



Legislation Text

File #: 2937-2017, **Version:** 1

BACKGROUND: Columbus City Council (COUNCIL), by Ordinance No. 1481-2012, passed July 16, 2012, authorized the City of Columbus (CITY) to enter into an Enterprise Zone Agreement (the AGREEMENT) with Amamata, LLC (hereinafter “ENTERPRISE”) for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of a proposed investment of approximately \$3 million in real property improvements and the creation of 40 new permanent full-time positions with an annual payroll of approximately \$1.4 million related to the renovation of a 51,000 square foot vacant office facility on Parcel Number 520-121657 at 6400 East Broad Street, Columbus, OH 43213 (The Project Site), in Columbus, Ohio, within the City of Columbus Enterprise Zone (Zone #023) and within the Gahanna-Jefferson City School District. The AGREEMENT was made and entered into to be effective August 29, 2012 (EZA #023-12-04) with the term of the abatement not to commence after 2014 nor extend beyond 2023. The AGREEMENT was subsequently authorized to be amended for the first time by Ordinance No. 2852-2015, passed on November 23, 2015, to modify the project completion date and the expected real property exemption commencement and completion dates, so that within Section 1 of the AGREEMENT the language originally written as “The PROJECT is expected to begin July 2012. All real property improvements are expected to begin July 2012. All real property improvements are expected to be completed by December 2013” was authorized to be amended to read “The PROJECT is expected to begin July 2012. All real property improvements are expected to be completed by December 21, 2015” and that within Section 3 of the AGREEMENT the language originally written as “no real property exemption shall commence after 2014 nor extend beyond 2023” was authorized to be amended to read “no real property exemption shall commence after 2016 nor extend beyond 2025.” The First Amendment was made and entered into to be effective January 15, 2016.

For Report Year 2015, the annual report was submitted late and was incomplete which placed the project in a state of non-compliance as per the terms of the AGREEMENT. Additionally, the Franklin County Auditor advised the City that the parcel was tax delinquent. This information was presented at the 2016 Columbus Tax Incentive Review Council (the TIRC) held on August 17, 2016. The recommendation of the TIRC was to Continue the AGREEMENT and to send a letter to ENTERPRISE advising of the tax delinquent status and the need to submit a complete annual report and that if the delinquent taxes were not paid and a full report was not filed within 60 days of the receipt of the letter then the AGREEMENT should be DISSOLVED. The letter was sent on September 22, 2016 and was received by ENTERPRISE on September 27, 2016 which set the response window to run through November 28, 2016. ENTERPRISE was non-responsive.

For Report Year 2016 ENTERPRISE was provided one final opportunity to become compliant. The annual reporting deadline was March 31, 2017; no annual report was received nor did ENTERPRISE respond to continued information requests from the CITY. This continued non-compliance was presented to the 2017 TIRC held on August 23, 2017 where it was also noted that parcel 520-121567 was tax delinquent in the amount of \$427,311.59. The recommendation of the TIRC was to DISSOLVE the AGREEMENT. It should be noted that no application for the abatement has been filed and ENTERPRISE has received no forgone tax benefit.

This legislation is presented as an emergency measure in order for this dissolution to be legislated in the most expedient manner as possible so that this dissolution of the AGREEMENT can be reported to the necessary local and state agencies prior to the end of calendar year 2017.

FISCAL IMPACT: No funding is required for this legislation.

To dissolve the Enterprise Zone Agreement with Amamata, LLC, and 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, the Columbus City Council (COUNCIL) approved the Enterprise Zone Agreement with Amamata, LLC (the AGREEMENT) on July 16, 2012 by Ordinance No. 1481-2012 and entered into effective August 29, 2012 (EZA #023-12-04); and

WHEREAS, the AGREEMENT granted ENTERPRISE a 75%/10-Year abatement on real property improvements with the term of the abatement not to commence after 2014 nor extend beyond 2023; and

WHEREAS, the AGREEMENT committed ENTERPRISE to an investment of \$3 million in real property improvements and the creation of 40 new permanent full-time positions with an annual payroll of approximately \$1.4 million related to the renovation of a 51,000 square foot vacant office facility on Parcel Number 520-121657 at 6400 East Broad Street, Columbus, OH 43213 (The Project Site), in Columbus, Ohio, within the City of Columbus Enterprise Zone (Zone #023) and within the Gahanna-Jefferson City School District; and

WHEREAS, The AGREEMENT was subsequently authorized to be amended for the first time by Ordinance No. 2852-2015, passed on November 23, 2015, to modify the project completion date and the expected real property exemption commencement and completion dates, so that within Section 1 of the AGREEMENT the language originally written as “The PROJECT is expected to begin July 2012. All real property improvements are expected to begin July 2012. All real property improvements are expected to be completed by December 2013” was authorized to be amended to read “The PROJECT is expected to begin July 2012. All real property improvements are expected to be completed by December 21, 2015” and that within Section 3 of the AGREEMENT the language originally written as “no real property exemption shall commence after 2014 nor extend beyond 2023” was authorized to be amended to read “no real property exemption shall commence after 2016 nor extend beyond 2025” with this First Amendment being made and entered into to be effective January 15, 2016; and

WHEREAS, for Report Year 2015, the annual report was submitted late and was incomplete which placed the project in a state of non-compliance as per the terms of the AGREEMENT; additionally, the Franklin County Auditor advised the City that the parcel was tax delinquent; and

WHEREAS, this information was presented at the 2016 Columbus Tax Incentive Review Council (the TIRC) held on August 17, 2016; and

WHEREAS, the recommendation of the TIRC was to Continue the AGREEMENT and to send a letter to ENTERPRISE advising of the tax delinquent status and the need to submit a complete annual report and that if the delinquent taxes were not paid and a full report was not filed within 60 days of the receipt of the letter then the AGREEMENT should be DISSOLVED; the letter was sent on September 22, 2016 and was received by ENTERPRISE on September 27, 2016 which set the response window to run through November 28, 2016; ENTERPRISE was non-responsive; and

WHEREAS, for Report Year 2016 ENTERPRISE was provided one final opportunity to become compliant but with the annual reporting deadline being March 31, 2017 no annual report was received nor did ENTERPRISE respond to continued information requests from the CITY; and

WHEREAS, this continued non-compliance was presented to the 2017 TIRC held on August 23, 2017 where it was also noted that parcel 520-121567 was tax delinquent in the amount of \$427,311.59; and

WHEREAS, it should be noted that no DTE-24 has been submitted to the Franklin County Auditor for this project and so there has been no forgone tax benefit to the ENTERPRISE; and

WHEREAS, the recommendation of the TIRC was to DISSOLVE the AGREEMENT; 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 dissolution to be legislated in the most expedient

manner as possible so that this dissolution of the AGREEMENT can be reported to the necessary local and state agencies prior to the end of calendar year 2017, 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 Columbus City Council hereby dissolves the Amamata, LLC Enterprise Zone Agreement (Agreement Number 023-12-04) as of December 31, 2016, which was to apply a 75%/10-year real property tax abatement to parcel number 520-121657 within the City of Columbus Enterprise Zone, noting that no application for the abatement has been filed and that no forgone tax benefit has been received.

SECTION 2. That the Director of Development is hereby directed to notify the necessary local and state agencies of any changes to the Amamata, LLC Enterprise Zone Agreement.

SECTION 3. 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.