



## Legislation Text

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**File #:** 0594-2016, **Version:** 1

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**BACKGROUND:** Columbus City Council, by Ordinance 1665-2012, passed July 30, 2012, authorized the City of Columbus to enter into a Job Creation Tax Credit Agreement (the Agreement) with MSC Industrial Direct Co., Inc., Sid Tool Co., Inc., and MSC Contract Management (collectively Grantee) for a tax credit of sixty-five percent (65%) for a period of eight (8) years in consideration of the Grantee's investment of approximately \$55.5 million for new building construction, machinery, equipment, furniture and fixtures and the creation of 300 new full-time permanent positions over a five year period with a total annual payroll of \$8.3 million related to the construction of a 400,000 square foot regional distribution center on Alkire Road for subsidiary Sid Tool Co., Inc. and MSC Contract Management which provides employee management services for the company operations. The Agreement was made and entered into to be effective October 1, 2012 by and between the City and the Grantee with the term to commence January 1, 2015 and to continue for eight (8) consecutive taxable years thereafter.

In a letter from the Grantee dated January 22, 2016, the Grantee stated that since the Agreement was executed in 2012 they have faced unexpected, adverse economic conditions causing a decline in overall global activity. The Grantee is one of the largest direct marketers and distributors in the United States. The Grantee distributes its broad range of metalworking, maintenance, repair and operational supplies to industrial customers throughout the U.S. Unfortunately, the recent decline in oil prices has resulted in lower than projected order volumes from industrial customers servicing the oil and gas industries. Weaker than expected export demand has also hindered growth. The Grantee's expects these economic conditions to persist and has therefore requested that the job creation commitment and associated payroll as stated in the Agreement be reduced. As such, the need exists to amend the Grantee's job creation and new job payroll commitments as set forth in the Agreement.

This legislation seeks to authorize the amendment of the Agreement to reduce the job creation and new job payroll commitments from 300 full-time, permanent employees with an associated annual payroll of approximately \$8,300,000 to 198 full-time, permanent employees with an associated annual payroll of approximately \$6,000,000.

This legislation is presented as an emergency measure in order for this amendment to be legislated in as expedient a manner as possible without unnecessary delay.

**FISCAL IMPACT:** No funding is required for this legislation.

To authorize the Director of the Department of Development to amend the Job Creation Tax Credit Agreement with MSC Industrial Direct Co., Inc., Sid Tool Co., Inc., and MSC Contract Management to amend the job creation and new job payroll commitments as set forth in the Agreement; and to declare an emergency.

**WHEREAS,** the Columbus City Council approved the Job Creation Tax Credit Agreement (Agreement) with MSC Industrial Direct Co., Inc., Sid Tool Co., Inc., and MSC Contract Management (collectively Grantee) on July 30, 2012 by Ordinance 1665-2012. The Agreement was entered into effective October 1, 2012 by and between the City, MSC Industrial Direct Co., Inc., Sid Tool Co., Inc., and MSC Contract Management; and

**WHEREAS,** the Agreement grants the Grantee a 65%/8-year Job Creation Tax Credit in association with the creation of 300 new full-time jobs at the Project Site, 1568 Georgesville Road (currently parcel 570-291527; formerly parcels 570-

154767, 570-154749, and 570-154768); and

**WHEREAS**, in a letter from the Grantee dated January 22, 2016, the Grantee stated that since the Agreement was executed in 2012 they have faced unexpected, adverse economic conditions causing a decline in overall global activity; and

**WHEREAS**, in this same letter the Grantee requested that the job creation commitment and associated payroll as stated in the Agreement be reduced from 300 full-time, permanent employees with an associated annual payroll of approximately \$8,300,000 to 198 full-time, permanent employees with an associated annual payroll of approximately \$6,000,000; and

**WHEREAS**, the City desires to authorize the Director of Development to amend the Agreement to reduce the job creation commitment and associated payroll; and

**WHEREAS**, an emergency exists in the usual daily operation of the Department of Development, in that it is immediately necessary to take action on this Agreement in order for this amendment to be legislated in as expedient manner as possible so that this amendment to the Agreement can be executed without unnecessary delay, and to preserve the public health, property, safety and welfare; **NOW, THEREFORE**

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

**SECTION 1.** That the Director of Development is hereby authorized to amend the Job Creation Tax Credit Agreement with MSC Industrial Direct Co., Inc., Sid Tool Co., Inc., and MSC Contract Management to reduce the job creation and new job payroll commitments from 300 full-time, permanent employees with an associated annual payroll of approximately \$8,300,000 to 198 full-time, permanent employees with an associated annual payroll of approximately \$6,000,000.

**SECTION 2.** That the terms of the Job Creation Tax Credit Agreement are not modified by this amendment and it is expected to run through 2022.

**SECTION 3.** That the amendment to the City of Columbus Tax Credit Agreement be signed by the Grantee within 90 days of passage of this ordinance, or this ordinance and the tax credit authorized herein shall be null and void.

**SECTION 4.** 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.