

# Wal-Mart to waive Steelyard tax break

Millions will go to schools,  
Towpath Trail; retailer pledges  
to help support local businesses

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Wal-Mart Stores Inc. said Monday it will forgo a 10-year property tax abatement, worth millions of dollars, on its store opening in September at Steelyard Commons.

The news trumped the company's announcement that it has chosen Cleveland as one of 10 U.S. cities where it will help support small companies in the giant retailer's shadow.

Mayor Frank Jackson said city officials will talk to Steelyard Commons' other big-box stores — Target and Home Depot — in hopes they follow suit and give up their tax breaks. Home Depot opened Feb. 1. Target and a half-dozen other retailers at the \$120 million shopping center are set to open by this fall.

Developer Mitchell Schneider said he, too, will waive the abatement on part of the Steelyard property that he still owns. That will be worth about \$10 million to the city, he said.

Wal-Mart Regional General Manager Jerry Spencer did not put an exact dollar figure on Wal-Mart's abatement waiver but said it would be worth millions.

Spencer, sharing a podium at City Hall with Jackson, was in town to roll out a program to help businesses near its Steelyard Commons Supercenter stay afloat.

Wal-Mart is trying to polish its image as it pushes into urban markets where it has met stiff opposition.

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## WAL-MART

FROM A1

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The discount chain has long been criticized for sinking mom-and-pop businesses by undercutting their prices and offering a vast array of goods that small retailers could not match.

Spencer said Wal-Mart is not interested in destroying rivals.

"We want to help the area thrive and prosper," he said. "We have an interest in that, obviously."

Critics of Wal-Mart's plan say it's a promotion ploy to ease its transition into tough markets.

"It strikes me as just another advertising gimmick to sugarcoat the devastation they do in communities," said John Ryan, executive secretary of the North Shore Federation of Labor.

Wal-Mart's Cleveland program will involve commercials for nearby businesses on the supercenter's in-store TV network. Wal-Mart also will pay for newspaper ads to showcase local firms. Managers at the supercenter will choose up to 20 companies a year to feature.

Wal-Mart also will provide "hundreds of thousands of dollars in grants" to neighborhoods in Cleveland and the nine other cities designated for attention, the company said.

"It's about creating opportunity beyond the four walls of our stores," Spencer said.

He did not have an estimate on what Wal-Mart would invest in Cleveland. The impact of the in-store advertising alone will be significant given the high volume of traffic in a Wal-Mart, he said.

The general terms of the "jobs and opportunities zone" were overshadowed by the hard dollars involved in Wal-Mart's decision to give up a tax abatement.

About two-thirds of those property taxes will now head to the Cleveland School District. The rest will be used to extend the Towpath Trail into downtown and support small businesses near the shopping center on the former LTV Steel site.

"We knew that they had a legal right and we knew what the impact of that would be on the schools and the towpath," Jackson said. "We talked to Wal-Mart and they said they would be perfectly willing to forgo" the abatement.

The tax break is part of state provisions for property owners that build on environmentally contaminated land.

In exchange for cleaning up the property, the state automatically gives a tax abatement when it grants a covenant not to sue — a promise that protects the owner from future liability over environmental claims.

Schneider's company, First Interstate Properties Ltd., has finished remediating 100 acres in Steelyard Commons' first phase. The work was overseen by the Ohio Environmental Protection Agency. He has yet to finish cleaning 19 acres in a second phase, where construction begins in the fall.

Schneider said he wasn't at first aware that businesses that applied for the covenant would automatically get the abatement. He said he told Steelyard Commons retailers from the outset that taxes would not be abated.

The Ohio legislature amended the law earlier this year to allow companies that wanted to opt out of the tax relief to do so, he said. Schneider didn't lobby for the waiver.

"It was just serendipitous," he said. "I didn't even know the problem existed ... until the amendment passed."

The abatement takes effect March 29, Schneider said, after which any company that has already received the waiver — so far, only Wal-Mart — will have 90 days to complete paperwork to back out of the tax waiver.

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