



Job Creation Tax Credit (JCTC)

Quick Facts

- To qualify for this program the median wage for all of a company's employees must be above 200% of minimum wage.
- A company must create a minimum of 25 new permanent jobs or, in some cases, at least 10 high paying jobs.

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The City of Cincinnati may offer a job creation tax credit to a company that is considering expanding in, or moving to, Cincinnati. The credit is offered in consideration for net, new jobs created in the City.

How Do They Work?

A job creation tax credit (JCTC) is a tax credit provided to a company that commits to expand or relocate into the City of Cincinnati. The City will provide a credit against a company's net profits tax obligation for a commitment to create new full-time permanent employees and new payroll within the City for a future number of years. To qualify, the company must commit to create or relocate a minimum of 25 new full-time permanent jobs to the City within three years. In some circumstances, projects creating as few as 10 new, full-time, high-salary jobs may also be eligible (i.e., average of \$100,000 salary per job).

The program provides the tax credit against the net profits tax obligation of the business but is calculated on a percentage of new payroll taxes that are paid to the City from the new employees.

The company will be asked to maintain the jobs within the City of Cincinnati (not necessarily at the same location) for the term of the JCTC plus an additional number of years. The additional number of years of commitment may be from +3 years to twice the length of the term of the credit years based on the underwriting for the project.



AlvaEDU will commit to create 50 jobs in Cincinnati over the next three years.

JCTC Example

A company creates 100 new jobs averaging \$20 per hour and the City offers a 50% JCTC for five years:

- **100 jobs @ \$20/hour = \$4.16M payroll**
- **\$4.16M x 2.1% earnings tax = \$87,360**
- **50% annual credit = \$43,680**
- **Total city incentive = \$218,400**

What Are the Benefits?

The JCTC provides an increase to a company's yearly profits by reducing their tax obligation to the City.

How Is It Used?

To be considered for a JCTC, a business must complete a Financial Assistance Application prior to the start of the project. The Department of Community & Economic Development will then review the application and provide a recommendation to City Council for a tax credit at a level supported by internal underwriting. Key factors to the underwriting that will influence an offer from the City include: the number of years the company is willing to commit to stay within the City and the number of jobs and payroll a company is creating.

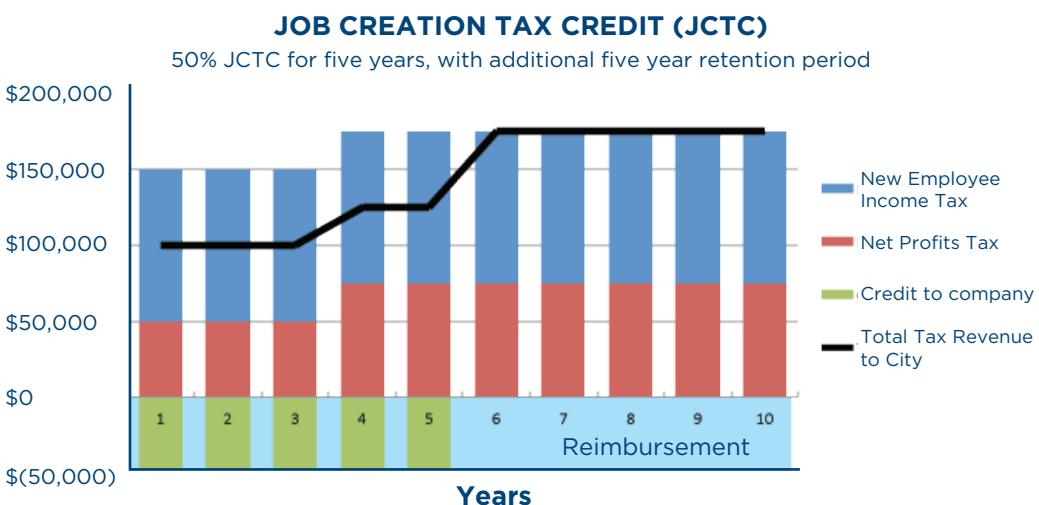
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Potential Advantages

- If a company creates more jobs and a larger payroll than initially agreed upon, they receive the advantage of the tax credit for these additional amounts.
- JCTC agreements assist businesses that expand and stay within the City by providing them a tax break for the creation of new jobs and employment opportunities for residents.
- JCTC agreements reduce the City's need to provide grants or other direct subsidies to assist a company with expansion plans.

Potential Limitations

- The maximum amount of a tax credit within a single year can only be as large as the company's net profits tax liability to the City.
- Credits can be forwarded to future years but are not refundable from the City.



2014 JCTC Project Information

# of Projects	Jobs Created	Jobs Retained	Total Investment
3	1,915	3	\$90,670,000



AREAS OF EXPERTISE OF THE DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT

Whether you are exploring the Cincinnati market, investing in a new facility, or growing within your existing footprint, we are here to meet your needs.

LOCAL KNOWLEDGE OF OUR LOCAL ECONOMY

We can assist with obtaining a basic understanding of our market. For sector specific questions, the Economic Development staff can tailor custom reports to address your specific needs. Our staff can also assemble a list of available properties that may meet your needs.

AN ADVOCATE IN CITY HALL

We routinely assist business owners and developers in their interactions with city departments, as well as its boards and commissions, to facilitate growth and overcome potential hurdles to development.

CONNECTIONS TO COMMUNITY RESOURCES

Whether you need to find a pool of qualified job candidates, a new supplier, or assistance finding the right state or federal program to help you grow, part of our role is to connect you with resources in our community.

PROJECT FINANCING

We routinely work with business owners and developers to finance quality projects that cannot be financed through traditional means. In those circumstances, we will partner with the business owner or developer to secure loans, grants, tax incentives, or other financing to make the project become a reality.