



Legislation Text

File #: 1648-2007, **Version:** 1

BACKGROUND: The Huntington National Bank Enterprise Zone Agreement (the "EZA") was authorized by City Council on October 21, 2002 and was entered into effective March 5, 2003. The project entailed renovating a 175,000 square foot facility at 2361 Morse Road. The EZA grants a 75%/10-yr tax abatement on real property improvements and new personal property, with no exemption to extend beyond 2014. The investment goal of the EZA is \$8 million in real property improvements and \$800,000 in personal property and the job goal is 602 jobs retained and 43 jobs created within 1 year of the construction (645 jobs in total). The construction was complete by the end of 2004. The company has invested approximately twice the amount required by the EZA, however job retention and creation have fallen short of the goal. As of August 2007, there were approximately 566 Huntington employees at the facility. In addition to the Huntington employees, there are some non-Huntington workers at the facility who provide services to Huntington under contract, such as housekeeping, security, daycare and food services. The contract jobs currently do not count towards satisfying the EZA requirements.

The Tax Incentive Review Council (TIRC) recommended on August 21, 2007 to amend the EZA to count the contract jobs. The TIRC also recommended that no reduction be made in the number of jobs required (645 in total) and no time extension be given to attain the job numbers. In addition, the TIRC recommended that we review for extension the time period allowed for use of the 10-year tax abatement since the company has been delayed in filing the necessary form (DTE for 24) to gain approval from the tax commissioner.

This legislation will authorize amendment of the EZA to allow contract workers at the project facility to count towards the EZA jobs requirement, provided the jobs are full-time permanent with benefits and the City receives adequate annual reporting information. The amendment will also add to the EZA the owner of the real property at the project site, Columbus-Morse Rd BNK Investors, LLC, and will clarify that the real property tax exemptions under the EZA are granted to this owner, with the resulting tax savings to be passed on to The Huntington National Bank. Upon review, it has been determined that there is no need to extend the window of opportunity for use of the tax abatement since the tax commissioner allows for up to three years of remittance. Consistent with the TIRC recommendation, there will be no reduction in the number of jobs required and no time extension for the job retention/creation.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to amend the Enterprise Zone Agreement with The Huntington National Bank to allow counting contract workers towards the jobs requirement and to add the owner of the real property to the Agreement and clarify that the real property tax exemptions are granted to the owner but with the tax savings to be passed on to The Huntington National Bank; and to declare an emergency.

WHEREAS, the an Enterprise Zone Agreement with The Huntington National Bank was approved by the Columbus City Council on October 21, 2002 and entered into effective March 5, 2003 (the "EZA"); and

WHEREAS, the EZA provides for a 75%/10-yr tax abatement on project investment of The Huntington National Bank ("Huntington"), including real property improvements and personal property; and

WHEREAS, Huntington agreed to invest \$8 million in real property improvements and \$800,000 in personal property and to retain 602 jobs and create 43 jobs within 1 year of constructing the project; and

WHEREAS, the project construction was completed by the end of 2004 and Huntington has exceeded the investment goal of the EZA but has fallen short of jobs goal, with only approximately 566 Huntington employees at the project facility (August 2007); and

WHEREAS, there are some non-Huntington workers at the project facility who provide services to Huntington under contract, but these jobs do not count towards the jobs goal under the current terms of the EZA; and

WHEREAS, the Tax Incentive Review Council (the "TIRC") has recommended that the City amend the EZA to count the contract jobs, and the City desires to make this modification to the EZA with the provisions that for a contract job to count it must be full-time permanent with benefits and that adequate annual reporting information must be provided; and

WHEREAS, it is necessary add Columbus-Morse Rd BNK Investors, LLC, to the EZA since this entity is the owner of the real property at the project site, and to clarify that the tax exemptions under the EZA are granted to Columbus-Morse Rd BNK Investors, LLC, but that the resulting tax savings are to be passed on to The Huntington National Bank; and

WHEREAS, an emergency exists if the usual daily operation of the Department of Development, in that it is immediately necessary to take action on the TIRC's recommendations to comply with the sixty (60) day deadline for City Council action that R.C. Section 5709.85 imposes and to preserve the public health, 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 amend The Huntington National Bank Enterprise Zone Agreement (EZA) to allow contract workers in the facility to be counted towards the EZA jobs requirement provided that the jobs are full-time permanent with benefits and that adequate annual reporting information is provided, and to add Columbus-Morse Rd BNK Investors, LLC to the EZA as owner of the real property at the project site, clarifying that the real property tax exemptions are granted to Columbus-Morse Rd BNK Investors, LLC, with the resulting tax savings to be passed on to The Huntington National Bank.

Section 2. For the 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 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.