



Legislation Text

File #: 0975-2007, **Version:** 1

BACKGROUND: The need exists to enter into a Jobs Creation Tax Credit Agreement with Knight Transportation. 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.

Knight Transportation (Knight) is a trucking company founded in 1990 and headquartered in Phoenix, Arizona. The company has a fleet of 3,500 tractors and more than 8,000 trailers operating from 24 service centers nationwide. Knight has grown to over 4,000 employees and is publicly traded on the New York Stock Exchange. Knight's services include dry van truckload, temperature controlled truckload services, truckload brokerage services and truck and trailer sales.

Knight is expanding and has recently leased a facility in Columbus on a month-to-month basis with an option to buy, while examining the potential market. Knight is proposing an expansion project that would include the purchase of its currently leased facility, renovations and the addition of employees. Knight is also considering its Richmond, Virginia facility as a potential expansion site.

The State of Ohio has offered a Jobs Creation Tax Credit of 45% for 5 years for Knight.

Emergency action is requested in order to allow Knight to begin investing and creating jobs as quickly as possible.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to enter into an agreement with Knight Transportation for a Jobs Creation Tax Credit of 65% for a period of 8 years in consideration of the company's investment of \$135,000 in leasehold improvements and personal property, the retention of 7 full-time positions and the creation of 21 new permanent full-time jobs; 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 taxpayers 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, the Ohio Department of Development has offered a 45%/5 year Jobs Creation Tax Credit for Knight Transportation; 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 Jobs Creation Tax Credit, Knight Transportation will retain 7 full-time positions, create 21 new permanent full-time jobs with an annual payroll of \$870,000, invest \$135,000 in leasehold improvements and new personal property and 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 Knight Transportation's decision to go forward with the project in Columbus; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to enter into an agreement with Knight Transportation 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 Knight Transportation 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 an 8-year, 65%, Jobs Creation Tax Credit Agreement with Knight Transportation.

Section 4. That the City of Columbus Jobs Creation Tax Credit Agreement be signed by Knight Transportation 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.