



Legislation Text

File #: 1803-2016, **Version:** 1

BACKGROUND: The need exists to enter into a Job Creation Tax Credit Agreement with Big Lots, Inc. The Ohio Tax Credit law (Section 718.15 of the Ohio Revised Code) requires the City to enter into Council-approved agreements between the City and participating companies.

Big Lots, Inc. is a Columbus, Ohio-based Fortune 500 retailer that can trace its history back to 1967 when Sol Shenk founded Consolidated International, Inc. Today, Big Lots, Inc., through its wholly owned entities, is a unique, non-traditional, discount retailer operating 1,449 Big Lots stores in 47 states with product assortments in the merchandise categories of food, consumables, furniture & home décor, seasonal, home goods, and electronics & accessories.

As part of the new Hamilton Quarter development, a 330-acre mixed-use district at Hamilton Road and State Route 161, Big Lots, Inc.'s development partner, Hamilton Crossing BL LLC, proposes to construct a new approximately 300,000-square-foot corporate office campus and one or more associated parking structures at the southwest quadrant of State Route 161 and Hamilton Road. This corporate campus will be the future corporate headquarters facility for Big Lots, Inc. and will be leased to Big Lots, Inc. or one of its affiliates. The campus will comprise approximately 25 acres and all or part of parcels 010-286113; 010-286114; 010-221377; 010-280216; and 010-247887 within the City of Columbus in Franklin County.

Big Lots, Inc. will retain and relocate 750 full-time permanent positions with an associated annual payroll of \$65,000,000 from their current headquarters located at 300 Phillipi Road Columbus, Ohio 43228 to the Hamilton Quarter project site and create 5 new full-time permanent positions at this new corporate campus with an associated new annual payroll of approximately \$362,500. Additionally, Big Lots, Inc. will retain 357 existing full-time permanent distribution center positions with an associated annual payroll of \$14,500,000 and create 20 new full-time permanent positions with an associated new annual payroll of approximately \$600,000 at the existing distribution center project site which is to remain at 300 Phillipi Road.

The project involves a total investment of approximately \$40,000,000 - \$65,000,000. All investments related to real property improvements, approximately \$30,000,000 - \$45,000,000, will be borne by Hamilton Crossing BL LLC, the Hamilton Quarter project site owner, with the balance related to the acquisition of machinery, equipment, furniture, fixtures, and other cost. This investment range is the result of an evolving project budget related to the site parking solution and campus finishes.

The Department of Development recommends a Job Creation Tax Credit with Big Lots, Inc. equal to fifty percent (50%) of the amount of new employee city income tax withholdings for a term of six (6) years.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to enter into a Job Creation Tax Credit Agreement with Big Lots, Inc. equal to fifty percent (50%) of the amount of new employee city income tax withholdings for a term of six (6) years in consideration of the retention of 1,107 full-time permanent positions, and the creation of 25 new full-time permanent positions at two project sites. **(AMENDED BY ORD. 3068-2016 PASSED 12/5/2016)**

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 a taxpayer to foster job creation in the municipal corporation; and

WHEREAS, contingent on the City granting a Job Creation Tax Credit, Big Lots, Inc. will retain and relocate 750 full-time permanent positions with an associated annual payroll of \$65,000,000 from their current headquarters located at 300 Phillipi Road Columbus, Ohio 43228 to the Hamilton Quarter project site and create 5 new full-time permanent positions at this new corporate campus with an associated new annual payroll of approximately \$362,500. Additionally, Big Lots, Inc. will retain 357 existing full-time permanent distribution center positions with an associated annual payroll of \$14,500,000 and create 20 new full-time permanent positions with an associated new annual payroll of approximately \$600,000 at the existing distribution center project site which is to remain at 300 Phillipi Road; thereby increasing job opportunities and strengthening the economy of the City; and

WHEREAS, Big Lots, Inc. indicated that receiving this tax credit from the City is crucial to their decision to advance the aforementioned relocation and expansion of operations 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 City desires to enter into such a binding formal agreement in order to foster economic growth; **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 Big Lots, 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 Development is hereby authorized and directed to enter into and execute a Job Creation Tax Credit Agreement with Big Lots, Inc. equal to fifty percent (50%) of the amount of new employee city income tax withholdings for a term of six (6) years.

SECTION 4. That the City of Columbus Job Creation Tax Credit Agreement shall be signed by Big Lots, Inc. within ninety (90) days of passage of this ordinance, or this ordinance and the abatement authorized herein shall be null and void.

SECTION 5. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.