



Legislation Text

File #: 1542-2008, **Version:** 1

BACKGROUND: The 2008 Columbus Tax Incentive Review Council (TIRC) reviewed the General Products Corporation Enterprise Zone project on August 19, 2008, and recommended that the City should consider dissolving the Enterprise Zone Agreement (EZA) between the City and General Products Corporation (EZA# 292-05-01). The City concurs with the recommendation of the TIRC.

Columbus City Council approved the EZA by Ordinance No. 1822-2005, adopted November 14, 2005. The EZA was entered into effective December 5, 2005 and granted a 75%/10-Year abatement on real property improvements and personal property investment with a commitment of \$300,000 in real property improvements, \$6.48M in personal property investment, and the creation of 80 new permanent full-time jobs related to the expansion of approximately 125,000 square feet at their facility located on parcel number 010-0097789 at 3985 Groves Road within the Columbus Southeast Enterprise Zone.

Additionally, the City of Columbus entered into a 60%/10-Year Jobs Creation Tax Credit (JCTC) Agreement with General Products Corporation (Enterprise) effective December 9, 2005, approved by Ordinance No. 1822-2005, adapted November 14, 2005.

If the EZA and JCTC are dissolved, 2007 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.

As of the TIRC review on August 19, 2008, Enterprise had exceeded their real property investment goal with a reported \$3.29M investment, had exceeded their personal property investment goal with a reported \$13.39M investment, and had exceeded their interim end-of-2007 new job creation goal of 60 with a reported 76 new full-time jobs. Enterprise has fulfilled all of the terms of their EZA thus far but market conditions - the loss of a contract with a major automotive manufacturer - has lead the Enterprise to consolidate operations at another facility in Indiana.

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 and Jobs Creation Tax Credit Agreement with General Products Corporation; 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") and a Jobs Creation Tax Credit ("JCTC") with General Products Corporation ("Enterprise") by Ordinance No. 1822-2005 on November 14, 2005; and

WHEREAS, the EZA grants Enterprise a 75%/ 10-Year abatement on real and personal property investment and the JCTC Agreement grants a 60%/10-Year JCTC; and

WHEREAS, the EZA requires Enterprise to invest \$300,000 in real property, \$6,480,000 in personal property, and create 80 new full-time jobs at its 3985 Groves Road facility; and

WHEREAS, the JCTC Agreement requires Enterprise to create 80 new jobs and the JCTC grants Enterprise a non-refundable tax credit in an amount of sixty percent (60%) of the new municipal income tax revenues generated by new jobs at the project site, for ten (10) years; and

WHEREAS, Enterprise has fulfilled all of the terms of their EZA thus far but market conditions, as in the loss of a contract with a

major automotive manufacturer, has lead Enterprise to consolidate operations at an out-of-state facility; and

WHEREAS, the Columbus Tax Incentive Review Council ("TIRC") recommended that the EZA be dissolved; and

WHEREAS, the City concurs with the TIRC recommendation and desires to dissolve the EZA and end the tax abatement as of December 31, 2007.

WHEREAS, an emergency exists in the usual daily operation of the Department of Development, in that it is immediately necessary to take action on the TIRC's recommendations to comply with the sixty (60) day deadline for City Council action imposed by imposed by R.C. Section 5709.85, all for the preservation of the public health, 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 General Products Corporation Enterprise Zone Agreement as of December 31, 2007, with 2007 as the final tax year for the exemptions.

Section 2. That Columbus City Council hereby dissolves the General Products Corporation Jobs Creation Tax Credit Agreement as of December 31, 2007, with 2007 as the final tax year for the incentive.

Section 3. That the Director of Development is hereby directed to notify the necessary local and state agencies of any changes to the General Products Corporation Enterprise Zone and Jobs Creation Tax Credit Agreements.

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.