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City, county approve \$112 M in GE incentives

scoolidge@enquirer.com Published 11:40 a.m. ET June 23, 2014 | Updated 10:29 p.m. ET June 23, 2014



(Photo: Provided)

An Enquirer analysis of the GE deal to bring 1,800 jobs to The Banks shows that over the 15-year-term of the lease taxpayers will contribute \$112.4 million.

The breakdown of incentives:

- For city taxpayers: \$36.4 million.
- For state taxpayers: \$70 million.
- For county taxpayers: \$6 million.

It's the most lucrative job incentive package the city has ever offered, but it's a much-needed infusion of daytime workers for The Banks, which was always intended as a "live work play" neighborhood.

On GE's part, it will building a \$90 million building in the riverfront development creating up to 1,800 jobs with an average salary of \$79,000. It has also agreed to pay Cincinnati Public Schools a half million in property taxes per year.

Cincinnati City Council members and County Commissioners – in a rare joint meeting Monday – approved the incentives.

City, county and state officials say the benefit far outweighs the cost. A University of Cincinnati's Economic Center study found GE's decision to call The Banks home will spur 1,900 other jobs; be a catalyst for new Banks development; and could have an economic impact of \$1 billion a year when all of the promised 1,800 jobs arrive in 2018.

"We won this deal... we won it because Ohio and Cincinnati are a great place to be," Cincinnati Mayor John Cranley said, "We did make concessions, but it was worth it."

"This is really a monumental deal for city, county and state," Hamilton County Commissioner Greg Hartmann added.

The city and county jointly oversee The Banks, which saw the first shovel in the ground in 2008 and and is a quarter of the way built.

Jim Shelton, vice chairman of Banks developer Carter, called it a game-changer for The Banks development.

"...GE provides the first office component, a critical driver of daytime population, which will help to make The Banks a truly mixed-use development where people can live, work and play," he said.

With this deal, The Banks becomes a \$2.5 billion public/private partnership– the largest in the country, said Tom Gabelman, the county's lawyer on The Banks development.

The U.S. Global Operations Center is one of five in the world, the only one located in the United States. The initial lease is for 15 years, but officials are hopeful GE will stay until 2050.

GE is bringing 1,800 jobs to Cincinnati: 1,400 new jobs, 300 from other Ohio cities and 100 from outside the state.

Jeff Rexhausen, a senior research associate at UC's Economics Center who studied the deal for the economic impact report, said the elected officials did everything they could to maximize the benefits.

"The amount we give up is only a portion of what we're going to get," he said.

The deal came together Monday at Great American Ball Park, with city and county governments making the necessary votes to grant the tax incentives. Everyone present voted yes.

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Under terms of the deal:

- GE will sign a 15-year lease with Banks developer Carter Dawson. The lease allows for five renewals of five years each.
- GE must stay at The Banks for 18 years, but the lease structure means it would have to re-sign at 15 years for another five years. So it is really agreeing to stay 20 years.
- GE will pay Cincinnati Public Schools about a half million a year in property taxes.
- The city will give GE a 100 percent property tax abatement for 15 years, estimated at \$12.5 million over 15 years.
- The city will give GE an 85 percent earnings tax break, estimated at \$23.9 million over 15 years.
- Twenty percent of the workers must come from Cincinnati. Typically companies agree to employ 75 percent of new workers from the city, but the city is waiving that requirement because a large number of the jobs are held by people who are already employed by GE and will relocate to Cincinnati.
- GE's building will be just under 340,000 square feet, stand 10 stories high and cost \$90 million. Of that, \$50 million will go to construction, \$40 million to build out the interior. Construction will start this summer and finish in the spring of 2016.
- In addition, the state of Ohio has already promised GE a job creation tax credit that will reimburse the company for 85 percent of payroll taxes via a credit on its corporate income tax. The estimated value: \$66 million over 15 years.
- GE employees will get 2,000 parking spaces at a 30 percent discount. New parking is still expected to bring in \$26 million to \$35 million, but represents lost revenue to the county of about \$6 million.

Previously: [GE chooses The Banks for news operations center \(/story/news/2014/06/18/ge-chooses-the-banks-for-new-operations-center-up-to-2000-jobs/10803711/\)](/story/news/2014/06/18/ge-chooses-the-banks-for-new-operations-center-up-to-2000-jobs/10803711/)

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On the table: [Record incentives lure GE to The Banks \(/story/news/politics/2014/06/20/joint-citycounty-meeting-announce-ge-location/11139881/\)](/story/news/politics/2014/06/20/joint-citycounty-meeting-announce-ge-location/11139881/)

All city council members and county commissioners who cast votes supported it; Commissioner Chris Monzel, who works at GE, did not vote. Councilwoman Yvette Simpson is out of town and did not vote.

Joe Allen, who will oversee GE's new shared services center, said there were four "very competitive" bids; two from Mason and another from Oakley. The Banks bid wasn't the most lucrative for the company, but it had the benefit of helping attract the best workers.

"Sometimes being the cheapest without the talent doesn't work," he said.

Though the deal was well received overall, some council members raised concerns about the huge incentive package that lured GE to The Banks. They said the give-backs mean the city won't see much direct financial benefit, at least for several years.

"This has the potential to be a transformational project," said Councilman Chris Seelbach. "But we shouldn't kid ourselves. The short-term benefit is pretty thin."

Councilman Wendell Young said he likes about the deal is that it looks to the future.

"It now puts The Banks in the position to realize the potential it always had."

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