



City of Columbus

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

Legislation Text

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BACKGROUND: The need exists to enter into a Job Creation Tax Credit Agreement with Hirschvogel Incorporated (Hirschvogel). The Ohio Tax Credit Legislation (Section 718.15 of the Ohio Revised Code) authorizing such agreements became effective January 14, 1993 and requires the City to enter a Council-approved agreement between the City and a participating company.

Hirschvogel began in a garage in 1938 and is now one of the largest automotive suppliers in the world for steel and aluminum forging. Headquartered in Denklingen, Germany, the company operates three additional facilities in Germany. It also has operations in India, Brazil, Poland, China and Columbus, Ohio. Hirschvogel currently employs over 4,000 people throughout its entire operation. The Columbus operation, Hirschvogel Incorporated, manufactures warm and cold forgings and steel forming for the North American automotive tier 1 suppliers and for the original equipment manufacturers (OEMs). The facility in Columbus was purchased by Hirschvogel in 1988 and has 322 employees currently. Hirschvogel Incorporated is a subsidiary of Hirschvogel Holding GmbH.

Hirschvogel is currently facing strong competition in the United States. To remain competitive and viable in the US, the company must expand its production capacity. Hirschvogel proposes to invest a total of \$50,350,000, with \$14.7 million toward a 65,000 square foot expansion and over \$35 million in the acquisition of machinery and equipment. A total of 37 new full-time permanent positions will be created with an annual payroll of approximately \$1.3 million and retain 322 full-time positions at the project site known as 2230 S. 3rd Street Columbus, Ohio 43207 in Southside Industrial corridor.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to enter into a Job Creation Tax Credit Agreement of sixty percent (60%) for a period of six (6) consecutive years with Hirschvogel Incorporated in consideration of the company's proposed investment of approximately \$50.35 million and the creation of 37 new full-time permanent positions.

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, 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 on the City granting a Job Creation Tax Credit, Hirschvogel will expand its Columbus operation by investing approximately \$50.35 million in new construction, including acquisition costs, machinery and equipment at 2230 S. 3rd Street, create 37 new full-time permanent positions with an estimated annual payroll of approximately \$1.3 million, retain 322 full-time jobs, 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 Hirschvogel's decision to go forward with the project in Columbus; and

WHEREAS, the City desires to increase employment opportunities and encourage the creation of new jobs in the City in order to improve the overall economic climate of the City and its citizens; and

WHEREAS, Hirschvogel has indicated that a Job Creation Tax Credit is crucial to its decision to locate the aforementioned expansion in Columbus; and

WHEREAS, the City of Columbus desires to facilitate Hirschvogel's growth at the project site; **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 credits is a critical factor in the decision by Hirschvogel Incorporated 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 Job Creation Tax Credit of sixty percent (60%) of the amount of personal income tax withheld on new employees for a term of six (6) consecutive years with Hirschvogel Incorporated.

SECTION 4. That the City of Columbus Job Creation Tax Credit Agreement is signed by Hirschvogel Incorporated within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

SECTION 5. The City Council hereby extends authority to the Director of the Department of Development to amend Hirschvogel Incorporated City of Columbus Job Creation Tax Credit Agreement for non-substantive modifications to the agreement requested in writing by the company and or the City and deemed appropriate by the Director of Development with these non-substantive modifications being specifically limited to reductions in length of term, methods of calculating the incentive, or adding or deleting business entities associated with the employment commitments related to this incentive. All other requested amendments must be approved by City Council.

SECTION 6. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.