



City of Columbus

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Legislation Text

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BACKGROUND: Columbus is the fastest growing metro area in the Midwest, the top metro for job growth in the Midwest, and the top metro for wage growth in the U.S. A growing tech area, research and technology institutions in the Columbus region are attracting the brightest minds from around the world. Columbus is nationally recognized for innovation, and with a growing population and economy, we are fueled by a workforce that is younger and more educated than the national average. Our youthful, progressive nature is matched by a diverse economy that offers a variety of career paths in education, government, information technology, research, insurance and healthcare sectors throughout the city, just to name a few.

Furthermore, Columbus is gaining nationwide recognition for its historic neighborhoods, booming downtown arts and sporting districts, open attitude and a noticeably affordable quality of life. With this attention, more and more business executives from around the world are inquiring and seeing firsthand that Columbus is a vibrant and growing metropolis ripe for investment. More are recognizing Columbus as an international economic powerhouse with a gross metropolitan product (GMP) of approximately \$118 billion - an economy larger than 142 countries and 17 states. The Columbus Region is home to 15 Fortune 1,000 and four Fortune 500 headquarters.

As the City of Columbus Department of Development fulfills its economic development mission of generating opportunity for the community today, while building economic capacity for the future, a new tool is necessary to address a competitive taxation challenge when the City is vying for large-scale, high-salary job creation and investment projects. The Columbus City Auditor (herein "Auditor") and the Director of Department of Development (herein "Director"), in collaboration, have developed a new, distinct incentive offering and is proposing the establishment of the Economic Development Net Profit Tax Incentive to be included in Chapter 362 of the Columbus City Codes. This new economic development tool is expected to attract investment from market-leading companies worldwide and assist in fulfilling the Auditor's and Director's vision of increasing employment opportunities, the per capita income of City residents and raising additional revenue for the City of Columbus to continue to provide quality services to its residents.

The City of Columbus (herein "The Municipality"), by this ordinance and with approval of the City Auditor, may grant an Economic Development Net Profit Tax Incentive to an eligible taxpayer electing to locate new non-retail operations within the city of Columbus under certain conditions. If an incentive is authorized by this ordinance, it shall be equal to a percentage reduction in the annual net profit tax due from the taxpayer as calculated pursuant to Chapter 362, and shall be for a term not exceeding thirty (30) years.

Emergency action is required to allow creation of the Economic Development Net Profit Tax Incentive to create new job opportunities without delay.

FISCAL IMPACT: No funding is required for this legislation.

To enact new Section 362.066 of the Columbus City Codes, Economic Development Net Profit Tax Incentive, to provide for the creation of new job opportunities within the City of Columbus; and to declare an emergency.

WHEREAS, the City desires to increase employment opportunities and encourage the creation of new jobs in the city, while raising the per capita income, in order to improve the overall economic climate of the city for its residents; and

WHEREAS, to carry out this public purpose, the City seeks to pursue all reasonable and legitimate incentives to achieve additional investment throughout the city; and

WHEREAS, the Economic Development Net Profit Tax Incentive will be a key tool to secure large-scale, high-salary job creation and investment projects; and

WHEREAS, on July 31, 2022, five years from passage of this ordinance, this incentive program shall cease to exist, unless acted upon by the Council of the City of Columbus; and

WHEREAS, an emergency exists in the usual daily operations of the Department of Development in that it is immediately necessary to create the Economic Development Net Profit Tax Incentive to create new job opportunities in order to preserve the public peace, property, health, safety, and welfare of the City and its residents; **NOW, THEREFORE,**

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

SECTION 1. That this Council, with the full support of the Mayor and the City of Columbus, does hereby support the creation of the Economic Development Net Profit Tax Incentive as a new development tool needed to attract investment from market-leading companies worldwide and fulfill the Auditor's and Director's vision in accordance with the principles expressed herein above.

SECTION 2. That new Section 362.066 of the Columbus City Codes is hereby enacted and reading as follows:

362.066 ECONOMIC DEVELOPMENT NET PROFIT TAX INCENTIVE

(A) The Municipality, by ordinance following approval of the City Auditor, may grant an economic development incentive to an eligible taxpayer electing to locate non-retail operations within the Municipality. Any authorized incentive shall be equal to a percentage reduction in the annual net profit tax due from the taxpayer as calculated pursuant to this Chapter, and shall be for a term not exceeding thirty years.

(B) For the purposes of this section, to be considered eligible a taxpayer must:

- (1) be subject to section 362.06 of this Chapter;
- (2) generate no less than \$1,000,000 (one million dollars) in net profits tax to the Municipality annually by the conclusion of the third full calendar year after expansion or establishment of operations within the Municipality and for each year thereafter during the incentive period; and
- (3) provide evidence to the Department of Development of annual revenue of no less than \$7,000,000,000 (seven billion dollars) for the year immediately preceding application for the incentive.

(C) To be considered for the Economic Development Net Profit Tax Incentive, an eligible taxpayer must, through an agreement with the Municipality authorized by ordinance:

- (1) commit to create no less than 1,000 net new, non-retail full-time permanent positions within the Municipality, by the conclusion of the third full year following expansion or establishment of operations within the Municipality, providing compensation of no less than \$15.00 an hour for every position;

- (2) commit to create no less than \$45,000,000 (forty-five million dollars) in net new annual payroll by the conclusion of the third full year following expansion or establishment of operations within the Municipality;
- (3) commit to invest no less than \$50,000,000 (fifty million dollars) in combined real and tangible personal property investments within the Municipality by the conclusion of the third full year following expansion or establishment of operations within the Municipality; and
- (4) commit to maintain during each year of the incentive period at least \$1,000,000 (one million dollars) in total net profit tax liability, once it has been achieved, adjusted for inflation 3% (three percent) every 10 (ten) consecutive calendar years.

(D) Five (5) years, from the effective date of the ordinance from which this section is derived, this incentive program shall conclude unless extended by Council action. Authority for the Municipality to enter into an Economic Development Net Profit Tax Incentive Agreement under this section shall expire July 31, 2022.

SECTION 3. That for reasons stated in the preamble hereto, which is hereby made a part hereof, this 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 passage if the Mayor neither approves nor vetoes the same.