



Legislation Text

File #: 2451-2020, **Version:** 1

BACKGROUND: The City of Columbus (“**CITY**”) entered into a Job Creation Tax Credit Agreement (hereinafter the “**AGREEMENT**”) with Ascena Retail Group, Inc. (“**GRANTEE**”) effective September 26, 2013. Columbus City Council (“**COUNCIL**”) approved the **AGREEMENT** by Ordinance No. 1517-2013, adopted July 1, 2013, and granted a non-refundable tax credit in an amount of sixty percent (60%) of the new municipal income tax revenues generated by new employees at the project site for seven (7) years, commencing January 1, 2014 and for seven (7) consecutive years thereafter in consideration of the company’s total capital investment of approximately \$200,000 and the creation of 15 full-time permanent positions related to the relocation of the company’s shared services real estate division from out-of-state into their Columbus offices located at 3344 Morse Crossing, Columbus, Ohio 43219, parcel number 010-274068 (the “**PROJECT SITE**”).

The **COUNCIL** approved the authorization for the Director of Development to enter into an amendment to the original **AGREEMENT** on October 3, 2016 by Ordinance No. 2377-2016, but that amendment was never executed and so as per Section 2 of Ordinance No. 2377-2016 that ordinance after 90 days became null and void.

On September 11, 2017 by Ordinance No. 2303-2017, **COUNCIL** approved the authorization for the Director of Development to enter into an amended and restated Job Creation Tax Credit Agreement (aka the “**FIRST AMENDMENT**” or the “**AGREEMENT**”), between the City of Columbus, a municipal corporation of the State of Ohio (hereinafter “**GRANTOR**” or the “**CITY**”) and Ascena Retail Group, Inc., Lane Bryant, Inc., Lane Bryant Purchasing Corp., Catherines Stores Corp., and ASNA Plus Fashion, Inc. (collectively, and hereinafter “**GRANTEE**”).

With this amended and restated **AGREEMENT**, the **GRANTEE** committed to retain 274 full-time permanent jobs with a total annual payroll of approximately \$24.7 million, increased their new hiring goal from 15 to 130 full-time permanent positions with a commensurate annual payroll of approximately \$11.8 million, extended their lease term by another 10 years, and increased the total capital investment of approximately \$200,000 to \$3.2 million, which included substantial leasehold improvements to reconfigure their existing 136,812 square feet of office space, along with associated computer and software costs at the **PROJECT SITE**. The amended and restated **AGREEMENT** was executed being made and entered into effective November 16, 2017.

In a letter from the **GRANTEE** dated September 23, 2020, the **GRANTEE** advised the **CITY** that “with this letter, we are voluntarily requesting termination of the Job Creation Tax Credit Agreement” and noted that additionally they “hereby waive the rights to any unused tax credit certificates.” This legislation is to dissolve the **AGREEMENT** between the City of Columbus and Ascena Retail Group, Inc.

This legislation is presented as an emergency measure in order for this dissolution to be legislated in the most expedient manner as possible so that this dissolution of the **AGREEMENT** can be reported to the necessary local and state agencies without further delay.

FISCAL IMPACT: No funding is required for this legislation.

To dissolve the Job Creation Tax Credit Agreement between the City of Columbus and Ascena Retail Group, Inc., Lane Bryant, Inc., Lane Bryant Purchasing Corp., Catherines Stores Corp., and ASNA Plus Fashion, Inc., and to declare an emergency.

WHEREAS, Columbus City Council approved a Job Creation Tax Credit Agreement (the “**AGREEMENT**”) with Ascena Retail Group, Inc. (“**GRANTEE**”) by Ordinance No. 1517-2013 on July 1, 2013 with the **AGREEMENT**

having been made and entered into effective September 26, 2013; and

WHEREAS, the **AGREEMENT** granted a non-refundable tax credit in an amount of sixty percent (60%) of the new municipal income tax revenues generated by new employees at the project site for seven (7) years, commencing January 1, 2014 and for seven (7) consecutive years thereafter; and

WHEREAS, in the **AGREEMENT**, **GRANTEE** committed to create 15 full-time permanent positions and invest approximately \$200,000 in equipment, furniture and fixtures to reconfigure its existing office space to accommodate the relocation of its shared services real estate division from out-of-state to Columbus located at 3344 Morse Crossing, Columbus, Ohio 43219, parcel number 010-274068 (the "**PROJECT SITE**"); and

WHEREAS, on September 11, 2017 by Ordinance No. 2303-2017, COUNCIL approved the authorization for the Director of Development to enter into an amended and restated Job Creation Tax Credit Agreement (aka the "**FIRST AMENDMENT**" or the "**AGREEMENT**"), between the City of Columbus (hereinafter "**GRANTOR**" or the "**CITY**") and Ascena Retail Group, Inc., Lane Bryant, Inc., Lane Bryant Purchasing Corp., Catherines Stores Corp., and ASNA Plus Fashion, Inc. (collectively, and hereinafter "**GRANTEE**"); and

WHEREAS, with this amended and restated **AGREEMENT**, the **GRANTEE** committed to retain 274 full-time permanent jobs with a total annual payroll of approximately \$24.7 million, increased their new hiring goal from 15 to 130 full-time permanent positions with a commensurate annual payroll of approximately \$11.8 million, extended their lease term by another 10 years, and increased the total capital investment of approximately \$200,000 to \$3.2 million, which included substantial leasehold improvements to reconfigure their existing 136,812 square feet of office space, along with associated computer and software costs at the **PROJECT SITE**. The amended and restated **AGREEMENT** was executed being made and entered into effective November 16, 2017; and

WHEREAS, in a letter from the **GRANTEE** dated September 23, 2020, the **GRANTEE** advised the **CITY** that "with this letter, we are voluntarily requesting termination of the Job Creation Tax Credit Agreement" and noted that additionally they "hereby waive the rights to any unused tax credit certificates;" and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development, in that it is immediately necessary to dissolve the **AGREEMENT** between the City of Columbus and Ascena Retail Group, Inc., Lane Bryant, Inc., Lane Bryant Purchasing Corp., Catherines Stores Corp., and ASNA Plus Fashion, Inc. in the most expedient manner as possible, to report the dissolution to the necessary local and state agencies and to preserve the public health, property, safety and welfare;

NOW, THEREFORE

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

SECTION 1. That Columbus City Council hereby dissolves Ascena Retail Group, Inc., Lane Bryant, Inc., Lane Bryant Purchasing Corp., Catherines Stores Corp., and ASNA Plus Fashion, Inc. Job Creation Tax Credit Agreement (authorized by Ordinance Number 2303-2017; adopted September 11, 2017; made and entered into effective November 16, 2017) effective January 1, 2020 thereby making calendar year 2019 having been the final reporting tax year for the incentive and effectively eliminating any remaining tax years for the incentive.

SECTION 2. That the Director of Development is hereby directed to notify the necessary local and state agencies of any changes to the Ascena Retail Group, Inc., Lane Bryant, Inc., Lane Bryant Purchasing Corp., Catherines Stores Corp., and ASNA Plus Fashion, Inc. Job Creation Tax Credit Agreement.

SECTION 3. For the reasons stated in the preamble hereto, 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 (10) days after passage if the Mayor neither approves nor vetoes this Ordinance.