



Legislation Details (With Text)

File #: 0532-2007 **Version:** 1
Type: Ordinance **Status:** Passed
File created: 3/27/2007 **In control:** Development Committee
On agenda: 4/9/2007 **Final action:** 4/11/2007
Title: To authorize the Director of Development to enter into an agreement with Sonoco Products Company for a Jobs Creation Tax Credit of 65% for a period of 8 years in consideration of the company's investment of \$11,575,000 in real property improvements and personal property and the creation of 30 permanent full-time jobs; and to declare an emergency.

Sponsors:

Indexes:

Code sections:

Attachments:

| Date | Ver. | Action By | Action | Result |
|-----------|------|-----------------------|------------------------------------|--------|
| 4/11/2007 | 1 | CITY CLERK | Attest | |
| 4/10/2007 | 1 | MAYOR | Signed | |
| 4/9/2007 | 1 | Columbus City Council | Approved | Pass |
| 4/9/2007 | 1 | COUNCIL PRESIDENT | Signed | |
| 3/27/2007 | 1 | Dev Drafter | Sent for Approval | |
| 3/27/2007 | 1 | DEVELOPMENT DIRECTOR | Reviewed and Approved | |
| 3/27/2007 | 1 | Dev Drafter | Sent for Approval | |
| 3/27/2007 | 1 | CITY ATTORNEY | Reviewed and Approved | |
| 3/27/2007 | 1 | Dev Drafter | Sent to Clerk's Office for Council | |

BACKGROUND: The need exists to enter into a Jobs Creation Tax Credit Agreement with Sonoco Products Company (Sonoco). The Ohio Tax Credit Legislation (Section 718.15 of the Ohio Revised Code) authorizing such agreements became effective January 14, 1993 and requires the City to enter a Council-approved agreement between the City and a participating company.

Sonoco Products Company (Sonoco) is a leading global producer of industrial and consumer solutions, headquartered in Hartsville, South Carolina. Sonoco serves customers in 85 nations from 300 manufacturing and sales locations in 35 different countries. In 2006 Sonoco had 17,600 employees and sales of \$3.7 billion.

Sonoco's services include custom injection molding, cylinder engraving, flexible film lamination, graphics management, paper mill services, recycling and rotogravure printing. Sonoco's products include automotive components, concrete forms, food service products, residential construction products, labels, paper, products used in shipping, beverage insulators, wood, plastic and steel reels used in shipping, caulking tubes and coasters.

Sonoco is proposing to lease a 119,660 sq. ft. facility at 444 McCormick Blvd. in Columbus to manufacture high barrier, blow molded bottles for liquid nutritional drinks.

This legislation is requested to be considered as an emergency in order to allow Sonoco Products Company to begin investing and creating jobs as quickly as possible.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to enter into an agreement with Sonoco Products Company for a Jobs Creation Tax Credit of 65% for a period of 8 years in consideration of the company's investment of \$11,575,000 in real property improvements and personal property and the creation of 30 permanent full-time jobs; and to declare an emergency.

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 tax or income tax, which tax credits are provided to create new jobs in the State of Ohio; and

WHEREAS, the Ohio Department of Development approved a 45%/5 year Jobs Creation Tax Credit on January 22, 2007 for Sonoco Products Company; and

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

WHEREAS, contingent on the City granting a Jobs Creation Tax Credit, Sonoco Products Company will create 30 full-time permanent jobs with an annual payroll of \$1,229,312, and will invest \$11,575,000 in real property improvements and new personal property and increase job opportunities and strengthen the economy of the city; and

WHEREAS, receiving these tax credits from the State and the City is a critical factor in Sonoco Products Company's decision to go forward with the project in the City of Columbus; 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 Sonoco Products Company 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 City hereby finds and determines that the project will (1) create jobs in the State and City; (2) the project is economically sound and will benefit the people of the State and City by increasing opportunities for employment and strengthening the economy of the State and City; and (3) receiving the aforementioned tax credits is a critical factor in the decision by Sonoco Products Company to go forward with the project.

Section 2. That the City Council hereby finds and determines that the project meets all the requirements of the City Act.

Section 3. That the Director of the Department of Development is hereby authorized and directed to enter into and execute an 8-year, 65% Jobs Creation Tax Credit Agreement with Sonoco Products Company.

Section 4. That the City of Columbus Jobs Creation Tax Credit Agreement be signed by Sonoco Products Company within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

Section 5. 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 the passage if the Mayor neither approves nor vetoes the same.