



## Legislation Text

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**File #:** 0795-2008, **Version:** 1

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**BACKGROUND:** The need exists to enter into a Jobs Creation Tax Credit and a Jobs Growth Incentive Agreement with Express, LLC and Express Holding, LLC (Collectively known as Express). 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.

Express, founded in 1980, is one of the 10 largest specialty retailers in the United States. Headquartered in Columbus, Ohio, Express started as a subsidiary of Limited Brands, Inc. Starting with one store in Chicago, Illinois known as the Limited Express, the company presently has 620 retail operations and over 20,000 associates nationally. In July 2007, Golden Gate Capital, a private equity firm based in San Francisco, California, purchased the company. Today, although under new management, Express continues to operate under its original name and maintains its reputation as a premium brand through innovative designs, competitive prices and consistent quality.

In order to successfully segregate Express operations from Limited Brands Inc., the company developed a comprehensive transition strategy that incorporates establishing a corporate headquarters in Columbus, Ohio. The headquarters will occupy approximately 200,000 square feet of the 1.2 million square feet of space leased from Limited Brands. As a part of the expansion project, Express proposes to make a significant investment (approximately \$7.9 million) in lease hold improvements and personal property.

Express is proposing to invest approximately \$7.9 million to renovate and expand its corporate headquarters located at 1 Limited Parkway Columbus, Ohio. The company will retain 368 full-time permanent employees and create 120 new full-time permanent positions.

The State has approved a Jobs Creation Tax Credit of 60% for 8 years for Express.

Emergency action is necessary in order to allow Express to begin investing and creating jobs as quickly as possible.

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

To authorize the Director of the Department of Development to enter into a Jobs Creation Tax Credit Agreement and a Jobs Growth Incentive Agreement with Express, LLC and Express Holding, LLC (collectively known as Express); and to declare an emergency. **(AMENDED BY ORD. 1915-2008 PASSED 12/1/2008)**

**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**, the Ohio Department of Development approved a 60%/8 year Jobs Creation Tax Credit on April 28<sup>th</sup>, 2008 for Express; 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 Jobs Creation Tax Credit and a Jobs Growth Incentive, Express, LLC will expand its corporate headquarters located at 1 Limited Parkway Columbus, Ohio, retain 368 jobs and create 120 new permanent full-time positions, with an annual payroll of \$7.8 million, invest \$900,000 in leasehold improvements,

invest \$7.0 million in machinery and equipment, invest \$100,000 in furniture and fixture and increase job 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 Express'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**, the Department of Development has received completed applications for the Jobs Creation Tax Credit and a Jobs Growth Incentive from Express; and

**WHEREAS**, Express has indicated that a Jobs Growth Incentive is crucial to its decision to locate the aforementioned expansion and retention in Columbus; and

**WHEREAS**, the City of Columbus desires to facilitate Express future growth at the project site; and

**WHEREAS**, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to enter into an agreement with Express in order to allow Express to begin investing and creating jobs as quickly as possible for the preservation of public health, peace, property and safety; **NOW THEREFORE**,

BE IT ORDAINED BY THE COUNCIL OF THE CITY 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 by Express 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 Jobs Creation Tax Credit of sixty-five percent (65%) for a period of eight (8) years and a Jobs Growth Incentive equal to twenty five (25%) of the amount of personal income tax withheld on new employees for a term of five (5) years, beginning January 1, 2008, with Express.

**Section 4.** Each year of the Jobs Growth Incentive's term with Express the City's obligation to pay the incentive is expressly contingent upon the passage of an ordinance appropriating and authorizing the expenditure of monies sufficient to make such payment and the certification of the City Auditor pursuant to Section 159 of the Columbus City Charter.

**Section 5.** That the City of Columbus Jobs Creation Tax Credit Agreement and the Jobs Growth Incentive Agreement is signed by Express within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

**Section 6.** That for reasons stated in the preamble hereto, which is hereby made a part hereof, the 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 the passage if the Mayor neither approves nor vetoes the same.