

## State Attorney General Checking Incentives Compliance

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On October 8, 2009, Ohio Attorney General Richard Cordray announced that his office has sent letters to more than 3,000 businesses that received “state awards for economic development” between July 1, 2004 and June 30, 2009. This inquiry is being made pursuant to Ohio Revised Code Section 125.112, which requires the Attorney General to monitor the compliance of entities that receive state awards for economic development and to pursue available remedies for noncompliance.

“State award for economic development” is defined to include “state financial assistance and expenditure in any of the following forms: grants, subgrants, loans, awards, cooperative agreements, or other similar and related forms of financial assistance and contracts, subcontracts, purchase orders, task orders, delivery orders, or other similar and related transactions.”

Businesses that receive a letter are requested within 30 days after the receipt of the letter to complete an online questionnaire containing 60 questions regarding the original award and the business’ compliance with the terms of the incentive (e.g., capital improvements, jobs created, jobs eliminated, jobs relocated, etc.). A separate questionnaire is requested for each state award for economic development that a particular business receives. A copy of the main text of the questionnaire and the instructions to the questionnaire are attached to this Alert.

Most of the questions on the form are related to general information about

the incentive recipient and about the compliance provisions of the incentive. The most significant portion of the questionnaire is the section marked “Compliance with original award agreement.” This section requests the applicant to provide up-to-date information about the incentive and the project, including:

- Information about annual reports
- Efforts to attract or retain disadvantaged or minority employees
- The name of the prevailing wage coordinator for the project
- Job creation and payroll requirements and deadlines
- Job retention and retained payroll requirements
- Capital improvement status and deadlines
- Information about relocated employees
- Information about training of employees
- Expense reimbursement requirements

The questionnaire also requests that businesses complete several attachments, depending on the answers provided on the questionnaire.

If you have received one of these letters, we strongly recommend that you exercise considerable care in proceeding. In some circumstances, responses to the questions on the form could lead to adverse consequences. Our economic development incentives practice group members are available to assist businesses in responding appropriately to the Attorney General’s inquiry.

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