



Legislation Details (With Text)

File #: 0484-2007 **Version:** 1

Type: Ordinance **Status:** Passed

File created: 3/19/2007 **In control:** Development Committee

On agenda: 4/2/2007 **Final action:** 4/5/2007

Title: To authorize the Director of Development to enter into agreements with Zyvex Performance Materials, Inc., for a Jobs Creation Tax Credit of 65% for a period of 10 years and a Jobs Growth Incentive equal to 30% for a term of 5 years; and to declare an emergency.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
4/5/2007	1	CITY CLERK	Attest	
4/3/2007	1	MAYOR	Signed	
4/2/2007	1	Columbus City Council	Approved	Pass
4/2/2007	1	COUNCIL PRESIDENT	Signed	
3/21/2007	1	DEVELOPMENT DIRECTOR	Reviewed and Approved	
3/21/2007	1	Dev Drafter	Sent for Approval	
3/21/2007	1	CITY ATTORNEY	Reviewed and Approved	
3/21/2007	1	Dev Drafter	Sent to Clerk's Office for Council	
3/20/2007	1	Dev Drafter	Sent for Approval	

BACKGROUND: The need exists to enter into a Jobs Creation Tax Credit Agreement and a Jobs Growth Incentive Agreement with Zyvex Performance Materials, Inc. (Zyvex). The Ohio Jobs Creation Tax Credit law (O.R.C. Section 718.158) requires the City to enter into a Council-approved agreement between the City and participating companies.

Zyvex is a privately owned spin-off of Zyvex Corporation. Zyvex is one of the leading nanotechnology companies in the nation and provides tools and instrumentation to the semi-conductor, research and education markets. In addition to being the first commercial molecular nanotechnology company, Zyvex was the first to provide carbon nanotube (CNT) powered products to the marketplace. Zyvex serves customers in the aerospace, defense, automotive, energy, and sporting goods industries.

This project would include the relocation and expansion of the company's headquarters and research and development operations into a leased 39,900 square foot facility at 1255 Kinnear Road, a site owned by The Ohio State University and located within the 315 High Technology Corridor.

The project will result in a total capital investment of \$3,000,000, the creation of 97 (ninety-seven) new full time jobs, and the relocation of 12 (twelve) existing full-time jobs from Richardson, Texas. The average hourly wage of the new jobs will be \$38.22, with a projected annual payroll of \$6,917,372.80.

The Department of Development recommends a 65%/10 year Jobs Creation Tax Credit and a 30%/5 year Jobs Growth Incentive.

Emergency action is requested in order to allow Zyvez 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 agreements with Zyvex Performance Materials, Inc., for a Jobs Creation Tax Credit of 65% for a period of 10 years and a Jobs Growth Incentive equal to 30% for a term of 5 years; 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 60%/5 year Jobs Creation Tax Credit for Zyvex Performance Materials, Inc.; 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 and a Jobs Growth Incentive, Zyvex Performance Materials, Inc. will expand in Columbus, relocate 12 (twelve) full-time jobs and create 97 (ninety-seven) new full time permanent jobs with an annual payroll of \$6,917,372.80, and invest \$3,000,000 in total capital expenditures; and

WHEREAS, receiving these tax credits from the State and the City is a critical factor in the decision of Zyvex Performance Materials, Inc. 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 Zyvex Performance Materials, Inc. 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 are a critical factor in the decision by Zyvex Performance Materials, Inc. 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 a 10-year, 65% Jobs Creation Tax Credit Agreement and a Jobs Growth Incentive equal to 30% of the amount of personal income tax withheld on new employees for a term of 5 years with Zyvex Performance Materials, Inc.

Section 4. On an annual basis, Zyvex Performance Materials, Inc. will submit to the City of Columbus for review and verification information reporting on the total number of Zyvex Performance Materials, Inc. employees, those employees located in the City of Columbus, and detailed withholding information on all employees. This information will be submitted at a date to be determined by both parties later but sufficiently in advance to enable the City of Columbus to review and verify the information.

Section 5. Each year of the term of the agreement with Zyvex Performance Materials, Inc. that a Jobs Growth Incentive payment is due, the City's obligation to pay the incentive is expressly contingent upon the passage of an ordinance appropriating and authorizing the expenditure of monies sufficient to make such payment and the certification by the City Auditor pursuant to Section 159 of the Columbus city Charter.

Section 6. That the City of Columbus Jobs Creation Tax Credit Agreement and the City of Columbus Jobs Growth Incentive

Agreement be signed by Zyvex Performance Materials, Inc. within 90 days of passage of this ordinance, or the credit, authorized herein is null and void.

Section 7. 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.