



City of Columbus

Office of City Clerk
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Legislation Text

File #: 1991-2011, **Version:** 1

BACKGROUND: The 2011 Columbus Tax Incentive Review Council (TIRC) reviewed the Amamata LLC Enterprise Zone project on August 18, 2011, and recommended that the City dissolve the Enterprise Zone Agreement (EZA #023-02-08, hereinafter "Agreement") between the City and Amamata LLC (hereinafter "Enterprise"). The City concurs with the recommendation of the TIRC.

Columbus City Council approved the Agreement by Ordinance 0338-2010, adopted March 8, 2010. The Agreement was entered into effective May 11, 2010 and granted a 75%/10-Year abatement on real property improvements with a commitment of \$1,500,000 in real property investment and the creation of 40 new permanent full-time jobs within three years following the execution of the agreement with a payroll of \$1,400,000 related to the renovation of an approximately 50,000 square foot facility on parcel number 520-121657 located at 6400 East Broad Street within the City of Columbus Enterprise Zone (Zone #023). The project was expected to begin February 2010 and all real property improvements were expected to be completed by December 31, 2010. Two (2) of the new full-time jobs were to be created by the end of the first year the Agreement was in effect (year end 2011), eighteen (18) more by year end 2012, and twenty (20) more by year end 2013. No real property tax exemption was to commence after 2012 nor extend beyond 2021.

As of the TIRC review on August 18, 2011, the City reported that Enterprise had not submitted their annual report for Report Year 2010. Enterprise missed the March 31, 2011 reporting deadline. Enterprise had indicated difficulty in finalizing project financing following execution of the Agreement. Enterprise has missed the real property investment window (December 31, 2010) and no work has commenced on project and project cannot continue without the Agreement being amended. Enterprise has not provided the City with a formal request to amend or dissolve the Agreement despite repeated requests from the City. A certified letter was sent to Enterprise dated June 16, 2011 giving 30 day notice to report or the Agreement would be dissolved. This letter was received by Enterprise on or about June 22, 2011. No further reporting or communication was received from Enterprise prior to the TIRC. The TIRC found Enterprise to be out of compliance.

The TIRC recommended that the Agreement be dissolved.

As application has not been made through the submittal of the Form DTE-24, Enterprise has derived no benefit from the abatement and thus there is no repayment of exempted or credited taxes from prior years to be sought by the City.

This legislation is presented as an emergency measure in order to meet the deadline under state law for City Council to vote on TIRC recommendations.

FISCAL IMPACT: No funding is required for this legislation.

To dissolve the Enterprise Zone Agreement between the City of Columbus and Amamata LLC; to direct the Director of the Department of Development to notify as necessary the local and state tax authorities; and to declare an emergency.

WHEREAS, Columbus City Council approved an Enterprise Zone Agreement ("EZA") with Amamata ("Enterprise") by Ordinance No. 0338-2010 on March 8, 2010; and

WHEREAS, the EZA grants Enterprise a 75%/10-Year abatement on real property improvements; and

WHEREAS, the EZA requires Enterprise to invest \$1,500,000 in real property improvements, and create 40 new full-time jobs with an annual payroll of \$1,400,000 related to the renovation of an approximately 50,000 square foot facility at 6400 East Broad Street (parcel number 520-121657); and

WHEREAS, as per the review by the 2011 Columbus Tax Incentive Review Council (TIRC) on August 18, 2011, it was reported that Enterprise had not submitted the annual report for Report Year 2010; and

WHEREAS, it was reported to the TIRC that Enterprise has experienced difficulty in obtaining financing for the project and had missed the real property investment window and as such, no work has commenced on the project; and

WHEREAS, the project cannot continue without the EZA being amended and repeated attempts by the City to obtain communication from Enterprise prior to the TIRC to request the amending or dissolution of the Agreement proved unsuccessful; and

WHEREAS, the TIRC found Enterprise to be in a state of non-compliance in that Enterprise had missed the reporting deadline and had been unresponsive in follow-up requests for reporting and further information; and

WHEREAS, the TIRC recommended that the EZA be dissolved; and

WHEREAS, the City concurs with the TIRC recommendation and desires to dissolve the EZA effective December 31, 2010; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development, in that it is immediately necessary to take action on this agreement in order for this dissolution to be legislated prior to the end of 2011 so that the dissolution of the EZA can be reported to the necessary local and state agencies prior to the end of calendar year 2011, 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 Columbus City Council hereby dissolves the Amamata LLC Enterprise Zone Agreement as of December 31, 2010, with 2010 as the final tax year for any tax exemption.

Section 2. That the Director of Development is hereby directed to notify the necessary local and state agencies of any changes to the Amamata LLC Enterprise Zone Agreement.

Section 3. 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 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.