



Legislation Details (With Text)

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File created: 2/3/2005 **In control:** Jobs and Economic Development Committee

On agenda: 2/14/2005 **Final action:** 2/16/2005

Title: To authorize and direct the Director of the Development Department to enter into an Enterprise Zone and Jobs Creation Tax Credit Agreement with Hirschvogel, Incorporated to provide a 10-year/75% real and personal property tax exemption on the company's proposed minimum investment of \$8.6 million and a 7-year/55% Jobs Creation Tax Credit on the Company's proposed minimum creation of 46 new jobs; and to declare an emergency.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
2/16/2005	1	CITY CLERK	Attest	
2/15/2005	1	MAYOR	Signed	
2/14/2005	1	Columbus City Council	Approved	Pass
2/14/2005	1	COUNCIL PRESIDENT	Signed	
2/4/2005	1	Dev Drafter	Sent for Approval	
2/4/2005	1	CITY ATTORNEY	Reviewed and Approved	
2/4/2005	1	Dev Drafter	Sent to Clerk's Office for Council	
2/3/2005	1	Dev Drafter	Sent for Approval	
2/3/2005	1	DEVELOPMENT DIRECTOR	Reviewed and Approved	

Background: The need exists to enter into an Enterprise Zone and Jobs Creation Tax Credit Agreement with Hirschvogel Incorporated. Ohio Enterprise Zone law (O.R.C. Section 5709.62) and Jobs Creation Tax Credit law (O.R.C. Section 718.15) requires the City to enter into a Council-approved agreement with a participating company.

Hirschvogel is located at 2230 South Third Street on Columbus' Southside. The company was established at that site in 1988 where it currently has 134 full-time and 22 part-two employees engaged in the manufacture of forged metal parts for the automotive industry. Hirschvogel is headquartered in Denklingen, Germany and has facilities worldwide in China, South America and parts of the United States and Germany.

The company proposes to construct a new building to house both warm and cold forged press operations to add to its existing facilities. Total investment in both real and personal property will be between \$8.6-\$10 million with the creation of at least 46 new manufacturing jobs to add to its existing employment base. The Ohio Department of Development has obtained a 7-year, 55% Jobs Creation Tax Credit for this project to help secure the jobs and investment for Ohio.

The Columbus Department of Development is proposing a 10-year, 75% real and personal property abatement under the City's Enterprise Zone Program with a 7-year, 55% Jobs Creation Tax Credit to capture this project for Columbus.

Emergency action is requested in order to allow Hirschvogel to make its decision on where to locate its proposed project as quickly as possible.

Fiscal Impact: No funding is required for this legislation.

To authorize and direct the Director of the Development Department to enter into an Enterprise Zone and Jobs Creation Tax Credit Agreement with Hirschvogel, Incorporated to provide a 10-year/75% real and personal property tax exemption on the company's proposed minimum investment of \$8.6 million and a 7-year/55% Jobs Creation Tax Credit on the Company's proposed minimum creation of 46 new jobs; and to declare an emergency.

WHEREAS, the City has established an Enterprise Zone pursuant to Sections 5709.61 to 5709.66 of the Ohio Revised Code ("O.R.C.") that which has been certified by the Director of the Department of the State of Ohio as required by the O.R.C.; and

WHEREAS, Hirschvogel, Incorporated ("Hirschvogel") has submitted a proposal to the City as required by, but not limited to, Section 5709.62, O. R. C. including all of the information required by Section 5709.62; and

WHEREAS, pursuant to Section 122.17 of the Ohio Revised Code, the State of Ohio is authorized to establish the Tax Credit Authority and to execute agreements with taxpayers of the State of Ohio for the purpose of granting these taxpayers job creation tax credits against their corporate franchise or income tax, which tax credits are provided to create new jobs in the State of Ohio; and

WHEREAS, the State of Ohio Tax Credit Authority has granted Hirschvogel a 7-year 55% Jobs Creation Tax Credit; and

WHEREAS, pursuant to Section 718.15 of the Ohio Revised Code a municipal corporation is authorized to grant local income tax credits to taxpayers who have received tax credits from the State; and

WHEREAS, Hirschvogel proposes to invest between \$8.6 and \$10 million in a new facility to house new warm and cold forge presses and create a minimum of 46 new manufacturing jobs while retaining full-time and part-time jobs, and is located within Columbus Enterprise Zone and is qualified for consideration of both Enterprise Zone and Jobs Creation tax Credit incentives; and

WHEREAS, Hirschvogel has indicated that tax incentives are crucial to its decision to locate the aforementioned project to its Columbus site as opposed to other company locations worldwide; and

WHEREAS, the Columbus Department of Development has investigated Hirschvogel's proposal and application for tax incentives and has determined that Hirschvogel has the financial ability to undertake the proposed project in Columbus, and

WHEREAS, it is required by law to enter into a formal, binding agreement in order to provide and obtain both Enterprise Zone and Jobs Creation Tax Credit tax incentives in the State and City; and

WHEREAS, the City desires to enter into such agreement with Hirschvogel to foster economic growth; and

WHEREAS, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to enter into an agreement with Hirschvogel for the preservation of public health, peace, property and safety; now, therefore,

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

Section 1. That the Director of the Department of Development be and is hereby authorized to enter into an Enterprise Zone and Jobs Creation Tax Credit agreement with Hirschvogel, Incorporated and to provide therewith an exemption of 75% on the value of real property improvements and personal property investments for a term of ten (10) taxable years and 55% Jobs Creation Tax Credit, for a term of seven (7) taxable years, in association with Hirschvogel's proposed expansion investment.

Section 2. That for reasons stated in the preamble hereto, which is hereby made a part hereof, the ordinance is hereby 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 days after passage if the Mayor neither approves nor vetoes the same.

