



Legislation Text

File #: 0447-2017, **Version:** 1

BACKGROUND: The need exists to enter into a Job Creation Tax Credit Agreement with West-Ward Pharmaceuticals Corp. The Ohio Tax Credit law (Section 718.15 of the Ohio Revised Code) requires the City to enter into Council-approved agreements between the City and participating companies.

West-Ward Pharmaceuticals Corp. ("West-Ward") develops, manufactures, and distributes generic pharmaceuticals. The company offers a range of generic pharmaceuticals used in various therapeutic areas, such as analgesic, anti-infective, anti-inflammatory, cardiovascular, central nervous system (CNS), respiratory, and hormonal areas. It offers products in various dosage forms, including capsules, injectables, solutions, and suspensions. The company also provides contract manufacturing services through its facilities in Eatontown, New Jersey; and Portugal. West-Ward operates as a subsidiary of Hikma Pharmaceuticals PLC.

West-Ward is proposing to expand and enhance manufacturing operations at 1809 Wilson Road Columbus, Ohio 43228 ("Project Site") to accommodate new and expanding pharmaceutical production lines. West-Ward anticipates retaining 1,255 full-time permanent positions with an annual payroll of approximately \$78,506,414 and creating 65 new full-time permanent positions with a new annual payroll of approximately \$2,275,000 within the next three years. The project involves a total investment of approximately \$78,400,000 with the majority, \$50,400,000, related to real property improvements to expand the current 934,000-square foot facility by approximately 30,300 square feet. The balance of the investment is related to the acquisition of machinery and equipment.

The Department of Development recommends a Job Creation Tax Credit with West-Ward Pharmaceuticals Corp. equal to fifty-five percent (55%) of the amount of new employee city income tax withholdings for a term of six (6) consecutive years.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to enter into a Job Creation Tax Credit Agreement with West-Ward Pharmaceuticals Corp. equal to fifty-five percent (55%) of the amount of new employee city income tax withholdings for a term of six (6) consecutive years in consideration of the retention of 1,255 full-time permanent positions and the creation of 65 new full-time permanent positions.

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 a taxpayer to foster job creation in the municipal corporation; and

WHEREAS, contingent on the City granting a Job Creation Tax Credit, West-Ward Pharmaceuticals Corp. will invest approximately \$78,400,000 with the majority, \$50,400,000, related to real property improvements to expand the current 934,000-square foot facility by approximately 30,300 square feet, retain 1,255 full-time permanent positions with an associated annual payroll of approximately \$78,506,414, and create 65 new full-time permanent positions with a new annual payroll of approximately \$2,275,000 within the next three years; thereby increasing job opportunities and strengthening the economy of the City; and

WHEREAS, West-Ward Pharmaceuticals Corp. indicated that receiving this tax credit from the City is crucial to their decision to advance the aforementioned expansion of operations 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 City desires to enter into such a binding formal agreement in order to foster economic growth 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 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 West-Ward Pharmaceuticals Corp. 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 Development is hereby authorized and directed to enter into and execute a Job Creation Tax Credit Agreement with West-Ward Pharmaceuticals Corp. equal to fifty-five percent (55%) of the amount of new employee city income tax withholdings for a term of six (6) consecutive years.

SECTION 4. That the City of Columbus Job Creation Tax Credit Agreement shall be signed by West-Ward Pharmaceuticals Corp. within ninety (90) days of passage of this ordinance, or this ordinance and the abatement authorized herein shall be null and void.

SECTION 5. The City Council hereby extends authority to the Director of the Department of Development to amend the West-Ward Pharmaceuticals Corp. City of Columbus Job Creation Tax Credit Agreement for certain modifications to the agreement requested in writing by the company and or the City and deemed appropriate by the Director of Development with these modifications being specifically limited to reductions in length of term, methods of calculating the incentive, or adding or deleting business entities associated with the employment commitments related to this incentive. All other requested amendments must be approved by City Council.

SECTION 6. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.