



City of Columbus

Office of City Clerk
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Legislation Text

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BACKGROUND: The need exists to enter into a Job Creation Tax Credit with MSC Industrial Direct Co., Inc., and its' subsidiaries Sid Tool Co., Inc. and MSC Contract Management. 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.

MSC Industrial Direct Co., Inc. and its subsidiaries are one of the largest direct marketers and distributors in the United States. The company distributes its broad range of metalworking, maintenance, repair and operational supplies to industrial customers throughout the US. MSC Industrial Direct Co., Inc. employs one of the largest sales forces in the industry - distributing nearly 600,000 industrial products from approximately 3,000 suppliers to 325,000 customers. Customers are reached through a combination of 107 branch sales offices, 1,101 sales people, close to 18 million direct-mail catalogs, the Internet and numerous B2B eCommerce portals.

The project involves the new construction of a 400,000 square foot regional distribution center on Alkire Road for subsidiary Sid Tool Co., Inc. The company will invest \$55.5 million in new building construction, machinery, equipment, furniture and fixtures. A total of 300 permanent full-time positions will be created as a result of the project over a five year period. MSC Contract Management provides employee management services for the company operations.

Emergency action is required to accommodate construction time schedules.

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 eight (8) years with MSC Industrial Direct Co., Inc., Sid Tool Co., Inc. and MSC Management in consideration of the company's investment of \$55.5 million for new building construction, machinery, equipment, furniture and fixtures that will create 300 new permanent full-time positions; 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 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 for the construction and equipping of a new operation, the creation of 300 new permanent full-time positions with a total annual payroll of \$8.3 million, MSC Industrial Direct Co., Inc., Sid Tool Co., Inc. and MSC Contract Management will make a fixed-asset investment of approximately \$55.5 million including: \$27.5 million for new building construction, \$26.7 million in new machinery and equipment; and \$1.3 million in furniture and fixtures and to 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 MSC Industrial Direct Co., Inc.,

Sid Tool Co., Inc. and MSC Contract Management'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, the Department of Development has received completed applications for a Job Creation Tax Credit; and

WHEREAS, MSC Industrial Direct Co., Inc., Sid Tool Co., Inc. and MSC Contract Management have indicated that a Job Creation Tax Credit is crucial to its decision to locate the aforementioned 400,000 square foot distribution facility in Columbus; and

WHEREAS, the City of Columbus desires to facilitate MSC Industrial Direct Co., Inc., and its' subsidiaries Sid Tool Co., Inc. and MSC Contract Management's future growth 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 a Job Creation Tax Credit Agreement with MSC Industrial Direct Co., Inc., Sid Tool Co., Inc. and MSC Contract Management to accommodate construction time schedules, 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 credits is a critical factor in the decision by MSC Industrial Direct Co., Inc., Sid Tool Co., Inc. and MSC Contract Management 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 sixty-five percent (65%) of the amount of personal income tax withheld on 300 new employees for a term of eight (8) years, with MSC Industrial Direct Co., Inc., and its' subsidiaries Sid Tool Co., Inc. and MSC Contract Management.

Section 4. That the City of Columbus Job Creation Tax Credit Agreement is signed by MSC Industrial Direct Co., Inc., Sid Tool Co., Inc. and MSC Contract Management 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.