



Legislation Text

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BACKGROUND: The need exists to enter into a Jobs Creation Tax Credit Agreement and a Jobs Growth Incentive Agreement with Nexergy, Inc. (Nexergy). 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 into a Council-approved agreement between the City and a participating company.

Nexergy began in 1974 and is the leading designer and manufacturer of custom battery packs and battery chargers that enable portable electronic products to be more dependable, smaller, and longer running.

The company has manufacturing and design centers in Columbus, Ohio, Escondido, California, Denver and Canon City, Colorado. All of the centers are ISO-9001 certified. Nexergy is proposing to consolidate and relocate its two operation facilities in Colorado to its Columbus facility located at 1909 Arlingate Lane. The company is proposing to invest approximately \$2.3 million to expand its corporate headquarters, retain 135 employees and create 75 new full-time positions.

The Department of Development recommends a Jobs Creation Tax Credit of 65% for a period of 6 years and a Jobs Growth Incentive Agreement for an amount equal to 20% for 3 years of employees withholding in consideration of the company's investment of \$2.3 million, the retention of 135 full-time permanent jobs, and the creation of 75 new permanent full-time jobs, of which only those paying over \$12.00 per hour will receive an incentive.

The State has offered a Jobs Creation Tax Credit of 40% for 6 years to Nexergy for this expansion project.

Emergency action is requested in order to allow Nexergy to begin investing and creating jobs as quickly as possible.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to enter into a Jobs Creation Tax Credit Agreement and a Jobs Growth Incentive Agreement with Nexergy Inc.; and to declare an emergency.

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 taxpayers 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, the Ohio Department of Development offered a 40%/6 year Jobs Creation Tax Credit to Nexergy, Inc.; and

WHEREAS, the Jobs Creation Tax Credit is offered contingent upon approval of the Jobs Creation Tax Credit by the Tax Credit Authority of 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 Jobs Creation Tax Credit and a Jobs Growth Incentive, Nexergy, Inc. will retain 135 full-time positions, create 75 new permanent full-time jobs with an annual payroll of \$1.7 million (of which only those jobs paying over \$12.00 per hour will receive an incentive), invest \$2.3 million and increase job opportunities and strengthen the economy of the city; and

WHEREAS, receiving these tax incentives from the State and the City is a critical factor in Nexergy Inc.'s decision to go forward with the project in Columbus; and

WHEREAS, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to enter into said agreements to allow Nexergy to begin investing and creating jobs as quickly as possible, all for the preservation of public health, peace, property and safety; **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 incentives is a critical factor in the decision by Nexergy, Inc. 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 6-year, 65%, Jobs Creation Tax Credit Agreement and a 20%/3 year Jobs Growth Incentive Agreement with Nexergy, Inc.

Section 4. That the City of Columbus Jobs Creation Tax Credit Agreement and Jobs Growth Incentive Agreement be signed by Nexergy, Inc. within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

Section 5. That for reasons stated in the preamble hereto, which is hereby made a part hereof, the ordinance is hereby 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 the passage if the Mayor neither approves nor vetoes the same.