



## Legislation Text

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**File #:** 1243-2018, **Version:** 1

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**BACKGROUND:** The City of Columbus ("CITY") entered into Incentive Agreements (hereinafter "AGREEMENTS") with a number of companies during the past few years that were approved by Columbus City Council based on new Columbus withholding tax and new investments in fixed assets and property improvements. Through several types of communication related to annual reporting for these incentives, it has been concluded that for various reasons these Incentive Agreements must be dissolved. The Job Creation Tax Credit Agreement with Columbus Steel Castings Co. dba Columbus Castings and OneSource Employee Management, LLC; the Job Creation Tax Credit with International Business Machines Corporation; the Jobs Growth Incentive Agreement with Unique Leasing, Inc. and Reynolds Transportation, Inc.; and the Jobs Growth Incentive Agreement with The Sophic Group, Inc. dba Improving Enterprises, Inc. (collectively known as "GRANTEES") are to be dissolved through this legislation approval.

The Job Creation Tax Credit Incentive for Columbus Steel Castings Co. dba Columbus Castings and OneSource Employee Management, LLC was approved by City Council on December 8, 2014 by Ordinance No. 2189-2014. The incentive agreement became effective as of May 14, 2015 with a rate of sixty-five percent and a seven year term to run from January 1, 2013 through December 31, 2018. The operations of Columbus Steel Castings has since been closed and it is the desire of the Development Department to dissolve the agreement and remove it from its annual reporting requirements. No incentive benefit was ever received by the GRANTEE.

The Job Creation Tax Credit Incentive for International Business Machines Corporation was approved by City Council on December 17, 2012 by Ordinance No. 2690-2012. The incentive agreement became effective as of March 25, 2013 with a rate of sixty-five percent and a six year term to run from January 1, 2013 through December 31, 2018. International Business Machines Corporation has requested in writing to dissolve the agreement as the project as intended was never actualized. No incentive benefit was ever received by the GRANTEE.

The Jobs Growth Incentive for Unique Leasing, Inc. and Reynolds Transportation, Inc. was approved by City Council on July 22, 2013 by Ordinance No. 1768-2013. The incentive agreement became effective as of September 17, 2013 with a rate of twenty-five percent and a five year term to run from January 1, 2014 through December 31, 2018. The GRANTEE has never reported on jobs, payroll or project investment nor responded to two recent letters informing the GRANTEE that the incentive would be dissolved if there were no contact in thirty days. No incentive benefit was ever received by the GRANTEE.

The Jobs Growth Incentive for The Sophic Group, Inc. dba Improving Enterprises, Inc. was approved by City Council on June 27, 2016 by Ordinance No. 1499-2016. The incentive agreement became effective as of November 4, 2016 with a rate of twenty-five percent and a term of up to five years from January 1, 2017 through December 31, 2021 based on the extension of their current lease for two years beyond the incentive term. The company decided not to extend their lease, which expires in 2019 and therefore is not eligible for the incentive. The company has been notified of the ineligibility and the agreement needs to be dissolved. No incentive benefit was ever received by the GRANTEE.

This legislation is presented as an emergency measure in order for the dissolution of these agreements to be legislated prior to the completion of the report year 2017 (RY2017) Incentive reporting cycle in 2018 noting that RY2017 would have been the last reporting year for the GRANTEES and that the GRANTEES have not received nor will receive any benefit under the terms of the AGREEMENTS.

**FISCAL IMPACT:** No funding is required for this legislation.

To dissolve the incentive agreements between the City of Columbus and Columbus Steel Castings Co. dba Columbus

Castings and OneSource Employee Management, LLC ; International Business Machines Corporation; Unique Leasing, Inc.; and The Sophic Group, Inc. dba Improving Enterprises, Inc.; and to declare an emergency.

**WHEREAS**, the Job Creation Tax Credit incentive for Columbus Steel Castings Co. dba Columbus Castings and OneSource Employee Management, LLC was approved by City Council on December 8, 2014 by Ordinance No. 2189-2014. The incentive agreement became effective as of May 14, 2015 with a rate of sixty-five percent and a seven year term to run from January 1, 2013 through December 31, 2018. The operations of Columbus Steel Castings has since been closed and it is the desire of the Development Department to dissolve the agreement and remove it from its annual reporting requirements. No incentive benefit was ever received by the GRANTEE; and

**WHEREAS**, the Job Creation Tax Credit incentive for International Business Machines Corporation was approved by City Council on December 17, 2012 by Ordinance No. 2690-2012. The incentive agreement became effective as of March 25, 2013 with a rate of sixty-five percent and a six year term to run from January 1, 2013 through December 31, 2018. International Business Machines Corporation has requested in writing to dissolve the agreement as the project as intended was never actualized. No incentive benefit was ever received by the GRANTEE; and

**WHEREAS**, the Jobs Growth Incentive for Unique Leasing, Inc. and Reynolds Transportation, Inc. was approved by City Council on July 22, 2013 by Ordinance No. 1768-2013. The incentive agreement became effective as of September 17, 2013 with a rate of twenty-five percent and a five year term to run from January 1, 2014 through December 31, 2018. The GRANTEE has never reported on jobs, payroll or project investment nor responded to two recent letters informing the GRANTEE that the incentive would be dissolved if there were no contact in thirty days. No incentive benefit was ever received by the GRANTEE; and

**WHEREAS**, the Jobs Growth Incentive for The Sophic Group, Inc. dba Improving Enterprises, Inc. was approved by City Council on June 27, 2016 by Ordinance No. 1499-2016. The incentive agreement became effective as of November 4, 2016 with a rate of twenty-five percent and a term of up to five years to run from January 1, 2017 through December 31, 2021 based on the extension of their current lease for two years beyond the incentive term. The company decided not to extend their lease, which expires in 2019 and therefore is not eligible for the incentive. The company has been notified of the ineligibility and the agreement needs to be dissolved. No incentive benefit was ever received by the GRANTEE; and

**WHEREAS**, through several methods of communication related to annual reporting for these incentives, it has been concluded that for various reasons these AGREEMENTS must be dissolved. Incentive Agreements between the City of Columbus and Columbus Steel Castings Co. dba Columbus Castings and OneSource Employee Management, LLC; International Business Machines Corporation; Unique Leasing, Inc. and Reynolds Transportation, Inc.; and The Sophic Group, Inc. dba Improving Enterprises, Inc. are to be dissolved through this legislation approval; 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 these agreements in order for this dissolution to be legislated prior to the completion of the report year 2017 (RY2017) Incentive reporting cycle in 2018 noting that RY2017 would have been the last reporting year for the GRANTEES and that the GRANTEES have not received nor will the GRANTEES receive any benefit under the terms of the AGREEMENTS, 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 AGREEMENTS with Columbus Steel Castings Co. dba Columbus Castings and OneSource Employee Management, LLC; International Business Machines; Unique Leasing, Inc. and Reynolds Transportation, Inc.; and The Sophic Group, Inc. dba Improving Enterprises, Inc. Incentive Agreements are dissolved effective January 1, 2017 thereby eliminating any and all reporting years for these incentives.

**SECTION 2.** That 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.