



Legislation Text

File #: 0389-2024, Version: 1

BACKGROUND: Columbus City Council (**COUNCIL**), by Ordinance No. 2516-2018, passed September 24, 2018, authorized the City of Columbus (**CITY**) to enter into an Enterprise Zone Agreement (the “**AGREEMENT**”) with EX2 Investment LTD and Carr Supply Co. (collectively, and hereinafter referred to as “**ENTERPRISE**”) for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of an investment of approximately \$2,700,000.00, which included \$2,600,000.00 in real property improvements, \$25,000.00 in machinery and equipment, and \$80,000.00 in furniture and fixtures to expand its corporate headquarters and distribution facility by approximately 30,000 square feet on parcel number 010-231120 located at 1415 Leonard Avenue, Columbus, Ohio 43219 (the “**PROJECT SITE**”). Additionally, the **ENTERPRISE** committed to create fifteen (15) net new full-time permanent positions with an estimated annual payroll of approximately \$521,456.00 and retain one-hundred twenty-two (122) full-time jobs with an annual payroll of approximately \$7,080,000.00 to preserve or create employment opportunities within the Columbus Enterprise Zone, (hereinafter referred to as the “**PROJECT**”). The **AGREEMENT** was made and entered into effective November 21, 2018 (EZA #023-18-07).

The **CITY** reported the status of the **PROJECT** to the 2023 Tax Incentive Review Council (“**TIRC**”) on August 18, 2023. The **TIRC** noted from the annual report that the net new jobs and retained jobs were both below the commitment as outlined in the **AGREEMENT**. Based on the presentation of the annual report, the **TIRC** recommend that the **AGREEMENT** be continued, and for the City to send a letter to the **ENTERPRISE** requesting a jobs plan outlining the process for attaining the commitment in the **AGREEMENT**, with the jobs plan to be received by the City within sixty (60) days of receipt date of the notification.

In a letter received by the **CITY** from the **ENTERPRISE** dated July 31, 2023 and through ensuing correspondence, it was confirmed that Winsupply Inc. acquired the **ENTERPRISE** including all assets, through its property company, Wholesalers Property Co. LLC. With this acquisition, the **ENTERPRISE** laid off a significant amount of their employees; therefore, the company will not meet its job creation or retention commitments as outlined in the **AGREEMENT**. As such, the need exists to dissolve the **AGREEMENT**.

This legislation is to authorize the Director of the Department of Development to dissolve the **AGREEMENT** between the **CITY** and the **ENTERPRISE**.

FISCAL IMPACT: No funding is required for this legislation.

To dissolve the Enterprise Zone Agreement with EX2 Investment LTD and Carr Supply Co. (collectively, referred to as “**ENTERPRISE**”); and to authorize and direct the Director of the Department of Development to notify as necessary the local and state tax authorities.

WHEREAS, the City of Columbus (**CITY**) entered into an Enterprise Zone Agreement (the “**AGREEMENT**”) with EX2 Investment LTD and Carr Supply Co. (collectively, referred to as “**ENTERPRISE**”), approved by Columbus City Council (**COUNCIL**) on September 24, 2018 by Ordinance No. 2516-2018 with this **AGREEMENT** made and entered into effective November 21, 2018; and

WHEREAS, the **AGREEMENT** granted a 75%/10-Year abatement on real property improvements; and

WHEREAS, the incentive was granted in consideration of an investment of approximately \$2,700,000.00, which included \$2,600,000.00 in real property improvements, \$25,000.00 in machinery and equipment, and \$80,000.00 in furniture and fixtures to expand its corporate headquarters and distribution facility by approximately 30,000 square feet on parcel number 010-231120 located at 1415 Leonard Avenue, Columbus, Ohio 43219 (the “**PROJECT SITE**”), in Columbus Ohio, within the Columbus City School District and within the Columbus Enterprise Zone; and

WHEREAS, the **ENTERPRISE** committed to create fifteen (15) net new full-time permanent positions with an estimated annual payroll of approximately \$521,456.00 and retain one-hundred twenty-two (122) full-time jobs with an annual payroll of approximately \$7,080,000.00 at the **PROJECT SITE**; and

WHEREAS, the **CITY** reported the status of the **PROJECT** to the 2023 Tax Incentive Review Council (“**TIRC**”) on August 18, 2023. The **TIRC** noted from the annual report that the net new jobs and retained jobs were both below the commitment as outlined in the **AGREEMENT**; and

WHEREAS, based on the presentation of the annual report, the **TIRC** recommend that the **AGREEMENT** be continued, and for the City to send a letter to the **ENTERPRISE** requesting a jobs plan outlining the process for attaining the commitments in the **AGREEMENT**, with the jobs plan to be received by the City within sixty (60) days of receipt date of the notification; and

WHEREAS, in a letter received by the **CITY** from the **ENTERPRISE** and through ensuing correspondence, it was confirmed that Winsupply Inc. acquired the **ENTERPRISE** through its property company, Wholesalers Property Co. LLC. With this acquisition, the **ENTERPRISE** laid off a significant amount of their employees; therefore, the company will not meet its job creation or retention commitments as outlined in the **AGREEMENT**; and

WHEREAS, the **AGREEMENT** was subsequently recommended for dissolution, as the **ENTERPRISE** will not be able to meet its jobs creation and retention commitments as outlined in the **AGREEMENT**. The **CITY** advised the **TIRC** that it was not amenable to amending the **AGREEMENT**. The **TIRC** then recommended that the **AGREEMENT** be dissolved; **NOW, THEREFORE**,

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

SECTION 1. That Columbus City Council hereby dissolves the EX2 Investment LTD and Carr Supply Co. Enterprise Zone Agreement (EZA#023-18-07) as of December 31, 2022, which was to apply a 75%/10-year real property tax abatement to the value of real property improvements made to parcel number 010-231120 within the Columbus Enterprise Zone.

SECTION 2. That the Director of the Department of Development is hereby authorized and directed to notify the necessary local and state agencies that the Enterprise Zone Agreement between the **CITY** and the **ENTERPRISE** has terminated.

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