



City of Columbus

Office of City Clerk
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Legislation Text

File #: 2388-2015, Version: 1

BACKGROUND: The City of Columbus (City) entered into a Job Creation Tax Credit Agreement (Agreement) with Whirlpool Corporation (Enterprise) and Penske Logistics (Employer) effective May 13, 2008. Columbus City Council (Council) approved the Agreement by Ordinance 1212-2007, adopted July 23, 2007, and granted a non-refundable tax credit in an amount of sixty-five percent (65%) of the new municipal income tax revenues generated by new employees at the project site for seven (7) years, to commence no later than January 1, 2009 and for a period of seven (7) consecutive taxable years in consideration of a total investment of \$162.8 million and the creation of 301 permanent full-time jobs related to the construction of a new 1,560,000 square foot facility at 1912 London-Groveport Road with the actual physical address of the project site being 6241 Shook Road, Lockbourne, Ohio 43127 (Project Site).

The Agreement was subsequently authorized several times by Council by Ordinance 1868-2008, passed December 1, 2008, Ordinance 1751-2010, passed December 6, 2010, Ordinance 1350-2013, passed June 10, 2013, and Ordinance 1558-2014, passed July 14, 2014 to be amended regarding Employer and job creation issues, the results of which were the First Amendment made and entered into effective January 7, 2010 and the Second Amendment made and entered into effective October 14, 2014.

In a letter from the Enterprise dated May 6, 2015 and received by the City shortly thereafter, the City was advised that “since the agreement was executed in 2008, Whirlpool has been unable to meet the headcount requirements of this tax credit, and has therefore received no value from this incentive,” and so requests “the termination of the Job Creation Tax Credit Agreement Whirlpool Corporation currently has with the City of Columbus for our regional distribution facility in Columbus, Ohio.” This legislation is to dissolve the Agreement between the City of Columbus and Whirlpool Corporation and Penske Logistics.

This legislation is presented as an emergency measure in order for this dissolution to be legislated prior to the beginning of the 2015 Job Creation Tax Credit reporting cycle eliminating any need for annual reporting documentation.

FISCAL IMPACT: No funding is required for this legislation.

To dissolve the Job Creation Tax Credit Agreement between the City of Columbus and Whirlpool Corporation and Penske Logistics; to direct the Director of Development to notify the necessary local and state agencies of any changes to the Whirlpool Corporation and Penske Logistics Job Creation Tax Credit Agreement; and to declare an emergency.

WHEREAS, Columbus City Council approved a Job Creation Tax Credit Agreement (Agreement) with Whirlpool Corporation (Enterprise) and Penske Logistics (Employer) by Ordinance 1212-2007 on July 23, 2007 with the Agreement having been made and entered into effective May 13, 2008; and

WHEREAS, the Agreement granted a non-refundable tax credit in an amount of sixty-five percent (65%) of the new municipal income tax revenues generated by new employees at the project site, to commence no later than January 1, 2009 and for a period of seven (7) consecutive taxable years; and

WHEREAS, in the Agreement, Grantee committed to create 301 new permanent full-time positions jobs and invest

approximately \$162 million related to the construction of a new 1,560,000 square foot facility at 1912 London-Groveport Road with the actual physical address of the project site being 6241 Shook Road, Lockbourne, Ohio 43127 (Project Site); and

WHEREAS, the Agreement was subsequently amended twice with the First Amendment made and entered into effective January 7, 2010 and the Second Amendment made and entered into effective October 14, 2014; and

WHEREAS, in a letter from the Enterprise dated May 6, 2015 and received by the City shortly thereafter, the City was advised that “since the agreement was executed in 2008, Whirlpool has been unable to meet the headcount requirements of this tax credit, and has therefore received no value from this incentive,” and so requests “the termination of the Job Creation Tax Credit Agreement Whirlpool Corporation currently has with the City of Columbus for our regional distribution facility in Columbus, Ohio” which has led to this legislation to dissolve the Agreement between the City of Columbus and Whirlpool Corporation and Penske Logistics effective January 1, 2014; 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 beginning of the 2015 Job Creation Tax Credit reporting cycle eliminating any need for annual reporting documentation, to report the dissolution to the necessary local and state agencies 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 Whirlpool Corporation and Penske Logistics Job Creation Tax Credit Agreement effective January 1, 2014 thereby making 2013 the final reporting tax year for the incentive and effectively eliminating any remaining tax years for the incentive.

SECTION 2. That the Director of Development is hereby directed to notify the necessary local and state agencies of any changes to the Whirlpool Corporation and Penske Logistics Job Creation Tax Credit 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.