



## Legislation Text

---

**File #:** 0507-2019, **Version:** 1

---

**BACKGROUND:** The need exists to enter into an Enterprise Zone Agreement with Abbott Laboratories and Abbott Manufacturing Inc. The Ohio Enterprise Zone law O.R.C. Section 5709.62(C) requires the City to enter into a Council-approved agreement between the City and participating companies.

Abbott Laboratories (NYSE: ABT) is a global, broad-based health care company devoted to the discovery, development, manufacture and marketing of pharmaceuticals, nutritionals, and medical products, including devices and diagnostics. Abbott Laboratories manufactures infant formula and adult nutrition products such as Similac, Ensure and PediaSure at its "Columbus Plant" located at 585 Cleveland Avenue, Columbus Ohio 43215. These products are sold in both retail and institutional markets, both domestic and internationally. Abbott Manufacturing Inc., the real estate owner, is a subsidiary of Abbott Laboratories, (collectively and hereinafter referred to as "**Abbott**").

Abbott is proposing to invest a total project cost of approximately \$62,000,000, which includes \$11,741,000 in real property improvements, \$49,615,000 in machinery and equipment, and \$644,000 in stand-alone computers to expand its manufacturing site by constructing a free-standing facility consisting of approximately 25,000 square feet +/- at 585 Cleveland Avenue, Columbus, Ohio 43215, parcel number 010-000610 ("**Project Site**"). With this expansion, the company proposes to replace its existing 2-ounce bottle manufacturing line with a new filling and sterilization system that would increase its line capacity from 157 to 250 million units per year, and address the risk of equipment failure of its existing soon-to-be obsolete 2-ounce line. Additionally, Abbott will retain 428 full-time employees with an estimated annual payroll of approximately \$28.81 million and will create 38 net new full-time permanent positions with an associated estimated annual payroll of approximately \$2,315,000 at the proposed Project Site.

The Department of Development recommends a 75%/10-year Enterprise Zone tax abatement on real property improvements.

The Columbus City School District has been advised of this project. This legislation is presented as 30-day legislation.

### **FISCAL IMPACT:**

No Funding is required for this legislation.

To authorize the Director of the Department of Development to enter into an Enterprise Zone Agreement with Abbott Laboratories and Abbott Manufacturing Inc. for a tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of a total proposed capital investment of approximately \$62,000,000.00, the retention of 428 full-time jobs and the creation of 38 net new full-time permanent positions with an estimated annual payroll of approximately \$2,315,000.00.

**WHEREAS**, the Columbus City Council authorized the designation of the Central Enterprise Zone by legislation, Ordinance Number 779-85, dated April 22, 1985; and subsequently amended the Zone by Ordinance Nos. 2722-85 in 1986; 2080-89 in 1989; 1949-92, 2690-92 and 2249-92 in 1992; 1079-94 and 1228-94 in 1994; 2196-95 and 2817-95 in 1995; 0533-99 in 1999; 1785-00 in 2000; 1464-02 in 2002; 0225-03 in 2003; and 0032-2012 in 2012; and

**WHEREAS**, the Director of the Development Department of the State of Ohio determined that the Columbus Enterprise Zone as amended by the aforementioned Ordinances continued to contain the characteristics set forth in Section 5709.61 (A) of the Ohio Revised and recertified said Zone in 1986, December 20, 1989, September 28, 1992, October 22, 1992, December 17, 1992, May 31, 1994, June 24, 1994, June 16, 1995, October 5, 1995, December 19, 1995, April 1, 1999,

September 25, 2000, January 27, 2003, August 19, 2003 and most recently on April 3, 2012 as an “urban jobs and enterprise zone” under Chapter 5709 of the Ohio Revised Code; and

**WHEREAS**, Abbott Laboratories is a global, broad-based health care company devoted to the discovery, development, manufacture and marketing of pharmaceuticals, nutritionals, and medical products, including devices and diagnostics; and

**WHEREAS**, Abbott Laboratories manufactures infant formula and adult nutrition products such as Similac, Ensure and Pediasure; and

**WHEREAS**, Abbott Manufacturing Inc., the real estate owner, is a subsidiary of Abbott Laboratories; and

**WHEREAS**, Abbott Laboratories and Abbott Manufacturing Inc. are proposing to invest a total project cost of approximately \$62,000,000, which includes \$11,741,000 in real property improvements, \$49,615,000 in machinery and equipment, and \$644,000 in stand-alone computers to expand its manufacturing site by constructing a free-standing facility consisting of approximately 25,000 square feet +/- at 585 Cleveland Avenue, Columbus, Ohio 43215, parcel number 010-000610; and

**WHEREAS**, with this expansion, the company proposes to replace its existing 2-ounce bottle manufacturing line with a new filling and sterilization system that would increase its line capacity from 157 to 250 million units per year, and address the risk of equipment failure of its existing soon-to-be obsolete 2-ounce line; and

**WHEREAS**, Abbott Laboratories and Abbott Manufacturing Inc. will retain 428 full-time employees with an estimated annual payroll of approximately \$28.81 million and will create 38 net new full-time permanent positions with an associated estimated annual payroll of approximately \$2,315,000 at the proposed Project Site; and

**WHEREAS**, the City is encouraging this project because of plans to construct a new manufacturing facility in the central city; 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 in such a binding formal agreement in order to foster economic growth for the preservation of public health, peace, property and safety; and **NOW, THEREFORE:**

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

Section 1. That this Council hereby finds and determines that the enterprise submitting the proposal is qualified by financial responsibility and business experience to create and preserve employment opportunities in the zone and improve the economic climate of the municipal corporation and receiving this tax incentive is a critical factor in the decision by Abbott Laboratories and Abbott Manufacturing Inc. to move forward with the project construction.

Section 2. That the Director of the Department of Development is hereby authorized and directed to enter into an Enterprise Zone Agreement with Abbott Laboratories and Abbott Manufacturing Inc. to provide therewith an exemption of seventy-five percent (75%) on real property improvements for a term of ten (10) consecutive taxable years in association with the project’s proposed total investment of approximately \$62,000,000, which includes \$11,741,000 in real property improvements, \$49,615,000 in machinery and equipment, and \$644,000 in stand-alone computers. The company will retain 428 employees with an annual payroll of approximately \$28.81 million and create 38 net new full-time permanent positions with an estimated annual payroll of approximately \$2,315,000.

Section 3. That the City of Columbus Enterprise Zone Agreement is signed by Abbott Laboratories and Abbott

Manufacturing Inc. within ninety (90) days of passage of this ordinance, or this ordinance and the abatements and credit authorized herein are null and void.

Section 4. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.