



City of Columbus

Office of City Clerk
90 West Broad Street
Columbus OH 43215-9015
columbuscitycouncil.org

Legislation Text

File #: 1212-2007, **Version:** 1

BACKGROUND: Community Reinvestment Areas have been designated by Columbus City Council under the general guidelines of Ordinance 1698-78. Such areas allow for the granting of real property tax incentives to encourage industrial, commercial and residential growth.

The Columbus City Council by Ordinance Number 0090X-2007, adopted on June 11, 2007, created the Rickenbacker Community Reinvestment Area (the Rickenbacker "CRA") to offer up to 100% for up to 15 years for the new construction of commercial or industrial facilities.

This Ordinance seeks to approve a 50%/15 year tax abatement for Whirlpool Corporation (Whirlpool), Penske Logistics (Penske) and RREEF in the Rickenbacker CRA and a 65%/7 year Jobs Creation Tax Credit for Whirlpool and Penske. The 50%/15 year Rickenbacker CRA tax incentive is contingent upon certification of the Rickenbacker Community Reinvestment Area by the Development Director of the State of Ohio Department of Development.

Whirlpool desires to consolidate two regional distribution centers and to create a new 1,560,000 square feet facility in the Rickenbacker CRA. This new Regional Distribution Center will be one of ten centers located throughout the United States. Whirlpool plans to invest a total of \$162.8 million in the new facility. This investment includes \$57.7 million in new construction. Whirlpool also plans to create approximately 301 full time permanent jobs with an estimated payroll of \$8,772,284. Penske, one of the world's largest logistics companies, will assist Whirlpool with the creation of the 301 new jobs. RREEF will be the real property owner of the project site.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to enter into a Rickenbacker Community Reinvestment Area Agreement with Whirlpool Corporation, Penske and RREEF for 50%/15 years contingent upon certification by the Director of the State of Ohio Department of Development of the Rickenbacker Community Reinvestment Area and to enter an Agreement for a Jobs Creation Tax Credit of 65%/7 years with Whirlpool and Penske; and to declare an emergency. **(AMENDED BY ORD. 1868-2008 PASSED 12/1/2008)**

WHEREAS, Ordinance 1698-78 passed August 3, 1978, authorized the Department of Development to implement a Community Reinvestment Area Program, pursuant to Section 3735.65 to 3735.70 of the Ohio Revised Code, and approved certain administrative procedures for the program; and

WHEREAS, the Columbus City Council by its Resolution Number 0090X-2007, adopted June 11, 2007, designated the Rickenbacker Community Reinvestment Area pursuant to Chapter 3735 of the Ohio Revised Code; and

WHEREAS, this Ordinance to grant a CRA tax incentive is contingent upon the certification of the Rickenbacker Community Reinvestment Area by the Director of the Development Department of the State of Ohio; and

WHEREAS, the City's intent in creating the Rickenbacker Community Reinvestment Area was to gain the ability to use tax incentives to encourage the maintenance of existing and construction of new structures in the CRA to encourage economic stability, maintain real property values, and generate new employment opportunities; 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 tax or income tax, which tax credits are provided to create new jobs in the State of Ohio; 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, the Ohio Department of Development granted Whirlpool and Penske a 60%/5 year Jobs Creation Tax Credit on February 26, 2007; and

WHEREAS, Whirlpool plans to create a 1,560,000 square feet regional distribution center, invest a total of approximately \$162.8 million, which includes \$57.7 million in real property improvements and create 301 new full-time permanent jobs; and

WHEREAS, Penske will assist Whirlpool with the creation of the 301 new full-time permanent positions; and

WHEREAS, RREEF will be the real property owner of the project site; and

WHEREAS, the City having the appropriate authority to offer tax incentives for the project, is desirous of providing Whirlpool, Penske and RREEF with a 50%/15 year tax abatement on real property improvements and a 65%/7 year Jobs Creation Tax Credit for Whirlpool and Penske in order to encourage the proposed development; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to authorize the Rickenbacker Community Reinvestment Area tax incentive with Whirlpool, Penske and RREEF and the Jobs Creation Tax Credit with Whirlpool and Penske in order to preserve the public health, peace, property, safety and welfare; **NOW, THEREFORE**,

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

Section 1. That the Director of the Department of Development is hereby authorized to enter into a Community Reinvestment Area Agreement with Whirlpool, Penske and RREEF and to grant therewith an exemption of fifty percent (50%) on real property improvements for a term of fifteen (15) taxable years in association with the proposed project contingent upon certification of the Rickenbacker Community Reinvestment Area by the Director of the State of Ohio Department of Development and to enter into a sixty five percent (65%) Jobs Creation Tax Credit Agreement for a term of seven (7) years with Whirlpool and Penske.

Section 2. For all 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.