

March 24, 2021

To: Mayor and Members of City Council

202101195

From: Paula Boggs Muething, City Manager

Subject: **JOB CREATION TAX CREDIT FOR LUMA FINANCIAL
TECHNOLOGIES**

Attached is an Emergency Ordinance captioned as follows:

APPROVING AND AUTHORIZING the execution of a Job Creation Tax Credit Agreement with Luma Financial Technologies, LLC, pursuant to which the company agrees to create 58 new jobs at 425 Walnut Street, Suite 2410 in the Central Business District of Cincinnati and, for a period of 4 years, the City agrees to provide an income tax credit equal to 35% of City income tax revenue from such new jobs.

BACKGROUND/CURRENT CONDITIONS

Luma Financial Technologies, a fin-tech start-up company in Cincinnati, is expanding so that it can offer additional products and services to its customer base and grow their international presence. The Company engaged with the City of Cincinnati and JobsOhio to seek financial assistance for the expansion project.

COMPANY INFORMATION

Luma Financial Technologies, LLC is a fin-tech start-up company providing a marketplace for structured products and annuities, a class of financial products that help investors further diversify their portfolios beyond traditional stocks and bonds. The company was founded in Cincinnati in 2018 and has received seed investment from Morgan Stanley and Bank of America, two of the largest investment banks on Wall Street. Luma Financial Technologies is currently leasing office space in the US Bank office building at Fifth & Walnut Street in downtown Cincinnati.

PROJECT DESCRIPTION

The Company is taking on an expansion project to offer additional annuities products, build their secondary market (investor to investor) offerings, as well as grow their international presence. Through the expansion project, the company will retain 54 jobs and \$6,560,000 in annual payroll and create a total of 58 new jobs and \$6,814,000 additional annual payroll within the next three years. The new hires will serve a variety of functions for the business including IT, web development, business analysis, quality assurance and HR. Annual average salary will exceed \$115,000 per

new job. The Company will create the new jobs at its current office location in the U.S. Bank building at 425 Walnut Street in the Central Business District.

PROPOSED INCENTIVE

The Administration is recommending a 4-year, 35% non-refundable job creation tax credit (JCTC). The Company will be required to retain the newly created jobs for a total of eight years.

The reason for providing the payroll tax incentive is that the Project provides an advantageous return on investment for the City. In addition, the incentive will require the Company to maintain an operation within the City beyond the expiration of their current lease in 2024. The Company was also considering relocating the new jobs to its secondary location in the New York City area.

Estimated Total Term JCTC Value to Company:	\$171,712
Estimated Total Term New Payroll Tax Revenue:	\$809,503
Incentive Leverage per Dollar of City Investment:	\$4.71

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Copy: Markiea L. Carter, Interim Director, Department of Community & Economic Development *MLC*