



Legislation Details (With Text)

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Title: To authorize the Director of the Department of Development to dissolve the Job Creation Tax Credit and Jobs Growth Incentive Agreements between the City of Columbus and Nexergy, Inc.; to direct the Director of the Department of Development to notify as necessary the local and state tax authorities; and to declare an emergency.

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Indexes:

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Date	Ver.	Action By	Action	Result
11/23/2011	1	CITY CLERK	Attest	
11/22/2011	1	MAYOR	Signed	
11/21/2011	1	COUNCIL PRESIDENT	Signed	
11/21/2011	1	Columbus City Council	Approved	Pass

BACKGROUND: The City of Columbus entered into a Job Creation Tax Credit Agreement and a Jobs Growth Incentive Agreement (hereinafter "Agreements") with Nexergy, Inc. effective November 14, 2008. Columbus City Council approved the Agreements by Ordinance 0838-2008, adopted June 9, 2008. The Job Creation Tax Credit Agreement granted a non-refundable tax credit allowed against the tax imposed under Article 9, Chapter 361 of the Columbus City Codes (the "City Tax Credit") of sixty-five percent (65%) of the new income tax revenue received by the City for a taxable year from New Employees, as that term was defined in Section 4 of the Agreements, commencing January 1, 2009 and for six (6) consecutive years. The Jobs Growth Incentive Agreement granted a cash incentive equal to an amount of twenty percent (20%) of the City of Columbus income tax withheld on the new payroll of employees for three (3) consecutive years based on an investment of \$2.3 million in lease-hold improvements, including machinery and equipment, within the geographical boundaries of the City, the retention of 135 employees, and the creation of 75 (only those jobs paying over \$12.00 an hour qualified for the incentive) new permanent full-time positions.

On October 28, 2010 International Components Corporation (ICC) and Nexergy, Inc. announced the merger of the two companies. On March 23, 2011, a letter was received from Nexergy, Inc's Chief Financial Officer indicating the intent to close the Columbus facility by the end of 2011 and relocate to Chicago. As a result of the merger and the relocation to Chicago, Nexergy is not eligible for the Job Creation Tax Credit and the Jobs Growth Incentive. This legislation is to dissolve the Agreements between the City of Columbus and Nexergy, Inc.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to dissolve the Job Creation Tax Credit and Jobs Growth Incentive Agreements between the City of Columbus and Nexergy, Inc.; to direct the Director of the Department of Development to notify as necessary the local and state tax authorities; and to declare an emergency.

WHEREAS, Columbus City Council approved a Job Creation Tax Credit and a Jobs Growth Incentive Agreement ("Agreements") with Nexergy, Inc. by Ordinance No. 0838-2010 on June 9, 2008; and

WHEREAS, the Job Creation Tax granted a non-refundable tax credit allowed against the tax imposed under Article 9, Chapter 361 of the Columbus City Codes (the "City Tax Credit") of sixty-five percent (65%) of the new income tax revenue received by the City for a taxable year from New Employees commencing January 1, 2009 and for six (6) consecutive years, and

WHEREAS, the Jobs Growth Incentive granted a cash incentive payment equal to twenty percent (20%) of local income tax withholding of new full time permanent employees for a term of three (3) consecutive years; and

WHEREAS, the Agreements requires Nexergy, Inc. to make an investment of \$2.3 million to expand its corporate headquarters within the geographical boundaries of the City, retain 135 employees, and create 75 new permanent full-time jobs (only those jobs paying \$12.00 per hour qualified for the incentives); and

WHEREAS, on October 28, 2010 International Components Corporation and Nexergy, Inc. announced the merger of the two companies; and

WHEREAS, a letter was received on March 23, 2011 from Nexergy Inc's Chief Financial Officer stating the plans to close the Columbus facility by the end of 2011 and relocate to Chicago; and

WHEREAS, the company has not received the benefits of the Job Creation Tax Credit or the Jobs Growth Incentive; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to take action on the agreements in order for the agreements to be dissolved, and to preserve the public health, property, safety and welfare; **NOW, THEREFORE,**

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

Section 1. That Columbus City Council hereby dissolves the Nexergy, Inc. Job Creation Tax Credit and Jobs Growth Incentive Agreements effective January 1, 2011.

Section 2. For the reasons stated in the preamble hereto, which is made a part hereof, this Ordinance is declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor, or ten (10) days after passage if the Mayor neither approves nor vetoes this Ordinance.