



Industry Interview with Lt. Governor Bruce Johnson, Ohio State Development Director

1. Explain the top three competitive advantages Ohio provides to companies currently in Ohio that are planning on expansion and that are considering Ohio for that expansion.

“The biggest advantage to any company looking to locate or expand in Ohio is our people. As is the case with any successful state’s economy, entrepreneurs and a skilled workforce drive Ohio’s growth. With a nearly 50 percent increase in need-based financial aid for Ohio college students over the past seven years and incentives designed to assist businesses in employee job training, Ohio continues to build upon a skilled and prepared workforce of over 5.4 million.

“Secondly, Ohio’s recently updated tax code encourages businesses to invest in new machinery and equipment by eliminating the tangible personal property tax on new purchases. Further, the revamped code phases out the corporate franchise tax completely and phases in a 21 percent reduction in the personal income tax, while enacting a new commercial activities tax (CAT)—a broad-based, low-rate tax—of .26 percent on gross receipts. The CAT tax does not apply to any products that are shipped out of Ohio, making Ohio a good location for manufacturers competing in the global economy, and does not apply to the first \$1,000,000 of gross receipts, meant to encourage small business within Ohio.

“Finally, Ohio’s central location to the majority of North American markets makes it an attractive location. Ohio is within a one-day drive of 63 percent of U.S. manufacturing facilities and 80 percent of U.S. corporate headquarters, accessible across Ohio’s well-maintained highway infrastructure, Lake Erie and Ohio River ports and terminals, and rail lines.”

2. What do you see as growth industries for Ohio?

“Over the past three years, state leaders have aggressively pursued the Third Frontier Project, a 10-year, \$1.6 billion plan to invest in technology research and product commercialization. Through internships designed to get high school and college students into research labs working side by side with doctors and scientists, grants to hospitals and universities working together on medical breakthroughs, and Ohio companies on the cutting edge of technologies like fuel cells and other alternative energies, the Third Frontier Project is a commitment to Ohio’s 21st century economy. A key aspect of the project is that it fosters collaboration between businesses, researchers and universities, so that breakthroughs will result in new product creation right here in Ohio.”

3. Does Ohio have a list of “target industries” it would like to see developed?

“While we do not specifically target certain industries, simply because of the nature of Ohio’s existing business infrastructure there are some in which we are more heavily invested. Take for instance the auto industry, which employs about 150,000 Ohioans. No one can deny that the auto industry has taken a hit of late, and that has affected employment numbers in Ohio. But, through business incentives aimed at retaining and attracting investments, the hit Ohio has taken has been comparatively less than that of other states. As we continue to move forward, the challenge is to be prepared for ‘the next big thing.’

“With regard to the auto industry, we have earmarked \$100 million specifically for advancements in hydrogen fuel cell research, so that Ohio will have the best-trained workforce in that industry. Fuel cell industry experts have cited Ohio as a leader, which is evidenced by the decision of industry leader Hydrogen to relocate its operations to northeast Ohio.”

4. If a company is not in a growth industry, does that preclude it from state programs?

“Absolutely not. From agri-business and food science research to line manufacturing facilities to the biosciences, businesses seeking to create good jobs in Ohio’s communities are eligible to compete for merit-based grants, and our business development representatives are eager to work with companies on site selection and incentive programs to help them succeed in Ohio.

“Additionally, this past November, voters in Ohio approved a \$150 million Job Ready Sites program that will enable the state to prepare sites with the necessary water and sewage, electricity and communication lines while securing EPA and other local permits so as to facilitate company expansion and location in Ohio.”

5. Besides calling InterMedium, how would you recommend an employer reach out to the state?

“Ohio maintains a number of websites that put business owners and entrepreneurs in touch with our business representatives. To start, visit www.business.ohio.gov, where you can learn more about starting, locating or expanding your business in Ohio. Also, for a business looking to move into Ohio, www.ohiosites.com is a one-stop website to identify locations that will suit your needs.”

6. As we see more jobs off-shored, are you seeing a new focus on job retention as opposed to net new jobs to the state?

“We are focused not only on the retention of existing jobs, but on the creation of jobs that are sustainable in the world economy. As mentioned previously, Ohio’s Third Frontier Project thrusts Ohio into the knowledge economy and brings us closer to scientific and research breakthroughs that will result in new jobs and business growth that can’t be ‘off-shored.’ Additionally, Ohio continues to be a leader in the number of ‘in-shored’ jobs, or those that result from a foreign company expanding in our state. Foreign direct investment accounts for over 220,000 Ohio jobs, including some of our largest employers like Honda and Boehringer Ingelheim.”

7. Tell us about the Job Creation and Retention Tax Credit?

“The Job Creation and Retention Tax Credit (JCTC) provides a great incentive for businesses looking to expand or locate in Ohio. The program provides a refundable tax credit against a company’s corporate franchise or income tax based on the state income tax withheld from new, full-time employees.”

8. The Ohio Investment Training Program has won strong support from Ohio businesses in past years. Can you give us an overview of the program?

“The Ohio Investment Training Program (OITP) provides financial assistance and technical resources for customized training involving employees of new and expanding Ohio businesses. OITP provides up to 50 percent reimbursement to fund instructional costs, materials and training-related activities. There is an emphasis on manufacturing and selected employment sectors that have significant training and capital investment related to creating and retaining jobs.

“OITP also supports community economic development efforts through job creation and retention. The result is increased employee productivity, improved labor/management relations and a highly skilled labor pool.”