



Program Guidelines

Ohio Opportunity Zone Tax Credit

Fiscal Year 2027 (July 2026 and January 2027 Application Rounds)

Definitions

Except as otherwise provided, terms used in this document have the same meaning as Section 122.84 of the Ohio Revised Code (“ORC”).

Applicant Qualifications

The Applicant can be either:

- A taxpayer that is subject to taxation under ORC Section 5725.18, 5726.02, 5729.03, or 5747.02 (an individual, a trust, an estate, a pass-through entity, or other entity that elects to file a return on behalf of its investors to receive a tax credit from the program).
- A person that is not subject to one of the taxes in the above sections may apply but cannot claim the credit. If such an Applicant receives a tax credit, they may transfer the right to claim the credit, as outlined in the Transfer of the Opportunity Zone Tax Credit section below.

The Applicant must invest in at least one Ohio Qualified Opportunity Fund (“Fund”) that invests in Ohio Opportunity Zone Property for the improvement of property located in an Ohio Opportunity Zone with the expectation of receiving a profit.

Investments

A qualifying investment means money from any source other than grant funds that is invested to improve property located in an Ohio Opportunity Zone with the expectation of receiving a profit.

A qualifying investment does not include:

- Any investment of money which is used on or after September 30, 2025, to acquire property located within an Ohio Opportunity Zone
- Any investment of money which is used for any purpose other than to improve property located in an Ohio Opportunity Zone
- Any investment of money which is the basis of a small business investment certificate issued under ORC Section 122.86.

Ohio Opportunity Zone Property is one of the following:

- Qualified opportunity zone stock where all of the use of the corporation's tangible property is in an Ohio opportunity zone for all of the Fund's holding period for such stock
- Qualified opportunity zone partnership interest where all of the use of the partnership's tangible property is in an Ohio opportunity zone for all of the Fund's holding period for such interest
- Qualified opportunity zone business property where all of the use of the property is in an Ohio opportunity zone for all of the Fund's holding period for such property

Ohio Qualified Opportunity Fund Requirements

- The Fund must be designated in its operating agreement or other governing document as a Qualified Opportunity Fund as defined by Internal Revenue Code - 26 U.S.C. 1400Z-2.
- The Fund must hold 100 percent of its invested assets in Qualified Opportunity Zone Property situated in Ohio.
- The Fund may invest its assets in qualified stock, qualified partnership interest, or qualified business property; however, investments made September 30, 2025, and thereafter, must be made for the improvement of property located in an Ohio Opportunity Zone with the expectation of receiving a profit.

Ohio Qualified Opportunity Zone Property Requirements

- Stock and/or partnership interest in a corporation or partnership which is situated in an Ohio Opportunity Zone only if, during the entirety of the Fund's holding period for such stock or interest, all of the use of the corporation's or partnership's tangible property was in an Ohio Opportunity Zone.
- For business property that is qualified opportunity zone business property, the property is situated in an Ohio Opportunity Zone if, during the entirety of the Fund's holding period for such property, all of the use of the property was in an Ohio Opportunity Zone
- For both stock/partnership interest and qualified opportunity zone business property, the owner of the Ohio Qualified Opportunity Zone Property spends the money invested by the Applicant to improve property located in an Ohio Opportunity Zone with the expectation of receiving a profit.

Application

The application shall be made on forms prescribed by the Director of the Ohio Department of Development (Director).

The Director shall accept and review applications submitted for the Ohio Opportunity Zone Tax Credit during two periods, the first of which begins July 10, 2026, and ends July 17, 2026, and the second of which begins on January 11, 2027, and ends January 18, 2027. Any awarded credits shall equal ten percent of the amount of the Applicant's investment in the Fund that the Fund invested during the

immediately preceding six-month investment period into projects located in Ohio Opportunity Zones for the improvement of property with the expectation of receiving a profit.

Required Application Information

Information to be provided by the Applicant:

- The amount of the Applicant's investment in the Fund(s) for the six months preceding the month the application period is in. The information must be arranged according to the amount invested in each such Fund if the Applicant invested in more than one such Fund.
- A certified statement from an employee or officer of each Fund identified by the Applicant (Form A).
- A certified statement from the owner of each Ohio Opportunity Zone Property funded by the Applicant's investment. With respect to investments made on or after September 30, 2025, that certified statement will include a certification that the invested funds were used to improve the property located in an Ohio Opportunity Zone with the expectation to receive a profit (Form B).

Information to be provided by the Fund:

- Must provide a statement to the Applicant certifying the following:
 - The Fund meets the definition of Ohio Qualified Opportunity Fund in ORC Section 122.84(A)(1).
 - Amount of the Applicant's investment in the Fund.
 - Amount of Applicant's investment in the Fund subsequently invested in project(s) located in Ohio Opportunity Zones during the investment period preceding the application filing.
 - Verification of capital investment transfer from Fund to Ohio Opportunity Zone Property(ies).
 - Description of each project funded by the Applicant's investment.
 - Location of each project funded by the Applicant's investment.
 - The portion of the Applicant's investment that the Fund invested in the project.

Information to be provided by the owner of the Property:

- **Starting in the July 2026 round**, a property owner must provide evidence proving that the investment(s) received from the Fund was/were used to improve property (see Improvement Documents below).
- Must provide a statement to the Applicant certifying the following:
 - The project property is located in an Ohio Opportunity Zone;
 - The investment was received from the Fund for the improvement of property with the expectation to receive a profit; and
 - For investments made from the Fund to the owner on or after September 30, 2025, the investment was spent by the owner of the property to improve the property.

Improvement Documents

Starting in the July 2026 round, applicants must submit evidence proving that invested funds were used to improve property(ies).

Improvements can include:

- Capitalizable expenses other than acquisition costs
- Construction and/or renovation costs for Opportunity Zone business/property
- Materials, supplies, installation, and labor costs
- Purchase of tangible personal property (things that are tied to the property, such as furniture, appliances, and HVAC equipment)
- Certain professional fees attributable to and incurred for the improvement of property (such as permits, legal fees, and architecture and/or engineering fees)

Improvements cannot include:

- Note or loan interest
- Intangible personal property
- Operating expenses
- Payments to acquire an interest in an entity or property or to buy-out, take-out, or pay-off any entity and/or person that has any interest in the Fund and/or the Property or a person or an entity that has a direct or indirect interest in the Fund or the Property

Acceptable forms of evidence include the following:

- Records establishing the date and amount of the improvement costs incurred such as contracts, invoices, pay applications, and/or purchase orders
- Records establishing the date and amount of the improvement costs paid such as cancelled checks, wire transfer authorizations, journal entries, ACH transfers, signed settlement statements, etc.
- The recipient of these payments for improvements does not need to submit proof that they deposited those payments.

Tax Credit Approval Process

- The Director shall review and award qualified applications in the order they are received.
- The Director shall issue tax credits until all qualified Applicants are awarded tax credits or the total amount of tax credits allocated for the fiscal year are issued, whichever comes first.
- The Director shall not issue certificates in a total amount that would cause the tax credits claimed to exceed:
 - \$50 million for fiscal year 2027
 - Plus, if the tax credits issued in fiscal year 2026 are less than the maximum allowed, the excess remaining allocation not issued during fiscal year 2026.

- The Director shall not issue certificates to a single Applicant that exceed \$2 million in fiscal years 2026 and 2027 cumulatively.
- Beginning September 30, 2025, and thereafter, the Director shall not issue certificates that exceed five million dollars in aggregate on the basis of the same project located in an Ohio Opportunity Zone.
- If an application hits the maximum amount of tax credits allowed to be allocated to a single applicant in an operating biennium or to a single project after September 30, 2025, the credit awarded may only be the portion for which the Applicant invested and applied that is up to such maximum.
- For information on the review process for received applications, please see the review process and frequently asked questions documents on the Ohio Opportunity Zones Tax Credit website.

Tax Credit Claiming

- Once the Director determines that the Applicant qualifies for a tax credit, the Director shall issue a tax credit certificate within 60 days after the last date on which an application may be submitted for that application period.
- The tax credit certificate will be identified with a unique number and list the amount of credit the Director determines the Applicant is eligible to claim.
- The tax credit shall equal 10 percent of the amount of the Applicant's investment in the Fund that the Fund invested in projects located in Ohio Opportunity Zones for the improvement of property in the investment period preceding the application, not to exceed \$2 million in the biennium per Applicant and \$5 million total per project.
- The credit is a non-refundable tax credit against the tax levied under Sections 5725.18, 5726.02, 5729.03, or 5747.02 of the Ohio Revised Code.
- The credit shall be claimed by a person under ORC Section 5725.38, 5726.61, 5729.21, or 5747.86, as applicable. Any excess credit amount may be carried forward for the ensuing five taxable years.
- Any credit issued during the July application round each year may be claimed for the preceding calendar year. An Applicant applying a credit for the preceding calendar year shall file an amended return or apply that amendment on the Applicant's original return, for that year.
- The Director may not issue a certificate under the Ohio Opportunity Zone Tax Credit Program on the basis of any investment for which a small business investment certificate has been issued under ORC Section 122.86.
- An Applicant claiming an Ohio Opportunity Zone Tax Credit shall submit a copy of the certificate to the Ohio Department of Taxation with their return or report.

Transfer of the Ohio Opportunity Zone Tax Credit

- An Applicant that holds an unclaimed Ohio Opportunity Zone Tax Credit Certificate in whole or in part may transfer the right to claim all or part of the remaining credit to other persons by notifying the Tax Commissioner in writing identifying the certificate number, name and tax identification number of the transferee, and the amount of credit being transferred.
- An Applicant that is not a taxpayer shall not claim the credit, but if the Applicant is the entity to which the certificate was initially issued, the Applicant may transfer the right to claim the credit.
 - The Applicant, in its notification to the Tax Commissioner, shall identify the certificate number and the name and tax identification number of the transferee.
 - The transferee may claim the credit stated on the certificate, subject to the limitations of ORC Section 122.84.
- Transferring a credit does not extend the taxable years in which the credit may be claimed or number of years for which the unclaimed credit amount may be carried forward (as described in ORC Section 5725.38, 5726.61, 5729.21, and 5747.86).
- Any transferee to which a credit has been transferred may also transfer the right to claim all or part of the transferred credit amount to any other person, in the same manner for the initial transfer, including that any such transfer be reported by the transferor to the Tax Commissioner.