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Qualified Opportunity Zone Alert

July 2025

Ohio Opportunity Zone Tax Credits Doubled for 2026-2027

Increased Allocation for Fiscal Years 2026 and 2027

On June 30, 2025, Governor Mike DeWine signed Amended Substitute House Bill 96 (H.B. 96), increasing Ohio's Opportunity Zone (OZ) Tax Credit allocation from $25 million to $50 million per fiscal year for FY 2026 and FY 2027. The enhanced allocation applies to qualifying investments made in calendar years 2025 and 2026. The first of two FY application rounds opened on July 10, 2025, but H.B. 96 does not take effect until September 30, 2025. The Ohio Department of Development (ODOD) recently sent an email to July 2025 applicants stating its intent to award over $44 million of allocation in the current round. The remaining $5–6 million in allocation will be carried over to the second (final) FY 2026 round.*

Updated Application Schedule by Fiscal Year

FY 2026:

- **July 2025 Application** (July 10 – August 1, 2025) for qualifying investments made January 1, 2025 – June 30, 2025.
- **January 2026 Application** (January 12 – January 19, 2026) for qualifying investments made July 1, 2025 – December 31, 2025.

FY 2027:

- **July 2026 Application** (July 10 – July 17, 2026) for qualifying investments made January 1, 2026 – June 30, 2026.
- **January 2027 Application** (January 11 – January 18, 2027) for qualifying investments made July 1, 2026 – December 31, 2026.

$5-6 Million in Credits Expected for Second Half of 2025 Investments

The second application round for FY 2026 is scheduled to open on January 10, 2026. ODOD intends to award over $44 million in Ohio OZ tax credits in the first application round, leaving $5-6 million in available allocation for qualifying investments made between July 1 and December 31, 2025.

Before the increased allocation included in H.B. 96, there was a strong likelihood that no credits would be available following the July round, and the January round would not occur. ODOD has since confirmed that more than $25 million in applications were submitted within the first five minutes of the July portal opening, with over $45 million submitted in less than 24 hours—underscoring the significant demand for credits and the need to apply early.

Substantive Changes in H.B. 96

- **Refined definition of "qualifying investment":** Applicant contributions sourced from borrowed funds may qualify, but **grants do not**. Further clarification is needed, especially for nonprofits or entities using construction draws.
- **New $5 million cap per project:** The cap applies to **projects**, not investors. Because multiple investors often apply for the same project, this change could trigger competition among investors seeking credits for high-dollar projects.
- **Shortened application periods**: Each round is now open for just **eight days** (from 21 previously). For January 2026, the application window is adjusted to January 12-19 to avoid a weekend start.
- **Sunset of recurring allocations:** H.B. 96 removes automatic annual funding beyond FY 2027, though a

future renewal is likely during Ohio's next biennial budget cycle.

- **Carryover provision:** Any unused allocation from FY 2026 will roll over into FY 2027. Given the demand, carryover is unlikely.

Looking Ahead: What to Know for January 2026

- ***Uncertainty remains for FY 2026:** Currently, $5–6 million in allocation is expected to be available for Ohio OZ applications submitted between January 12 and January 19, 2026. The exact amount of credits available is to be determined.
- **Demand is intensifying:** With limited allocation and heightened interest, applicants should anticipate significant competition.
- **Investment structure matters:** Properly structured investments can unlock additional benefits. Combining OZ credits with other programs—such as Historic Tax Credits (HTC), New Market Tax Credits (NMTC), or Low-Income Housing Tax Credits (LIHTC)—may enhance value.
- **Apply Early:** Given the speed at which funds were exhausted in July, investors should prepare all documentation in advance to apply promptly when the portal reopens.

As the next application cycle approaches, businesses, real estate developers, and individual investors should evaluate their investment plans and ensure they are positioned to apply successfully.

For questions about eligibility, structuring, or the application process, stakeholders are encouraged to begin planning now.

FOR MORE INFORMATION

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