



Legislation Text

File #: 1639-2009, Version: 1

BACKGROUND: The 2009 Columbus Tax Incentive Review Council (TIRC) reviewed the Carr Supply, Inc. Enterprise Zone project on August 18, 2009, and recommended that the City should consider dissolving the Enterprise Zone Agreement (EZA) between Carr Supply, Inc. (hereinafter "ENTERPRISE") and the City (EZA# 023-05-11). The City concurs with the recommendation of the TIRC.

Columbus City Council (hereinafter "COUNCIL") approved the EZA by Ordinance No. 0348-2005, adopted March 7, 2005. The EZA (hereinafter the "AGREEMENT") was entered into effective November 16, 2005 and granted a 65%/7-Year abatement on real property improvements and personal property investment with a commitment of \$1 million in real property improvements, \$500K in personal property investment, the creation of 5 new permanent full-time jobs with a payroll of \$128,960, and the retention of 42 jobs related to the expansion of between 30,000 to 40,000 square feet at their facility located on parcel number 010-231120 at 1415 Old Leonard Avenue within the City of Columbus Enterprise Zone (Zone #023). The project was expected to begin April 2005 and all acquisition, construction and installation were expected to be completed by April 2008. Three of the new full-time jobs were to be created by 2006, four by 2007, and five by 2008. No personal property tax exemption was to neither commence after tax return year 2008 nor extend beyond tax return year 2014 and no real property exemption was to neither commence after 2006 nor extend beyond 2014.

The AGREEMENT was subsequently amended effective August 1, 2006 (Ordinance No. 1020-2006, passed by COUNCIL June 19, 2006) to modify the exemption window so that no personal or real property tax exemption was to neither commence after tax return year 2009 nor extend beyond tax return year 2015.

As of the TIRC review on August 18, 2009, ENTERPRISE reported that 42 jobs had been retained (100% attainment) and that 19 jobs had been created (380% attainment). However, as of December 31, 2008 no real or personal property investment had been reported as having begun. Additionally, ENTERPRISE has refused to pay the annual \$1,000 monitoring fee for reporting year (RY) 2008. ENTERPRISE was found to be out of compliance with the investment window and as of the date of the TIRC, both the investment and exemption windows had closed. It should also be noted that ENTERPRISE has not filed their DTE-24 application.

The TIRC recommended that a letter be sent to ENTERPRISE requesting that an investment decision be made within 30 days of receipt of the letter to be sent by certified mail. Should they agree to move forward (investment to be complete by 12/31/10) and to pay the yet unpaid RY2008 monitoring fee, then the AGREEMENT would be continued and amended to reflect new investment and job creation windows. Should ENTERPRISE decide not to do so then the AGREEMENT was recommended to be dissolved. The 30-day window for response by ENTERPRISE was October 1, 2009. ENTERPRISE did not respond.

Should the EZA be dissolved, 2008 will have been the final tax year for the incentives and the City will not seek repayment of the exempted or credited taxes from prior years.

This legislation is presented as an emergency measure in order to meet the deadline under state law for City Council to vote on TIRC recommendations.

FISCAL IMPACT: No funding is required for this legislation.

To dissolve the Enterprise Zone Agreement with Carr Supply, 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 an Enterprise Zone Agreement ("EZA") with Carr Supply, Inc. ("ENTERPRISE") by

Ordinance No. 0348-2005 on March 7, 2005; and

WHEREAS, the EZA grants Enterprise a 65%/ 7-Year abatement on real and personal property investment; and

WHEREAS, the EZA requires Enterprise to invest \$1,000,000 in real property improvements, \$500,000 in personal property, create 5 new full-time jobs, and retain 42 jobs at its 1415 Old Leonard Avenue facility; and

WHEREAS, the EZA was amended effective August 1, 2006 (Ordinance No. 1020-2006, passed by COUNCIL June 19, 2006) to modify the exemption window time frame; and

WHEREAS, as per the review by the 2009 Columbus Tax Incentive Review Council (TIRC) on August 18, 2009, Enterprise had fulfilled the terms of the job creation and retention requirements of their EZA but as of December 31, 2008 no real or personal property investment had been reported as having begun nor had the RY2008 monitoring fee been paid; and

WHEREAS, the TIRC found ENTERPRISE to be in a state of non-compliance in that ENTERPRISE had missed the investment and exemption windows as per the AGREEMENT; and

WHEREAS, the TIRC recommended that a certified letter be sent to ENTERPRISE requesting that an investment decision be made within 30 days of receipt of the letter (October 1, 2009) and that should ENTERPRISE agree to move forward with the investment to be completed by December 31, 2010 and to pay the yet unpaid RY2008 monitoring fee, then the AGREEMENT would be continued and amended to reflect new investment and job creation windows but should ENTERPRISE decide not to comply with the terms of the letter then the AGREEMENT was recommended to be dissolved; and

WHEREAS, as ENTERPRISE did not respond, the City concurs with the TIRC recommendation and desires to dissolve the EZA and end the tax abatement as of December 31, 2008; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to dissolve the Enterprise Zone Agreement with Carr Supply, Inc. in order to meet the deadline under state law for City Council to vote on TIRC recommendations, all for the immediate preservation of the public health, peace, property, 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 Carr Supply, Inc. Enterprise Zone Agreement as of December 31, 2008, with 2008 as the final tax year for the exemptions.

Section 2. That the Director of Development is hereby directed to notify the necessary local and state agencies of any changes to the Carr Supply, Inc. Enterprise Zone 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 (10) days after passage if the Mayor neither approves nor vetoes this Ordinance.