



Legislation Text

File #: 1492-2014, **Version:** 1

BACKGROUND: The need exists to enter into a Job Creation Tax Credit Agreement with ADS Alliance Data Systems, Inc. (ADS). 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.

Headquartered in Plano, Texas, ADS Alliance Data Systems (ADS) is a leading provider of marketing, loyalty and credit solutions that uses the power of data to achieve results for its clients. Together, ADS three lines of business manage more than 100 million consumer relationships for some of the world's leading brands. The company was started in 1986 as a part of The Limited, and became ADS as result of a merger with BSI Business Services, an electronic network transaction processing and credit services' company, in 1996. ADS consists of three businesses: Alliance Data Retail Services, Know More Sell More, it's our commitment to helping our partners better understand their customer, and to driving more sales through our branded card programs; Epsilon®, a global leader in delivering direct-to-consumer connections that drive business performance and LoyaltyOne®, a global leader in the design and implementation of coalition loyalty programs, customer analytics and loyalty management solutions..

ADS Alliance Data Systems, Inc. is proposing to invest approximately \$80.5 million, which includes real property improvements, leasehold improvements, machinery, equipment, furniture and fixtures, to construct a three-building campus to house its corporate associates for its Alliance Data Retail Services business. In addition, ADS is proposing to create 700 new full-time permanent positions with an annual payroll of approximately \$52.5 million and retain 1,300 full-time associate with an estimated annual payroll of \$124.4 million.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to enter into a Job Creation Tax Credit Agreement of sixty-five percent (65%) for a period of ten (10) years with ADS Alliance Data Systems, Inc. in consideration of the company's proposed total investment of \$80.5 million and the creation of 700 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, ADS will expand its operation by investing approximately \$80.5 million, which includes real property improvements, leasehold improvements, machinery, equipment, furniture and fixtures at parcel number 010-146723, and create 700 new full-time permanent positions with an estimated annual payroll of approximately \$52.5 million, retain 1,300 full-time associates, 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 ADS Alliance Data Systems,

Inc.'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, ADS Alliance Data Systems, Inc. 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 ADS Alliance Data Systems, Inc.'s growth at the project site;
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 ADS Alliance Data Systems, Inc. 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 sixty-five percent (65%) of the amount of personal income tax withheld on new employees for a term of ten (10) years with ADS Alliance Data Systems, Inc.

SECTION 4. That the City of Columbus Job Creation Tax Credit Agreement is signed by ADS Alliance Data Systems, Inc. within 120 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 Development to amend the ADS Alliance Data Systems, Inc. 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.