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S.B. 362*
133rd General Assembly

Bill Analysis

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Version: As Reported by Senate Insurance and Financial Institutions

Primary Sponsor: Sen. Peterson

Mackenzie Damon, Attorney

SUMMARY

- Increases, from \$45 million to \$90 million, the total amount of nonrefundable tax credits available to insurance companies who invest in a rural business growth fund.

DETAILED ANALYSIS

Rural growth investment credit limit increase

The bill increases the total amount of nonrefundable tax credits available to insurance companies who make a qualifying investment in a rural business growth fund.

Under continuing law, these rural growth investment credits are available to insurance companies that make loans to or investments in “rural business growth funds.” A rural business growth fund is an investment fund certified by the Development Services Agency (DSA) to provide capital for “rural business concerns,” which are businesses that have their principal operations in a rural area of Ohio, have fewer than 250 employees, and had not more than \$15 million in net income in the past year. An insurance company that makes a qualifying investment in such a fund, by purchasing an equity interest or making a qualifying loan to the fund, can claim a credit against the state’s tax on insurance companies. The amount of the credit equals 100% of the company’s qualifying investment.

Under current law, DSA may certify no more than \$45 million in credit-eligible investments over the lifetime of the credit. The bill doubles this limit, to \$90 million.

Current law also specifies that the sum of the credit-eligible investments collected by a rural business growth fund must comprise exactly 60% of the fund’s “eligible investment

* This analysis was prepared before the report of the Senate Insurance and Financial Institutions Committee appeared in the Senate Journal. Note that the legislative history may be incomplete.

authority” – which is the amount of capital it agrees to invest in or lend to rural business concerns. Accordingly, DSA may approve no more than \$75 million in eligible investment authority. The bill correspondingly increases this limit to \$150 million.¹

HISTORY

Action	Date
Introduced	09-02-20
Reported, S. Insurance & Financial Institutions	---

S0362-RS-133/ts

¹ R.C. 122.151.