

The cost of keeping Convergys

Convergys Corp. is asking Cincinnati City Council to approve a tax-incentive package worth \$63.4 million. In return, the international customer-service company promises to keep its headquarters in the city. If passed by city council Tuesday, the Convergys deal would be the largest tax break ever approved by the city and would bring with it significant costs and benefits for the city, the company and Cincinnati taxpayers.

Incentive	Cincinnati offers	Convergys promises	Costs and benefits
Job creation tax credits: \$22.4 million	An 80 percent refund to Convergys on earnings taxes paid by all new employees added downtown. Total value: \$22.4 million over 15 years.	An increase of 225 jobs in the next three years, and a total 1,450 by 2018.	The city would retain 20 percent of the taxable income on jobs created. Officials estimate the net gain to be \$50,000 to \$730,000 a year.
Job retention tax credits: \$33 million	A 75 percent refund to Convergys on earnings taxes paid for the 1,500 jobs downtown. Total value: \$33 million over 15 years.	The retention of at least 1,000 full-time jobs downtown, paying four times the minimum wage.	A direct loss of city revenue of about \$1.7 million to \$2.8 million a year to the general fund, which pays for most safety and service-related city activities.
Business development grants	\$4 million in cash this year from 2003 to help acquire property, from a special property tax fund for downtown businesses.	A \$100 million investment in the Atrium One building, 201 E. Fourth St. The 20-story tower opened in 1981.	The cash grants, which come from a fund financed by downtown property owners, mean less money for new downtown development projects.
Employment performance grants	\$4 million payable as Convergys meets specific employment targets, from the same fund.	An addition of 225 jobs for the first \$2 million; \$1 million for every 225 jobs created thereafter.	Because the grants are tied to specific job creation goals, the loss of property taxes is offset by increases in the earnings tax.

Source: Cincinnati City Manager's Office