

April 20, 2023

TO: Chairman Edwards, Vice Chairman LaRe, Ranking Member Sweeney, members of the Finance Committee

On behalf of Advantage Capital, I write in support of expanding the Ohio New Markets Tax Credit (OHNMTC) program to \$30 million annually to meet program demand and to answer questions regarding the program's ability to reach Ohio's most overlooked small businesses.

- 1. How is NMTC different from other Ohio small business incentive programs?** While most state programs require small businesses to take the initiative and apply to participate, NMTC puts the burden on private investors (Community Development Entities/CDEs) to seek out and identify eligible small businesses. CDEs are incented to invest in companies that will create jobs in the most underserved areas, because a successful track record of creating jobs will improve their chances of receiving the next round of federal and state credits.
- 2. How do Community Development Entities (CDEs) reach outside their own professional network to find small businesses?** CDEs use various methods, including targeted marketing campaigns, networking with local economic development officers and community leaders, and direct outreach. CDEs must maintain a Community Advisory Board with low-income community representation in the CDE's Service Area, such as residents, business owners, employees or board members of a community or charitable organization, religious leaders, employees of a government agency serving an LIC, or elected officials representing the LIC. These boards provide guidance and approve investment opportunity pipelines.
- 3. How do entrepreneurs and small businesses benefit and pass the "but for" test?** The NMTC Program helps businesses with access to "but for" financing that must be flexible and affordable and not typically available from banks. NMTC Financing must meet one or more of the following:
 - i. Lower interest rates
 - ii. Flexible provisions such as subordinated debt
 - iii. Lower origination fees
 - iv. Higher loan-to-values
 - v. Lower debt coverage ratios
 - vi. Longer loan maturities

Advantage Capital has used the program to invest more than \$22.5 million in nine Ohio businesses, 70% located in rural communities. An analysis of our portfolio's ROI calculated that every \$1 in tax credits produces \$2.67 in revenue back to the state.

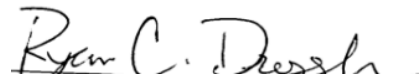
Our investments include Mirac, a manufacturer of electronic components and the largest employer in the Lynchburg area. A total of \$7.3 million invested since 2018 has grown their workforce from 90 to 141 and provided the working capital needed to process a significant backlog of customer demand built up during the pandemic. In Athens, Stirling Ultracold, a leading manufacturing of state-of-the-art cooling

equipment for pharmaceuticals, has used \$6.4 million from the program to expand their business and support 195 high-paying jobs.

Advantage Capital strongly supports the expansion of the OHNMTC and we look forward to the opportunity to continue to participate in driving growth capital Ohio small businesses.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Ryan C. Dressler". The signature is written in a cursive style with a large initial "R".

Ryan Dressler · Principal

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