



## Legislation Text

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**File #:** 0922-2011, **Version:** 1

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**BACKGROUND:** The City of Columbus entered into a Job Creation Tax Credit Agreement (hereinafter "Agreement") with Rastra Inc. (hereinafter "Project") effective March 16, 2007. Columbus City Council approved the Agreement by Ordinance 2202-2006, passed December 4, 2006, and granted a non-refundable tax credit allowed against the tax imposed under Article 9, Chapter 361 of the Columbus City Codes (the "City Tax Credit") of sixty-five percent (65%) of the new income tax revenue received by the City for a taxable year from new employees, as that term was defined in Section 4 of the Agreement, commencing December 4, 2006 and for eight (8) consecutive full taxable years beginning January 1, 2007 based on the lease of a 20,000 square foot building, an investment of \$3.9 million, and the creation of 47 new permanent full-time positions.

Because Project had failed to submit an Annual Report for Report Year 2008, the Annual Report documents for both Report Year 2009 and Report Year 2008 were sent to Project via Certified Mail on April 26, 2010. The cover memo included in the mailing directed that Project submit monitoring fees totaling \$2,000 and reporting materials for both reporting years by the reporting deadline of May 24, 2010, and should that not occur the Agreement would be dissolved.

On May 3, 2010 the annual reporting package was returned to the City as the United States Postal Service (USPS) was unable to deliver the Certified Mail package which was stamped "Attempted, Not Known." As the original mailing was sent to the local Project address, a new memo was prepared and the contents of the first package was sent via Certified Mail on May 4, 2010 to the North American Headquarters of Project in Scottsdale, Arizona. On June 2, 2010 this second package was returned to the City by the USPS with the package stamped "Returned to Sender - Unclaimed" following unsuccessful delivery attempts by the USPS on May 10, May 19, and May 25, 2010.

As Project has refused receipt of the annual reporting materials the Project is in a continued state of non-compliance. This being, the Agreement needs to be dissolved.

This legislation is presented as an emergency measure so that the dissolution of the Agreement can be reported to the necessary local and state agencies in an expedient manner.

**FISCAL IMPACT:** No funding is required for this legislation.

To dissolve the Job Creation Tax Credit Agreement between the City of Columbus and Rastra Inc.; 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 a Job Creation Tax Creation Agreement ("Agreement") with Rastra Inc. ("Project") by Ordinance 2202-2006 on December 4, 2006; and

**WHEREAS,** the Agreement grants a non-refundable tax credit allowed against the tax imposed under Article 9, Chapter 361 of the Columbus City Codes (the "City Tax Credit") of sixty-five percent (65%) of the new income tax revenue received by the City for a taxable year from new employees commencing December 4, 2006 and for eight (8) consecutive full taxable years beginning January 1, 2007; and

**WHEREAS,** the Agreement requires Project to invest \$3.9 million and create 47 new permanent full-time jobs; and

**WHEREAS,** Project had failed to submit reporting materials for Report Year 2008, Annual Report materials for Report Years 2008 and 2009 were sent to Project via Certified Mail on April 26, 2010 with the cover memo included in the mailing directing that Project submit monitoring fees totaling \$2,000 and reporting materials for both reporting years by the reporting deadline of May 24, 2010,

and should that not occur the Agreement would be dissolved; and

**WHEREAS**, the initial reporting package that was sent to the local Project address was returned to the City by the United States Postal Service (USPS) on May 3, 2010 stamped "Attempted, Not Known" indicating an inability to deliver the package; and

**WHEREAS**, under the cover of a new memo the contents of the first package was sent via Certified Mail on May 4, 2010 to the North American Headquarters of Project in Scottsdale, Arizona and on June 2, 2010 this second package was returned to the City by the USPS with the package stamped "Returned to Sender - Unclaimed" following unsuccessful delivery attempts by the USPS on May 10, May 19, and May 25, 2010; and

**WHEREAS**, as Project has been out of reporting compliance for two consecutive reporting years and has not responded to the request to report, there exists a need to dissolve the Agreement and this legislation serves to dissolve the Agreement effective January 1, 2007; and

**WHEREAS**, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to dissolve the Job Creation Tax Credit Agreement between the City of Columbus and Rastra Inc. so that the dissolution of the Agreement can be reported to the necessary local and state agencies in an expedient manner, thereby preserving the public health, peace, 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 Rastra Inc. Job Creation Tax Credit Agreement effective January 1, 2007.

**Section 2.** That the Director of Development is hereby directed to notify the necessary local and state agencies of any changes to the Rastra Inc. 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 days after passage if the Mayor neither approves nor vetoes this Ordinance.