



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 The Boys, LLC dba SupplyHouse.com (SupplyHouse.com). 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.

Headquartered in Long Island, SupplyHouse.com is an on-line retailer serving the plumbing, heating, and HVAC marketplace. SupplyHouse.com distributes these products to end users and trade professionals. The company is privately owned and was created in 2003 to serve on-line retailers focused on the Long Island contractors, but has grown into a national presence. The company ships out orders from its 100,000 square foot fulfillment facility in New York to commercial and independent contractors buying bulk supplies and to regular consumers buying individual parts. SupplyHouse.com stockpiles over 61,000 products and carries a large inventory in its fulfillment warehouse.

Since the company has expanded its distribution nationally, the Long Island operation is a costly and inefficient place from which to ship nationally. SupplyHouse.com is proposing to invest approximately \$2.3 million, which includes machinery, equipment, stand-alone computers, inventory, leasehold improvements, furniture and fixtures to open a Midwest Fulfillment Center (at 3800 Lockbourne Industrial Parkway) to complement its East Coast operation. In addition, the company is proposing to create 40 new full-time permanent positions with an estimated annual payroll of approximately \$1.128 million, which will be new to Columbus and the region.

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 forty-five percent (45%) for a period of six (6) years with The Boys, LLC dba SupplyHouse.com in consideration of the company's proposed investment of \$2.3 million and the creation of 40 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, SupplyHouse.com will establish a Midwest operation in the City by creating 40 new full-time permanent positions with an estimated annual payroll of approximately \$1.128 million, investing \$2.3 million in inventory, machinery, equipment, stand-alone computers leasehold improvements, furniture and fixtures, 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 SupplyHouse.com'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, SupplyHouse.com 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 SupplyHouse.com'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 The Boys, LLC dba SupplyHouse.com 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 forty-five percent (45%) of the amount of personal income tax withheld on new employees for a term of six (6) years with The Boys, LLC dba SupplyHouse.com.

SECTION 4. That the City of Columbus Job Creation Tax Credit Agreement is signed by The Boys, LLC dba SupplyHouse.com 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 The Boys, LLC dba SupplyHouse.com City of Columbus Job Creation Tax Credit Agreement for certain modifications to the agreement requested in writing by the company and or the City and deemed appropriate by the Director of Development with these 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.