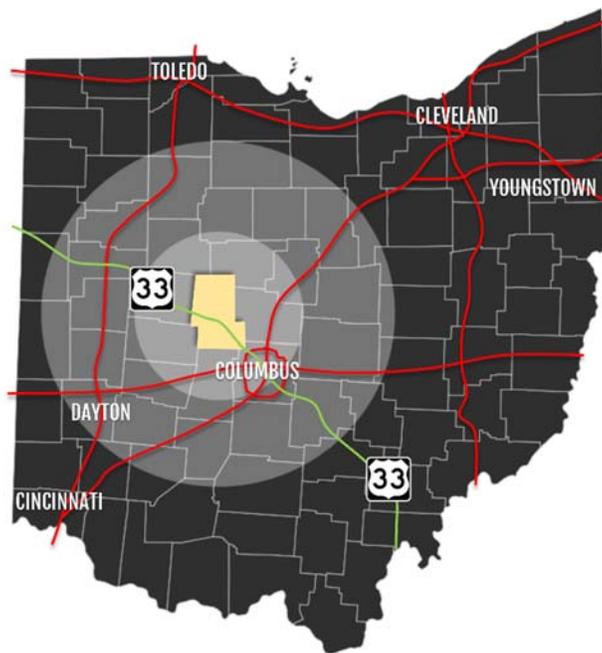


Union County

Analysis of the Economic Impact Of Tax Incentive Programs



**Center for Regional Development
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Union County has utilized tax incentive programs to facilitate investment, job creation and retention since the late 1970's. The county uses economic development initiatives including the Enterprise Zone Program (EZ), Community Reinvestment Area (CRA), Municipal Income Tax Agreements (MIT) and Tax Increment Financing (TIF).

Columbus 2020 conducted a regional economic impact analysis for Union County's tax incentive projects utilizing the Analyst program developed by Economic Modeling Specialists Inc. Analyst is an input-output model that calculates an event's ripple effects on the specified regional economy. The group used the Columbus MSA as the model's region.

A firm's decision to hire workers can generate jobs far beyond its office building or factory floor. For example, Company A expands their facility and hires 20 new employees. The direct event is adding the new workers. Indirect jobs are created at Company A's suppliers which must meet increased demand as a result of the expansion. In addition, induced jobs are generated from the money Company A's new workers spend on housing, food, movie tickets, and other goods and services. For instance, local businesses hire carpenters, waiters, and box office employees to service increased community demand for their products.

This analysis is broken into the four program categories, Enterprise Zone Projects, Community Reinvestment Area Projects, Municipal Income Tax Credit Agreements and Tax Increment Financing Projects.

The Enterprise Zone program provides real property tax abatements for businesses that expand or locate in the defined zone within Union County. Since approximately 1991-2017 there have been 20 enterprise zone agreements entered into by Union County. Those 20 agreements have resulted in the creation of just over 2,000 jobs and the retention of another nearly 3,700. This represents a tremendous positive impact on Union County. The added or retained jobs and the corresponding payroll increases at the enterprise zone recipient company create ripples through the region's economy as suppliers and service companies add staff to respond to increased demand. The agreements called for a combined investment of nearly \$216.5 million by the companies. These EZ agreements are tracked closely and reported on annually to the State of Ohio's Development Services Agency. The most recent reporting shows that there has been over \$340 million invested at the end of 2017 which is close to \$125 million in additional investment over the projections.

Enterprise Zone Agreements

Employment	Direct	Indirect	Induced	Total
Jobs Created	885	193	928	2006
Jobs Retained	1856	360	1463	3679
Earnings	Direct	Indirect	Induced	Total
	\$74,624,205	\$7,839,252	\$39,566,526	\$122,029,983
Investment				
Real Property Investment	Personal Property Investment	Total Investment	Total Pledged Investment	Investment Over Projections
\$ 168,062,059	\$ 172,811,977	\$ 340,874,037	\$ 216,499,315	\$ 124,374,722

The Community Reinvestment Area program provides local real property tax incentives for residents and businesses that invest in designated areas of Union County. This analysis looked at the ten CRA agreements entered into by communities in the county since 2000. The ten agreements consist of five that are active and five that have expired. The economic results show how important the CRA program is to spurring economic growth in designated areas. The projects created 234 jobs and added nearly \$356,000 in new payroll. Those jobs and earnings were responsible for an additional 63 jobs from supplier and services enterprises and added approximately \$830,000 in indirect and induced wages within the region. The investment to date, with several projects still in a construction phase, is nearly \$5.9 million and it is anticipated that once fully completed, the projects will exceed the projected investment of \$7.8 million by approximately \$250,000.

Community Reinvestment Area Agreements

Employment	Direct	Indirect	Induced	Total
Jobs Created	234	9	54	297
Earnings	Direct	Indirect	Induced	Total
	\$355,929	\$145,959	\$683,809	\$1,185,697
Investment		Total Investment	Total Pledged Investment	Investment Over Projections
		\$5,887,301	\$7,799,686	(\$1,931,376)

Municipal income tax credit (MITC) agreements abate the increased tax a company would otherwise be required to pay as a result of adding new employees through an expansion or startup project. This program has become increasingly important and serves as a differentiator when competing for investment decisions. The MITC in Marysville has led to the creation and retention of 363 jobs. Those jobs and associated economic activity created resulted in the creation or retention of an additional 233 jobs. These jobs were created in businesses that are suppliers or service providers to the company making the investment. The projects resulted in new payroll of \$31.8 million and an investment of over \$8.27 million. The spin payroll was another \$13 million and the recipient companies exceeded the projected investment by \$2.25 million.

Municipal Income Tax Credit Agreements

Employment	Direct	Indirect	Induced	Total
Jobs Created	280	27	157	464
Jobs Retained	83	7	42	132
Earnings	Direct	Indirect	Induced	Total
	\$29,800,807	\$1,836,370	\$10,331,175	\$41,968,352
Investment		Total Investment	Total Pledged Investment	Investment Over Projections
		\$8,272,462	\$6,020,000	\$2,252,462

Tax Increment Financing (TIF) is an economic development tool available to local governments in Ohio for financing public infrastructure improvements and, in certain circumstances, residential rehabilitation. A TIF works by setting a baseline taxable value of real property when the program’s authorizing legislation is approved. The “incremental” gain is calculated from the increases in the assessed real property value caused by a business’s expansion. The funds generated support the construction of public infrastructure as defined within the local TIF legislation. The three TIF projects that were analyzed as part of this study included Coleman’s Crossing project, the Dublin Green project and the Honda Heritage Center. The projects created 2,478 direct jobs that resulted in 1,032 additional jobs being created in supplier and service providers. The earnings of nearly \$63 million associated with direct jobs resulted in an additional \$29.6 million in earnings with other businesses in the region. The TIF projects resulted in the investment of over \$108 million.

Tax Increment Financing Agreements

Employment	Direct	Indirect	Induced	Total
Jobs Created	2478	155	877	3510
Earnings	Direct	Indirect	Induced	Total
	\$62,886,885	\$4,673,635	\$24,949,864	\$92,510,384

This analysis demonstrates the importance and often underappreciated benefits of tax incentive programs as economic development tools. The job and earnings gains show that the programs have been effective in creating wealth and furthering economic growth in the region.

There was one older tax incentive agreement that was omitted from the analysis due to the inability to verify all the numbers on the project. ¹

¹ Honda CRA agreement from 1979 for their initial investment in Union County is not included in the report. Honda has invested in excess of \$5B into facilities at its complex with approximately 4.5M sq. ft. under roof and they have created over 8,000 jobs