



**8<sup>TH</sup> Annual**

**Economic Development**

**Incentives Conference**

Presented by

**VORYS**

**VISTA SITE SELECTION**

## Speaker Info

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# State and Local Tax 101

What Every Economic  
Development Professional  
Should Know

# Identify the taxing jurisdictions

- a. State
- b. County
- c. City
- d. Other (e.g., JEDD, school district, etc.)

# Identify the taxes at issue

- a. Gross receipts
- b. Net income
- c. Pass-through entity withholding
- d. Employer withholding
- e. Licenses
- f. Individual

# Identify the legal entities subject to the tax

- a. C corporations
- b. S corporations
- c. Partnerships
- d. Limited Liability Companies
- e. Disregarded entities

# Identify how each tax is calculated

- a. What is black and white?
- b. What is grey?
- c. Identify recent legislative developments
- d. Identify legislative developments on the horizon

# Prepare proforma tax returns

- a. Identify opportunities
  - i. Filing methodology
  - ii. Planning
  - iii. Deductions and credits
- b. Identify concerns
  - i. Present facts and prospective facts
  - ii. Nexus for affiliates
  - iii. Out of state employees relocating to the new state

# Resolve uncertainties

- a. Tax officials (competency, confidence, nature of relationship, stage of career, open mindedness)
  - i. State
  - ii. Local
- b. Tax counsel
- c. No audit surprises



# Sales/Use Tax Considerations

- ▶ Property classification
  - Real vs. personal
  - Business fixtures
  - Sales tax on building/construction materials
  - Sales tax on machinery and equipment

# Sales/Use Tax Considerations

- ▶ Sales tax exemptions
  - Project type
  - Entity
  - Personal property (e.g., manufacturing)
- ▶ Ohio sales tax exemption certificates
  - Construction Contract Exemption Certificates (form STEC CC)
  - Contractor's Exemption Certificate (form STEC CO)
  - Blanket Sales Tax Exemption Certificates (form STEC B)



Department of  
Taxation  
tax.ohio.gov

## Sales and Use Tax Construction Contract Exemption Certificate

STEC.CO  
Rev. 07/22

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### Identification of Contract:

Contractee's (owner's) name \_\_\_\_\_

Exact location of job/project \_\_\_\_\_

Name of job/project as it appears  
on contract documentation \_\_\_\_\_

The undersigned hereby certifies that the tangible personal property purchased under this exemption certificate was purchased for incorporation into:

|                          |  |                          |  |
|--------------------------|--|--------------------------|--|
| <input type="checkbox"/> | A building used exclusively for charitable purposes by a nonprofit organization operated exclusively for charitable purposes as defined in Ohio Revised Code (R.C.) section 5739.02(B)(12);  | <input type="checkbox"/> | Real property that is owned, or will be accepted for ownership at the time of completion, by the United States government, its agencies, the state of Ohio or an Ohio political subdivision;   |
| <input type="checkbox"/> | A horticulture structure or livestock structure for a person engaged in the business of horticulture or producing livestock;   | <input type="checkbox"/> | Real property under a construction contract with the United States government, its agencies, the state of Ohio, or an Ohio political subdivision;  |
| <input type="checkbox"/> | The original construction of a sports facility under R.C. section 307.696;   | <input type="checkbox"/> | A building under a construction contract with an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986 when the building is to be used exclusively for the organization's exempt purposes;                    |
| <input type="checkbox"/> | A hospital facility entitled to exemption under R.C. section 140.08;   | <input type="checkbox"/> | A house of public worship or religious education;  |
| <input type="checkbox"/> | A computer data center entitled to exemption under R.C. 122.175;   | <input type="checkbox"/> | Building and construction materials and services sold for incorporation into real property comprising a convention center that qualifies for property tax exemption under R.C. 5709.084 (until one calendar year after the construction is completed). |
| <input type="checkbox"/> | A megaproject entitled to exemption as described in R.C. 5739.02(B)(13).   | <input type="checkbox"/> |  |
| <input type="checkbox"/> | Real property outside this state if such materials and services, when sold to a construction contractor in the state in which the real property is located for incorporation into real property in that state, would be exempt from a tax on sales levied by that state; | <input type="checkbox"/> |  |

The original of this certificate must be signed by the owner/contractee and/or government official and must be retained by the prime contractor. Copies must be maintained by the owner/contractee and all subcontractors. When copies are issued to suppliers when purchasing materials, each copy must be signed by the contractor or subcontractor making the purchase.

#### Prime Contractor

Name \_\_\_\_\_

Signed by \_\_\_\_\_

Title \_\_\_\_\_

Street address \_\_\_\_\_

City, state, ZIP code \_\_\_\_\_

Date \_\_\_\_\_

#### Subcontractor

Name \_\_\_\_\_

Signed by \_\_\_\_\_

Title \_\_\_\_\_

Street address \_\_\_\_\_

City, state, ZIP code \_\_\_\_\_

Date \_\_\_\_\_

#### Owner/Contractee

Name \_\_\_\_\_

Signed by \_\_\_\_\_

Title \_\_\_\_\_

Street address \_\_\_\_\_

City, state, ZIP code \_\_\_\_\_

Date \_\_\_\_\_

#### Political Subdivision

Name \_\_\_\_\_

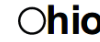
Signed by \_\_\_\_\_

Title \_\_\_\_\_

Street address \_\_\_\_\_

City, state, ZIP code \_\_\_\_\_

Date \_\_\_\_\_



Department of  
Taxation  
tax.ohio.gov

## Sales and Use Tax Contractor's Exemption Certificate

STEC.CO  
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### Identification of Contract:

Contractee's (owner's) name \_\_\_\_\_

Exact location of job/project \_\_\_\_\_

Name of job/project as it appears  
on contract documentation \_\_\_\_\_

The undersigned hereby certifies that the tangible personal property purchased under this exemption from:

Vendor's name \_\_\_\_\_

was purchased for incorporation into:

|                          |  |                          |  |
|--------------------------|--|--------------------------|--|
| <input type="checkbox"/> | A building used exclusively for charitable purposes by a nonprofit organization operated exclusively for charitable purposes as defined in Ohio Revised Code (R.C.) section 5739.02(B)(12);  | <input type="checkbox"/> | Real property that is owned, or will be accepted for ownership at the time of completion, by the United States government, its agencies, the state of Ohio or an Ohio political subdivision;   |
| <input type="checkbox"/> | A horticulture structure or livestock structure for a person engaged in the business of horticulture or producing livestock;   | <input type="checkbox"/> | Real property under a construction contract with the United States government, its agencies, the state of Ohio, or an Ohio political subdivision;  |
| <input type="checkbox"/> | The original construction of a sports facility under R.C. section 307.696;   | <input type="checkbox"/> | A building under a construction contract with an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986 when the building is to be used exclusively for the organization's exempt purposes;                    |
| <input type="checkbox"/> | A hospital facility entitled to exemption under R.C. section 140.08;   | <input type="checkbox"/> | A house of public worship or religious education;  |
| <input type="checkbox"/> | A computer data center entitled to exemption under R.C. 122.175;   | <input type="checkbox"/> | Building and construction materials and services sold for incorporation into real property comprising a convention center that qualifies for property tax exemption under R.C. 5709.084 (until one calendar year after the construction is completed). |
| <input type="checkbox"/> | A megaproject entitled to exemption as described in R.C. 5739.02(B)(13).   | <input type="checkbox"/> |  |
| <input type="checkbox"/> | Real property outside this state if such materials and services, when sold to a construction contractor in the state in which the real property is located for incorporation into real property in that state, would be exempt from a tax on sales levied by that state; | <input type="checkbox"/> |  |

This certificate may be used by a contractee or subcontractor when buying materials for a construction contract where the owner/contractee has claimed one of the above exemptions. This certificate covers all sales of materials by the above-named vendor to the contractor or subcontractor for this particular construction contract only.

Contractor/subcontractor

Name \_\_\_\_\_

Signed by \_\_\_\_\_ Title \_\_\_\_\_

Street address \_\_\_\_\_

City, state, ZIP code \_\_\_\_\_

Date \_\_\_\_\_

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### Sales and Use Tax Blanket Exemption Certificate

The purchaser hereby claims exception or exemption on all purchases of tangible personal property and selected services made under this certificate from:

\_\_\_\_\_  
(Vendor's name)

and certifies that the claim is based upon the purchaser's proposed use of the items or services, the activity of the purchase, or both, as shown hereon:

*Purchaser must state a valid reason for claiming exception or exemption.*

\_\_\_\_\_  
Purchaser's name

\_\_\_\_\_  
Purchaser's type of business

\_\_\_\_\_  
Street address

\_\_\_\_\_  
City, state, ZIP code

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date signed

\_\_\_\_\_  
Vendor's license number, if any

Vendors of motor vehicles, titled watercraft and titled outboard motors may use this certificate to purchase these items under the "resale" exception. Otherwise, purchaser must comply with either rule 5703-9-10 or 5703-9-25 of the Administrative Code. This certificate cannot be used by construction contractors to purchase material for incorporation into real property under an exempt construction contract. Construction contractors must comply with rule 5703-9-14 of the Administrative Code.

# Sales/Use Tax Considerations

- ▶ Port authority exemptions
  - Sales/use tax
  - Real property tax
- ▶ Sales tax protocol
  - Taking control of the taxable and exempt designations

# Property Tax Considerations

- ▶ **I:** Confirm the types of property subject to tax, the valuation approaches applied and the key administration dates such as filing requirements or expected payment dates.
  - Personal property:
    - ▶ Taxed generally? If so, abated?
    - ▶ When? Typically when placed in service.
    - ▶ Lien date?
    - ▶ Initial return requirements?
    - ▶ Cost basis or alternative valuation approaches?

# Property Tax Considerations

- Real property:
  - ▶ Real vs. personal: jurisdiction definition considerations
  - ▶ Lien date?
  - ▶ Timing of CIP assessments/assessor history
  - ▶ Risk of 3<sup>rd</sup> party challenges

# Property Tax Considerations

- ▶ **II:** Consider establishing a relationship with local assessor. Particularly with multi-year construction projects, regular communications with assessor may lead to more certainty in assessment.
  - Establish timeline for communications
  - Control the sharing of information
  - Opportunity to reach agreement on valuation issues



# Property Tax Considerations

- ▶ **III:** Other considerations:
  - Timing to trigger abatement
  - Are there PILOTS triggered to valuation?
  - Are there limits on contesting value?
  - Other

# Thank You



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