



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 an Enterprise Zone Agreement with Lio Energy Systems Holdings (US) LLC (also known as Lio (US)), I P of A Columbus Works 1-32 LLC, the Gearhart Development Corporation and Cordell Funding, LLLP, a Jobs Creations Tax Credit Agreement and a Jobs Growth Incentive Agreement with Lio Energy Systems Holdings (US) LLC. The Ohio Enterprise Zone Law O.R.C. Section 5709.62(3) requires the City to enter into a Council-approved agreement between the City and participating companies. 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.

Lio (US) is a global joint venture with Lishen Power Battery and CODA Automotive. The global joint venture was created and announced in 2009. Lishen, is a leading global supplier of consumer cells and batteries for cell-phones, laptop computers and E-bikes. CODA Automotive Inc. is a privately held American company headquartered in Santa Monica, California that designs, manufactures and sells electric vehicles as well as lithium-ion battery systems built for transportation and utility applications. Lio (US) provides supplies to companies such as Samsung, Motorola and Apple. Lio (US) will produce automotive grade lithium ion cells to make 34 kWh battery packets with advanced thermal management and battery management electronics. The battery systems will be produced primarily for use in the CODA all electric sedan. CODA's first vehicle, the CODA Sedan, is a four door, five passenger battery electric vehicle with a range of up to 120 miles per charge. The vehicle is scheduled for delivery in the fourth quarter of 2010. Lio Energy Systems currently operates a manufacturing facility in Tianjin, China.

Lio (US) has identified 6200 E. Broad Street as a potential site for the production facility. The company plans to modify the existing facility and lease over 900,000 square feet at the project completion. With this project, the company will invest a total of \$657 million. This cost includes capital improvements engineering integration, hiring expense and contingency. The project plan also includes the creation of 1,000 new permanent full-time jobs.

The Department of Development recommends a 75%/10-year Enterprise Zone abatement on real property improvements, a 65%/12 year Jobs Creation Tax Credit and a 35%/8 year Jobs Growth Incentive in consideration of a proposed \$657 million investment and the creation of 1,000 new permanent full-time jobs.

The Gahanna Jefferson School District has been advised of this project.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to enter into an Enterprise Zone Agreement of 75% for 10 years with Lio Energy Systems Holdings (US) LLC, I P of A Columbus Works 1-32 LLC, the Gearhart Development Corporation and Cordell Funding, LLLP (landlord); to enter into a Jobs Creation Tax Credit of 65% for 12 years with Lio Energy Systems Holdings(US) LLC; to enter into a Jobs Growth Incentive of 35% for 8 years with Lio Energy Systems Holdings (US) LLC; and to declare an emergency.

WHEREAS, the Columbus City Council authorized the designation of the Enterprise Zone by legislation, Ordinance Number 779-85, dated April 22, 1985; and subsequently amended the Zone by Ordinance Nos. 2722-85 in 1986; 2080-89 in 1989; 1949-92, 2609-92 and 2249-92 in 1992; 1079-94 and 1228-94 in 1994; 2196-95 and 2817-95 in 1995; 533-99 in 1999; 1785-00 in 2000; 1464-02 in 2002; and 225-03 in 2003; and

WHEREAS, the Director of the Development Department of the State of Ohio determined that the Columbus Enterprise Zone as amended by the aforementioned Ordinance continued to contain the characteristics set forth in Section 5709.61(A) of the Ohio Revised Code and recertified said Zone in 1986, December 20, 1989, September 28, 1992, October 22, 1992, December 17, 1992,

May 31, 1994, June 24, 1994, June 16, 1995, October 5, 1995, December 19, 1995, April 1, 1999, September 25, 2000, January 27, 2003 and most recently on August 19, 2003 as an "urban jobs and enterprise zone" under Chapter 5709 of the Ohio Revised Code; and

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, Lio Energy Systems Holdings (US) LLC plans to invest approximately \$657 million and create 1,000 permanent full-time jobs; and

WHEREAS, I P of A Columbus Works 1-32 LLC, the Gearhart Development Corp and Cordell Funding, LLLP are the property owners of the project site; 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, the Jobs Creation Tax Credit is being offered contingent upon receipt of a Jobs Creation Tax Credit from the State of Ohio Department of Development; and

WHEREAS, contingent upon the City granting an Enterprise Zone Incentive, a Jobs Creation Tax Credit and a Jobs Growth Incentive, Lio (US) will expand its production operations at 6200 E. Broad Street, Columbus, Ohio, create 1,000 permanent full-time jobs, invest \$657 million and 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 Lio (US) decision to go forward with the project in Columbus; and

WHEREAS, the City of Columbus desires to facilitate the future growth of Lio (US) at the project site; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to enter into an agreement with Lio (US), I P of A Columbus Works 1-32 LLC, the Gearhart Development Corp and Cordell Funding LLLP in order to allow modification of the facility and create jobs as quickly as possible for the preservation of public health, peace, prosperity 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 credit and incentive is a critical factor in the decision by International Coatings, 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 an Enterprise Zone Agreement of seventy-five percent (75%) for 10 years, a Jobs Creation Tax Credit of sixty-five percent (65%) for a period of twelve (12) years and a Jobs Growth Incentive equal to thirty-five percent (35%) of the amount of personal income tax withheld on new employees for a term of eight (8) years beginning January 1, 2011.

Section 4. Each year of the Jobs Growth Incentive term with Lio (US), the City's obligation to pay the incentive is expressly contingent upon the passage of an ordinance appropriating and authorizing the expenditure of monies sufficient to make such payments and the certification of the City Auditor pursuant to Section 159 of the Columbus City Charter.

Section 5. That the City of Columbus Enterprise Zone Agreement, Jobs Creation Tax Credit Agreement and the Jobs Growth Incentive Agreement are signed by Lio (US), I P of A Columbus Works 1-32 LLC, the Gearhart Development Corp and Cordell Funding within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

Section 6. That for reasons stated in the preamble hereto, which is hereby made a part hereof, this 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.