



City of Columbus

Office of City Clerk
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Legislation Text

File #: 2189-2014, Version: 1

BACKGROUND: The need exists to enter into a Job Creation Tax Credit Agreement with Columbus Steel Castings Co. dba Columbus Castings (Columbus Castings) and OneSource Employee Management, LLC (OneSource). 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.

Columbus Castings is the largest single site steel foundry in North America and one of five such foundries in the United States. The company manufactures steel castings for freight and passenger rail cars, locomotives, mining equipment, industrial magnets, construction equipment and heavy industrial industries. The company is the largest manufacturer located within the City of Columbus dating its roots back to 1881 when the Murray-Hayden Foundry, a small iron foundry, served a growing agricultural based economy.

The business flourished when it began manufacturing iron couplers for an infant rail industry and in 1891, the name was changed to the Buckeye Automatic Car Coupler Company. As the American rail industry expanded, the appetite for iron couplers grew and in 1894, the operation was relocated to a larger facility on Russell Street. The name was changed to the Buckeye Malleable Iron and Coupler Company to reflect its new emphasis on iron couplers. The American rail industry growth boomed through the early 1900's, the demand for iron couplers soon exceeded capacity, and the business moved to the present day location on Parsons Avenue in 1902. Today, the company is owned by Protostar Partners, LLC, a private equity firm out of New York, which purchased Columbus Steel Castings in 2008 after the company went through several ownership and leadership conversions, and renamed it Columbus Castings.

OneSource Employee Management, LLC is a professional employer organization (PEO) and provides a litany of human resource services to a variety of clients. OneSource Employee Management, LLC is, and will continue to be, the employer of record for Columbus Castings.

Columbus Castings is proposing to invest approximately \$16.0 million, which includes real property improvements, machinery and equipment, to implement its three-year expansion plan of its steel foundry manufacturing facility. In addition, Columbus Castings is proposing to create 550 new full-time permanent positions with an annual payroll of approximately \$15.8 million and retain 616 full-time associate with an estimated annual payroll of \$24.7 million.

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-five percent (65%) for a period of seven (7) years with Columbus Castings and OneSource Employee Management, LLC in consideration of the company's proposed total investment of \$16.0 million and the creation of 550 new full-time permanent positions.

WHEREAS, pursuant to Section 718.15 of the Ohio Revised Code a municipal corporation is authorized to grant local income tax credits to taxpayers to foster job creation in the municipal corporation; and

WHEREAS, contingent on the City granting a Job Creation Tax Credit, Columbus Castings will expand its operation by

investing approximately \$16.0 million, which includes real property improvements, machinery and equipment, and create 550 new full-time permanent positions with an estimated annual payroll of approximately \$15.8 million, retain 616 full-time jobs, increase job opportunities and strengthen the economy of the city; and

WHEREAS, receiving these tax credits from the City is a critical factor in Columbus Castings' 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, Columbus Castings and OneSource also desires to have the ability to assign and transfer their Job Creation Tax Credit to a third party which could then claim the credit against their Columbus municipal tax obligation; and

WHEREAS, Columbus Castings and OneSource has indicated that a Job Creation Tax Credit and the ability to assign and transfer that Tax Credit are both crucial to its decision to locate the aforementioned expansion in Columbus; and

WHEREAS, the City of Columbus desires to facilitate Columbus Castings' 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 City; (2) the project is economically sound and will benefit the people of the City by increasing opportunities for employment and strengthening the economy of the City; and (3) receiving the aforementioned tax credits is a critical factor in the decision by Columbus Steel Castings Co. and OneSource Employee Management, LLC to go forward with the project.

SECTION 2. That the Director of the Department of Development is hereby authorized to enter into a Job Creation Tax Credit Agreement of sixty-five percent (65%) of the amount of personal income tax withheld on new employees for a term of seven (7) years with Columbus Steel Castings Co. and OneSource Employee Management, LLC.

SECTION 3. That the Director of the Department of Development is hereby authorized to include in the Job Creation Tax Credit Agreement a provision allowing Columbus Steel Castings Co. and OneSource Employee Management, LLC, as the grantees of the City Tax Credit, to assign and transfer such City Tax Credit to a third party entity for its use as a nonrefundable tax credit against its City income tax, subject to such additional terms and conditions as prescribed by the City Auditor and as set forth in that provision of the agreement.

SECTION 4. That the City of Columbus Job Creation Tax Credit Agreement is signed by Columbus Steel Castings Co. and OneSource Employee Management, LLC within 180 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

SECTION 5. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.