



Legislation Details (With Text)

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Title: To authorize the Director of the Department of Development to dissolve the City of Columbus Jobs Growth Incentive Agreement with Xariable, Inc. dba Loop Returns (the "GRANTEE").

Sponsors:

Indexes:

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Attachments:

| Date | Ver. | Action By | Action | Result |
|-----------|------|-----------------------|-------------------------|--------|
| 7/26/2023 | 1 | CITY CLERK | Attest | |
| 7/25/2023 | 1 | ACTING MAYOR | Signed | |
| 7/24/2023 | 1 | COUNCIL PRESIDENT | Signed | |
| 7/24/2023 | 1 | Columbus City Council | Approved | Pass |
| 7/17/2023 | 1 | Columbus City Council | Read for the First Time | |

BACKGROUND: Columbus City Council (“**COUNCIL**”), by Ordinance No. 0557-2020 (the “**ORDINANCE**”), approved on March 16, 2020 authorized the Director of the Department of Development of the City of Columbus (“**CITY**”) to enter into a City of Columbus Jobs Growth Incentive Agreement (the “**AGREEMENT**”) with Xariable, Inc. dba Loop Returns (the “**GRANTEE**”). The incentive was granted to the **GRANTEE** for a proposed total project investment of approximately \$200,000.00 in leasehold improvements, furniture and fixtures to relocate its operation to a newly renovated 7,350 square-foot office space (the “**PROJECT**”) at 797 North Wall Street Columbus, Ohio 43215, parcel number 010-009149 (the “**PROJECT SITE**”). Additionally, the **GRANTEE** committed to retain and relocate 14 full-time positions and create 40 net new permanent full-time positions at the **PROJECT SITE**, in which the **AGREEMENT** granted an incentive in an amount equal to (i) twenty-five percent (25%) of the City of Columbus income tax withheld on the Columbus payroll of new employees at the **PROJECT SITE** and (ii) thirty percent (30%) of the City of Columbus income tax withheld on the Columbus payroll of those new employees at the **PROJECT SITE** who are also City of Columbus residents at the end of each calendar year, for a term of up to thee (3) consecutive years, all as further defined in the **AGREEMENT**. The **AGREEMENT** was made and entered into effective July 7, 2020, with the incentive term beginning January 1, 2021 through December 31, 2023 for a consecutive three (3) year credit.

If the **GRANTEE** is unable to sufficiently document residency for a New Employees associated with this project during a calendar year of the term of the **AGREEMENT**, the default rate of the Jobs Growth Incentive to be applied that calendar year for that New Employees shall be the lower of the two rates.

In an electronic written communication from Enterprise Advisory Group, LLC, on behalf of the **GRANTEE**, received by the **CITY** on January 9, 2023, the **GRANTEE** requested that the City of Columbus dissolve its current **AGREEMENT** with the **CITY**. Due to operational realignment and corporate strategy, the **GRANTEE** indicated that the anticipated growth as previously planned will not occur through the company, but instead through a third party employer. With this strategic corporate change, the **GRANTEE** is not eligible to receive any sort of tax savings benefits from the incentive. The anticipated new employees will become employees of the **GRANTEE**’s third party employer and not of the

company. The **GRANTEE** is voluntarily seeking to cancel the **AGREEMENT** effective immediately since the new employees will be employed by a third party employer. There is a need to dissolve this **AGREEMENT** between the **CITY** and **GRANTEE** related to the issues between the company and their third party employer.

FISCAL IMPACT:

No funding is required for this legislation.

To authorize the Director of the Department of Development to dissolve the City of Columbus Jobs Growth Incentive Agreement with Xariable, Inc. dba Loop Returns (the "**GRANTEE**").

WHEREAS, the City of Columbus ("**CITY**") entered into a City of Columbus Jobs Growth Incentive Agreement (the "**AGREEMENT**") with Xariable, Inc. dba Loop Returns (the "**GRANTEE**") effective July 7, 2020; and

WHEREAS, Columbus City Council ("**COUNCIL**"), approved the **AGREEMENT** by Ordinance No. 0557-2020 (the "**ORDINANCE**"), adopted on March 16, 2020 and granted a City of Columbus Jobs Growth Incentive in an amount equal to (i) twenty-five percent (25%) of the City of Columbus income tax withheld on the Columbus payroll of new employees at the **PROJECT SITE** and (ii) thirty percent (30%) of the City of Columbus income tax withheld on the Columbus payroll of those new employees at the **PROJECT SITE** who are also City of Columbus residents at the end of each calendar year, for a term of up to 3 years, all as further defined in the **AGREEMENT** (i.e. January 1, 2021 through December 31, 2023 for a 3-year credit); and

WHEREAS, the incentive was granted in consideration of a total proposed investment of approximately \$200,000 in leasehold improvements, furniture, and fixtures to relocate the existing office and employees to establish a new 7,350 square foot office (the "**PROJECT**") at 797 North Wall Street Columbus, Ohio 43215, parcel number 010-009149 (the "**PROJECT SITE**"), in which the **GRANTEE** committed to retain and relocate 14 full-time positions and create 40 new permanent full-time positions at the **PROJECT SITE**. The **AGREEMENT** was made and entered into effective July 7, 2020 with the incentive term beginning January 1, 2021 through December 31, 2023; and

WHEREAS, if the **GRANTEE** is unable to sufficiently document residency for a New Employees associated with this project during a calendar year of the term of the **AGREEMENT**, the default rate of the Jobs Growth Incentive to be applied that calendar year for that New Employees shall be the lower of the two rates; and

WHEREAS, in an electronic written communication from Enterprise Advisory Group, LLC, on behalf of the **GRANTEE**, received by the **CITY** on January 9, 2023, the **GRANTEE** requested that the City of Columbus dissolve its current **AGREEMENT** with the **CITY** Section 8 of the Agreement. Due to operational realignment and corporate strategy, the **GRANTEE** indicated that the anticipated growth as previously planned will not occur through the company, but instead through a third party employer. With this strategic corporate change, the **GRANTEE** is not eligible to receive any sort of tax savings benefits. The anticipated new employees will become employees of the **GRANTEE**'s third party employer and not of the company. The **GRANTEE** is voluntarily seeking to cancel the **AGREEMENT** effective immediately since the new employees will be employed by a third party employer.

WHEREAS, there is a need to dissolve this **AGREEMENT** between the **CITY** and **GRANTEE** related to the issues between the company and their third party employer; and

WHEREAS, it has become necessary in the usual daily operation of the Department of Development, to take action on this agreement in order for this dissolution to be legislated so that this dissolution of the **AGREEMENT** can be reported to the necessary local and state agencies prior to the end of calendar year 2023, all to preserve the public health, property,

safety, and welfare; and **NOW THEREFORE**,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That Columbus City Council, in conformance with Section 8 of the Agreement, hereby dissolves the Xvariable, Inc. dba Loop Returns City of Columbus Jobs Growth Incentive Agreement that was executed by the parties on December 31, 2021.

SECTION 2. That the Director of the Department of Development is hereby authorized and directed to notify the necessary local agencies, in any, of any changes to the Xvariable, Inc. dba Loop Returns City of Columbus Jobs Growth Incentive Agreement.

SECTION 3. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.