

April 16, 2025

To: Mayor and Members of City Council

202500755

From: Sheryl M.M. Long, City Manager

Subject: Emergency Ordinance – Second Amendment to Refundable Job Creation Tax Credit Agreement with Core Specialty Insurance Services, Inc.

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the execution of a Second Amendment to Job Creation Tax Credit Agreement with Core Specialty Insurance Services, Inc., pursuant to which the company agrees to an increased investment in the City of Cincinnati, including creation of fifty additional new jobs and an additional \$1.5 million investment in the property located at 201 E. Fifth Street in the Central Business District of Cincinnati, and the City agrees to extend the tax credit term from four years to seven years and increase the job creation tax credit from 35 percent to 45 percent.

STATEMENT

BUSINESS EXPANSION: The additional jobs created by this expansion project strongly align with the City's goal to spur economic growth and expand available job opportunities for residents.

COMPANY BACKGROUND

Core Specialty Insurance Services, Inc. ("the Company") is a specialty insurance company located at 201 E Fifth Street in Downtown Cincinnati. The Company has an existing JCTC-R agreement with the City as of 2021. They agreed to expend a minimum of \$425,000 and create at least 55 jobs (40 new jobs at \$4,500,000 in annual payroll, 15 relocated jobs at \$3,460,000 in annual payroll) within 3 years of executing the agreement in 2021. The City agreed to provide a 4-year JCTC-R, with an annual reimbursement cap for the lesser of \$30,000 or 30% of new income tax revenue generated by the expansion.

This agreement was amended in February of 2024 at the request of the Company so that additional growth on top of their original commitment could be captured under the incentive. The Company agreed to create an additional 25 jobs on top of their original commitment of 55 jobs, with an additional new annual payroll of \$2,288,000 (avg. salary of \$91,250). They also agreed to invest a minimum of \$2.5 million in leasehold improvements to their office. The City agreed to increase their annual JCTC-R reimbursement cap to the lesser of \$45,000 or 35% of new income tax revenue generated

by the expansion. The company was also considering this expansion project in Covington, KY but has elected to undertake it at their current facility in Cincinnati.

CURRENT CONDITIONS

To date, the Company has reported that they have met or exceeded their existing commitments for job creation, payroll, and investment. They have not yet drawn on their JCTC-R credit.

The Company informed DCED in late 2024 that they intend to undertake another round of expansion, which they hope to do in Cincinnati. They plan to add another 50 jobs at \$4.75 million in new annual payroll (avg. annual salary of \$95,000 per job) and invest \$1.5 million in new fixed asset improvements.

They were also considering this expansion at other locations across the country, namely Indianapolis and Dallas.

In aggregate, Core Specialty Insurance Services has committed to creating a total of 130 new high-paying jobs with a total of \$14,998,000 in new annual payroll (avg. annual salary across all jobs of \$115,369). The Company has experienced a period of tremendous growth in Cincinnati. By extending and increasing this incentive, Cincinnati will ensure that the Core Specialty will undertake their latest round of expansion locally, beating out other peer cities to win these new, high-paying jobs in the insurance sector.

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance so that the Company can undertake their third round of expansion as soon as possible.

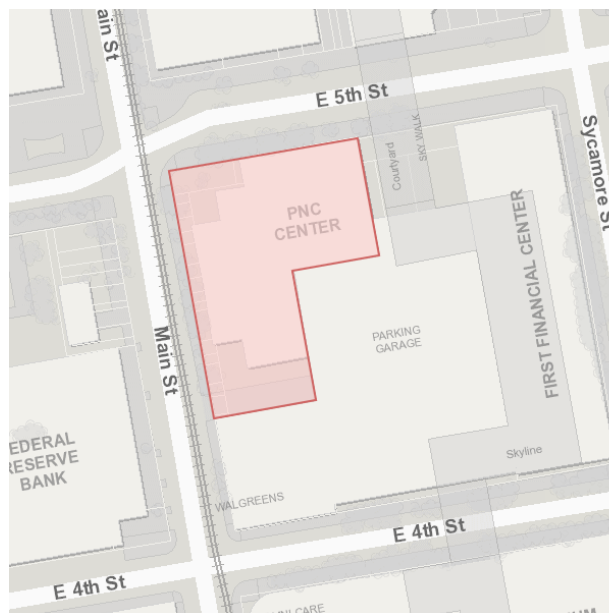
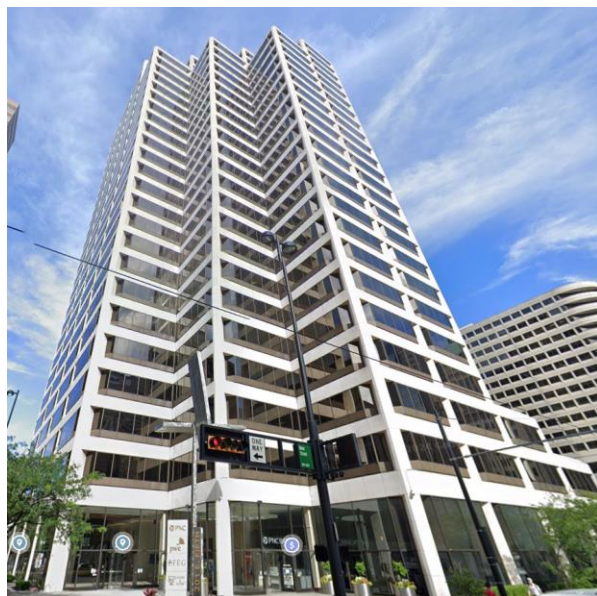
Attachment: Project Outline and Proposed Incentive

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

Project Outline

Project Name	Core Specialty Insurance Services, Inc.
Street Address	201 E. 5 th Street
Neighborhood	Downtown
Property Condition	Existing Office
Project Type	Expansion
Project Cost	Fixed Asset Improvements: \$1,500,000
Jobs and Payroll	Created FTE Positions: 130 <ul style="list-style-type: none"> - 50 FTEs under latest expansion - 80 FTEs under previous expansion projects Total Payroll for Created FTE Positions: \$14,998,000 <ul style="list-style-type: none"> - \$4,750,000 under latest expansion - \$10,248,000 from previous expansions Average Salary for Created FTE Positions: \$115,369

Project Image and Site Map



Proposed Incentive

Incentive Type	Job Creation Tax Credit – Reimbursable – Second Amendment
Incentive Terms	<u>Credit Period Term:</u> Increase from 4 years to 7 years <u>Employee Retention Period:</u> Increase from 4 years after the expiration of the Credi Period to 6 years after expiration of the Credit Period <u>Credit Amount:</u> increase to the lesser of 45% of gross new income tax revenue generated by the project or \$60,000 annually <u>Maximum Term Incentive Value:</u> \$420,000

Public Benefit

Tax Credits Provided to Company		
Jobs Retained - Tax Credit		
# of Jobs Retained (FTE)		0
Total Annual Payroll for Retained Jobs		\$0
Annual City Earnings Tax Credit from Retained Jobs		\$0
Jobs Created - Tax Credit		
# of Jobs Created (FTE)		130
Total Annual Payroll for New Jobs		\$14,998,000
Annual City Earnings Tax Credit From New Jobs		\$121,484
Tax Credit Calculations		
Retained City Earnings Tax Credit over Term		\$0
New City Earnings Tax Credit over Term		\$850,387
Total City Earnings Tax Credit over Term		\$850,387
Tax Calculation Factors		
Tax Credit for Retained Jobs		0.0%
Tax Credit for New Jobs		45.0%
Length of the Incentive Credit (Years)		7
Retention Period after Incentive Credit (Years)		6
Total Term of the Incentive (Credit Term + Retention Term)		13
City Earnings Tax Rate		1.8%
JCTC-R/JCTC/PIR Offer		
Total City Earnings Tax Generated over Term		\$3,509,532
Estimated Annual Net Profit Tax Due to City over Term		\$0
Less PIR/JCTC-R Payments/Credits to Company		(\$850,387)
Total Net Earnings Taxes Over Term		\$2,659,145
Incentive Leverage (Taxes Received/Incentives Given)		\$3.13