



Legislation Text

File #: 2912-2016, **Version:** 1

BACKGROUND: The need exists to enter into a Job Creation Tax Credit Agreement with DSW Inc., DSW Shoe Warehouse, Inc., DSW Information Technology LLC, DSW Leased Business Division LLC, Brand Card Services LLC and eTailDirect LLC, collectively, and hereinafter referred to as “DSW”. The Ohio Tax Credit Legislation (Section 718.15 of the Ohio Revised Code) authorizing such agreements became effective January 14, 1993 and requires the City to enter a Council-approved agreement between the City and a participating company.

DSW is a leading branded footwear and accessories retailer that offers a wide selection of brand name and designer dress, casual and athletic footwear, and accessories for women, men and kids. The company was founded in 1991, opening its first DSW store in Dublin, Ohio. The company operates 481 stores in 42 states, the District of Columbia and Puerto Rico, as well as 386 leased departments for other retailers in the United States, making the company one of the fastest growing retailers. DSW’s headquarters, distribution and fulfillment operations are located in the Columbus International Air Center Business Park, Columbus, Ohio and include the following subsidiaries: DSW Inc., DSW Show Warehouse, Inc., DSW Information Technology LLC, DSW Leased Business Division LLC, Brand Card Services LLC and eTailDirect, LLC.

DSW is in the initial stages of implementing a robust growth strategy to increase its children’s shoes line, expand its store base, enhance its omni-channel capabilities, and broaden its global reach. To execute this strategic growth plan, DSW proposes to reconfigure its corporate headquarters at 810 DSW Drive, Columbus, Ohio 43219 and invest approximately \$3.6 million in building improvements on a vacant space consisting of approximately 82,000 square feet at 4314 East Fifth Avenue, Columbus, Ohio 43219, inside the Republic Airways repurposed hangar. DSW proposes to enter into a 5-year lease agreement on this vacant space, create 100 new full-time permanent positions with an estimated annual payroll of approximately \$8.32 million and retain the current 840 jobs with an annual payroll of approximately \$71.32 million as per the application (final retained job count will be effective as of December 31, 2016). With the additional space, DSW will be creating a business park campus in three separate facilities (810 DSW Drive, 4150 and 4314 East Fifth Avenue, Columbus, Ohio 43219), to house the proposed new positions as well as the retained jobs.

FISCAL IMPACT: \$0

To authorize the Director of the Department of Development to enter into a Job Creation Tax Credit Agreement of fifty-five percent (55%) for a period of five (5) years with DSW Inc., DSW Shoe Warehouse, Inc., DSW Information Technology LLC, DSW Leased Business Division LLC, Brand Card Services LLC and eTailDirect, LLC in consideration of the company’s proposed investment of \$3.6 million and the creation of 100 new full-time permanent positions.

WHEREAS, pursuant to Section 122.17 of the Ohio Revised Code, the State of Ohio is authorized to establish the Tax Credit Authority and to execute agreements with taxpayers of the State of Ohio for the purpose of granting these tax payers job creation tax credits against their corporate franchise tax or income tax, which tax credits are provided to create new jobs in the State Of Ohio; and

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 taxpayers who have received tax credits from the State; and

WHEREAS, contingent on the City granting a Job Creation Tax Credit, DSW will expand its current operations by reconfiguring its corporate headquarters at 810 DSW Drive Columbus, Ohio 43219 and invest roughly \$3.6 million in building improvements on a vacant space consisting of approximately 82,000 square feet

at 4314 E. Fifth Avenue Columbus, Ohio 43219 (inside the Republic Airways repurposed hangar). With the additional space, DSW will be creating a business park campus in three separate facilities (810 DSW Drive, 4150 and 4314 East Fifth Avenue, Columbus, Ohio 43219), to house the proposed new positions as well as the retained jobs; and

WHEREAS, DSW will create 100 new full-time permanent positions with an estimated annual payroll of approximately \$8.32 million and retain 840 full-time jobs with an annual payroll of approximately \$71.32 million at the time of application (final retained job count will be effective as of December 31, 2016), to increase employment opportunities and strengthen the economy of the city; and

WHEREAS, receiving these tax credits from the State and the City is a critical factor in DSW's decision to go forward with the project 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, DSW has indicated that a Job Creation Tax Credit is crucial to its decision to locate the aforementioned expansion in Columbus; and

WHEREAS, the City of Columbus desires to facilitate DSW's growth at the project sites; now, therefore,

BE IT ORDAINED BY THE COUNCIL 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 DSW Inc., DSW Shoe Warehouse, Inc., DSW Information Technology LLC, DSW Leased Business Division LLC, Brand Card Services LLC and eTailDirect, LLC 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 the Department of Development is hereby authorized and directed to enter into and execute a Job Creation Tax Credit of fifty-five percent (55%) of the amount of personal income tax withheld on new employees for a term of five (5) years with DSW Inc., DSW Shoe Warehouse, Inc., DSW Information Technology LLC, DSW Leased Business Division LLC, Brand Card Services LLC and eTailDirect, LLC.

SECTION 4. That the City of Columbus Job Creation Tax Credit Agreement is signed by DSW within 90 days of passage of this ordinance, or this ordinance and the credit 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 DSW Inc., DSW Shoe Warehouse, Inc., DSW Information Technology LLC, DSW Leased Business Division LLC, Brand Card Services LLC and eTailDirect, LLC 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.