



City of Columbus

Office of City Clerk
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Legislation Text

File #: 0556-2008, Version: 1

BACKGROUND: The need exists to amend Ordinance 1552-2007. This ordinance was approved Columbus City Council on October 15, 2007. The ordinance authorized the Director of the Department of Development to enter into a Jobs Creation Tax Credit Agreement of sixty five percent (65%) for a period of seven (7) years with DSW Inc. and Ozburn Hesse Logistics, LLC (OHL) in consideration of an investment of \$36,500,000 and the creation of 199 new full time permanent positions. An amendment is now needed to add several DSW affiliates as grantees in the Agreement. These affiliates include Brand Card Services LLC, Brand Technology Services, DSW Shoe Warehouse, Inc. and eTailDirect LLC. (collectively referred to herein as "DSW").

OHL and DSW are seeking to develop an e-commerce business channel whereby DSW would sell products over the internet (the "Project"). DSW, by itself or through OHL, anticipates making an investment of approximately \$36,500,000. The investment includes \$8,000,000 to \$9,000,000 for machinery and equipment, \$800,000 to \$900,000 in tenant improvements and \$27,000,000 in new inventory. DSW plans to hire, or cause OHL to hire, approximately 199 new full-time employees in connection with the project. The average wage of the new employees would be approximately \$14.00 per hour.

FISCAL IMPACT: No funding is required for this legislation.

To amend Ordinance 1552-2007, passed by Columbus City Council on October 15, 2007, for the purpose of including the specified DSW affiliates as grantees to the Jobs Creation Tax Credit Agreement; and to declare an emergency.

WHEREAS, pursuant to Ohio Revised Code Section 122.17, the State of Ohio is authorized to establish the Tax Credit Authority and to execute agreements with taxpayers of the State for the purpose of granting those taxpayers a job creation tax credit to be applied against their corporation franchise tax and commercial activity tax liability, which State credits are granted in consideration of the creation of new jobs in the State; and

WHEREAS, pursuant to R.C. Section 718.15, the City Council of the City of Columbus is authorized to grant a local job creation tax credit to be applied against a taxpayer's city income tax liability, contingent upon the taxpayer also receiving a state credit; and

WHEREAS, Ozburn Hesse Logistics, LLC ("OHL") and DSW Inc. (DSW) plans to develop an e-commerce business channel in the City whereby DSW would sell products over the internet (the "Project"); and

WHEREAS, in connection with the Project, DSW and OHL collectively plan to make an investment equal to \$36,500,000; and

WHEREAS, in connection with the Project, DSW and OHL collectively plan to hire approximately 199 new full-time employees at the project site; and

WHEREAS, on October 15, 2007, Columbus City Council passed Ordinance 1552-2007 approving a seven year, 65% Jobs Creation Tax Incentive for DSW and OHL in connection with the project; and

WHEREAS, on August 27, 2007, the State Tax Credit Authority officially approved a State Tax Credit to support the project; and

WHEREAS, subsequent to approval by council, DSW determined that several new employees would be hired by one of four DSW affiliates which include Brand Card Services LLC, Brand Technology Services LLC, DSW Shoe Warehouse, Inc. and eTailDirect LLC; and

WHEREAS, on January 28, 2008, the State Tax Authority approved the addition of the DSW affiliates as grantees in connection with

the State Credit; and

WHEREAS, DSW and OHL seek to have the specified DSW affiliates added as grantees to the City Jobs Creation Tax Credit Agreement; and

WHEREAS, an emergency exists in the usual daily operation of the Development Department in that it is immediately necessary to seek an amendment from Columbus City Council for Ordinance 1552-2007 to include the specified DSW affiliates, thereby preserving the public health, peace, prosperity, safety and welfare; **now, therefore,**

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

Section 1. That Ordinance 1552-2007 is hereby amended to include Brand Card Services LLC, Brand Technology Services LLC, DSW Shoe Warehouse, Inc. and eTailDirect as grantees to the Jobs Creation Tax Credit Agreement.

Section 2. That the Agreement must be signed by OHL, DSW, Brand Card Services LLC, Brand Technology Services LLC, DSW Shoe Warehouse, Inc. and eTailDirect LLC within 90 days of the passage of this Ordinance or the incentive authorized herein is null and void.

Section 3. That for the reasons stated in the preamble thereto, 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 days after passage if the Mayor neither approves nor vetoes the same.