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Contact: Mark Cassell 216-931-9922, 330-672-8945

Ohio's Enterprise Zone Program: High-Income Areas Garner More Claimed Benefits Study Finds Fewer Jobs, Less Investment in Poor Communities

Benefits attributed to Ohio's Enterprise Zone Program (EZP) are more likely to go to higher-income school districts than to lower-income school districts, according to a new study conducted by Kent State University Assistant Professor Mark Cassell. "Of benefits attributed to the program, five times as much real property investment and twice as many jobs go to the highest-income districts, compared to the lowest-income districts in the program," Cassell said.

Zoned Out: Distribution and Benefits in Ohio's Enterprise Zone Program will be published October 29th by Policy Matters Ohio. Funding for the research was provided by the Ohio Urban University Program.

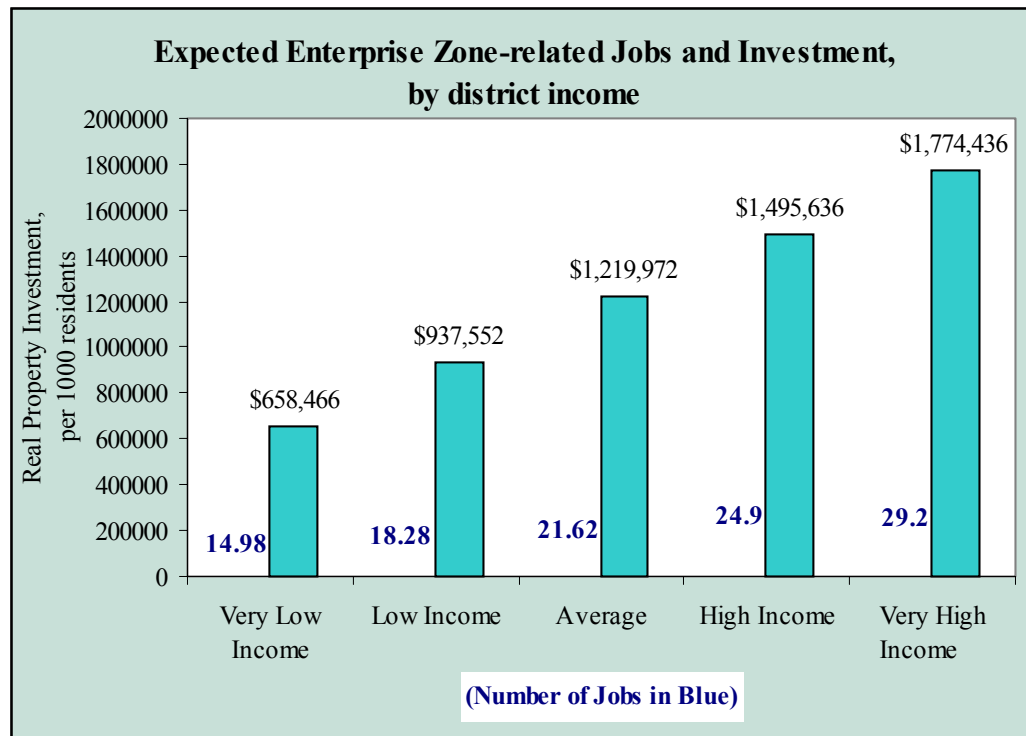
Created to spur economic development and job creation in depressed areas, the EZP provides property tax abatements to firms that locate, expand, or increase investment within zone borders. Drawing on school district level data, Cassell finds that the benefits attributed to the program -- jobs and investment -- are much more likely to accrue to higher-income school districts in Ohio. Lower-income districts are slightly more likely to participate in the program, controlling for race, population and urbanization.

The study's findings include the following:

- ◆ Higher-income districts are likely to have significantly more new jobs associated with the program than lower-income districts, controlling for population, racial composition and degree of urbanization.
- ◆ Higher-income districts are likely to have significantly more real property investment associated with the program than lower-income districts, controlling for the same factors.
- ◆ Districts with a higher percentage of urban residents had less personal property investment attributed to the program than districts with lower urban percentages.
- ◆ Racial composition of a district was not related to any of the EZ-related benefits.
- ◆ Very high-income districts were likely to receive twice as many new EZ-related positions as very low-income school districts.

- ◆ Very high-income districts were likely to receive nearly five times as much EZ-related real property investment as very low-income school districts.

Controlling for race and level of urbanization, a very low-income Ohio school district, with an average household income of \$21,910, is expected to have 14.98 new EZ-related jobs and \$658,466 in EZ-related real property investment for every 1000 residents. An average-income district, with household income of \$43,630, is expected to have 21.62 new EZ-related jobs and \$1,219,972 in EZ-related real property investment for every 1000 residents. Finally, a very high-income district, with household income of \$65,340, is expected to have 28.20 new EZ-related jobs and \$1,774,436 in EZ-related real property investment for every 1000 residents.



The study relies on official Ohio Department of Development information compiled through a cooperative effort between firms participating in the program, local economic development directors, and Tax Incentive Review Councils.

“Poor districts are receiving fewer of the benefits claimed by the program than affluent districts,” said Cassell. “That suggests that a program designed to help economically disadvantaged areas has become an important economic development tool for high-income areas in the state.” In 2005, Ohio lawmakers will likely consider whether or not to renew the law authorizing Ohio’s Enterprise Program

The study can be downloaded at www.policymattersohio.org. Policy Matters Ohio is an Ohio-based non-profit, non-partisan policy research institute.

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