



Legislation Text

File #: 1298-2010, **Version:** 1

BACKGROUND: The need exists to enter into a Jobs Creations Tax Credit agreement and a Jobs Growth Incentive agreement with International Technical Coatings, Inc. (ITC). Section 718.15 of the Ohio Revised Code requires the City to enter into a Council-approved agreement between the City and a participating company.

The Department of Development proposes to enter into a Jobs Creation Tax Credit agreement of 65% for 6 years and a Jobs Growth Incentive agreement of 25% for 5 years with ITC in consideration of the expansion of its manufacturing operations to 805-845 Markison Avenue in Columbus, creation of 120 new permanent full-time jobs, and investment of \$17.3 million.

International Technical Coating, Inc. (ITC), founded over 17 years ago, is one of the largest producers of wire mesh shelving in the United States. Currently headquartered in Phoenix Arizona, ITC is a supplier to stores such as Home Depot, Wal-Mart, Lowes, Sam's Club, Ikea and Costco. ITC also has a distribution facility in Dayton, Ohio.

ITC has annual sales of \$50 million and supplies 25% of the \$250 million wire mesh shelving market. In an effort to remain competitive and provide quality service, the company will expand its product line to include heavy duty wire mesh fencing. This product will replace the chain-link fencing. Some of the other products and services offered by ITC include the following: customer wire & steel products, dividers & flue spacers, fencing, gridwall/slatwall, heavy & light duty wire mesh decking, industrial and specialty drawn wire, laser cutting, mine mesh, patented performance panel, pop displays, re-inforcing mesh and roll formed products.

The State of Ohio has offered a Job Creation Tax Credit of 50% for 7 years to ITC.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to enter into a Jobs Creation Tax Credit of 65% for 6 years and a Jobs Growth Incentive of 25% for 5 years with International Technical Coatings, Inc.; and to declare an emergency. **(AMENDED BY ORD. 0217-2011 PASSED 2/14/2011)**

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 tax payers 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 50%/7 year Jobs Creation Tax Credit on August 30, 2010 for International Coatings, 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 upon the City granting a Jobs Creation Tax Credit and Jobs Growth Incentive, International Technical Coatings, Inc. will expand its manufacturing operations to 805-845 Markison Avenue Columbus, Ohio, create 120 new permanent full-time jobs, invest \$17.3 million and increase job opportunities and strengthen the economy of the city; and

WHEREAS, receiving these tax credits from the State and the City is a critical factor in International Technical Coatings, Inc.'s decision to go forward with the project in Columbus; and

WHEREAS, the City of Columbus desires to facilitate the future growth of International Technical Coatings, Inc. at the project site;

and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to enter into agreements with International Technical Coating, Inc. in order to allow the company to begin construction of the facility and to create jobs as quickly as possible, all for the preservation of public health, peace, prosperity 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 credit and incentive is a critical factor in the decision by International Coatings, 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 Jobs Creation Tax Credit of sixty-five percent (65%) for a period of six (6) years and a Jobs Growth Incentive equal to twenty-five percent of the amount of personal income tax withheld on new employees for a term of five (5) years beginning January 1, 2011.

Section 4. Each year of the Jobs Growth Incentive term with International Technical Coatings, Inc., 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 payments and the certification of the City Auditor pursuant to Section 159 of the Columbus City Charter.

Section 5. That the City of Columbus Jobs Creation Tax Credit Agreement and the Jobs Growth Incentive Agreement is signed by International Technical Coatings, Inc. within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

Section 6. That for reasons stated in the preamble hereto, which is hereby made a part hereof, this 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.