



Legislation Text

File #: 2046-2004, **Version:** 1

BACKGROUND: This legislation authorizes the Director of Development to amend an existing Enterprise Zone Agreement with AmerisourceBergen Drug Corporation (EZA) so that the company may secure the anticipated tax benefits for its personal property investment. Columbus City Council approved the EZA on September 16, 2002, by Ord. No. 1350-02. The EZA grants a 75%/10-year tax abatement on real property and new machinery & equipment and furniture & fixtures (M & E and F & F). The project committed to retain 200 jobs, create 64 jobs and invest a total of \$43 million (including \$19.5 million in M & E and F & F). The project's new 283,000 square foot facility at 6305 LaSalle Drive in Columbus has now been completed.

The Ohio Department of Taxation requires that leased personal property subject to abatement under an Enterprise Zone Agreement be specifically identified and the lessor included as a party to the EZA. The AmerisourceBergen EZA will be amended to clarify that personal property eligible for abatement under the EZA includes property leased from Banc of America Leasing & Capital, LLC and any assignee or successor subsequently identified in writing by AmerisourceBergen Drug Company to the Director of the Department of Development, by making the lessor and any such assignee or successor a party to the EZA, by describing the specific property that will be leased, and by requiring the tax savings received by a lessor under the EZA to be passed on to AmerisourceBergen.

Emergency action is requested to avoid delays for AmerisourceBergen in gearing up its facility to full production.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to amend the Enterprise Zone Agreement (EZA) with AmerisourceBergen Drug Corporation by clarifying that leased personal property is eligible for abatement under the EZA and by adding information to identify the leased property and the lessor(s); and to declare an emergency.

WHEREAS, the Columbus City Council approved an Enterprise Zone Agreement with AmerisourceBergen Drug Corporation (EZA) on September 16, 2002 by Ordinance No. 1350-02; and

WHEREAS, the EZA provides for a 75%/10-year tax abatement on AmerisourceBergen's project investment, including new machinery & equipment and furniture & fixtures (M & E and F & F); and

WHEREAS, some of the new M & E and F & F comprising the project investment will be leased; and

WHEREAS, an Enterprise Zone Agreement that abates leased personal property must include language specifically identifying the leased property and must include the lessor as a party to the Agreement; and

WHEREAS, the AmerisourceBergen EZA currently lacks specific descriptions of the leased personal property and does not include the lessor as a party to the EZA due to this information not being known at the time the EZA document was drafted; and

WHEREAS, the City intends AmerisourceBergen to receive the tax benefits for personal property investment under the EZA regardless of whether the property is leased or purchased; and

WHEREAS, both the City and AmerisourceBergen desire to amend the existing EZA so that AmerisourceBergen may secure the expected tax benefits from new personal property, including leased property; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to authorize the Development Director to amend the EZA with AmerisourceBergen so that the company may lease and install M & E and F & F and gear up to full production in its new facility, thereby preserving the public health, peace, prosperity, safety and welfare; **NOW, THEREFORE**,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

Section 1. That the Director of the Department of Development is hereby authorized to amend the EZA with AmerisourceBergen Drug Corporation by clarifying that personal property eligible for abatement under the EZA includes property leased from Banc of America Leasing & Capital, LLC and any assignee or successor lessor subsequently identified in writing by AmerisourceBergen Drug Company to the Director of the Department of Development; by making the lessor and any such assignee or successor a party to the EZA; by describing the specific property that will be leased; and by requiring the tax savings received by the lessor under the amended EZA to be passed on to AmerisourceBergen.

Section 2. That for the reasons stated in the preamble hereto, this ordinance is hereby declared to be an emergency and shall take effect and be in force from and after its passage and approval by the Mayor or ten days if the Mayor neither approves nor vetoes the same.