



Legislation Details (With Text)

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File created: 10/9/2009 **In control:** Finance & Economic Development Committee
On agenda: 10/19/2009 **Final action:** 10/20/2009
Title: A resolution designating the city of Columbus, Ohio as a Recovery Zone under Section 1400U-1 of the Internal Revenue Code, and declaring an emergency (\$0).

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
10/20/2009	1	MAYOR	Signed	
10/20/2009	1	CITY CLERK	Attest	
10/19/2009	1	Columbus City Council	Adopted	
10/19/2009	1	COUNCIL PRESIDENT	Signed	
10/9/2009	1	Finance Drafter	Sent for Approval	
10/9/2009	1	FINANCE DIRECTOR	Reviewed and Approved	
10/9/2009	1	Auditor Drafter	Sent for Approval	
10/9/2009	1	Finance Reviewer	Sent for Approval	
10/9/2009	1	CITY ATTORNEY	Reviewed and Approved	
10/9/2009	1	Finance Reviewer	Sent to Clerk's Office for Council	

Background: The Department of Finance and Management is proposing the designation of all of the territory within the jurisdiction of the City of Columbus (the "City") as a "recovery zone" for purposes of Section 1400U-1 of the Internal Revenue Code of 1986, as amended (the "Code").

Designation of an area as a recovery zone will permit the use of a new bond financing method created by the American Recovery and Reinvestment Act of 2009 ("ARRA"). ARRA permits the City to establish an area as a recovery zone on the basis of the presence of significant poverty, unemployment, rate of home foreclosures or general distress. Once established, the City may issue recovery zone economic development bonds that will permit the financing of needed infrastructure within the City in a fashion that will require the United States Treasury to subsidize 45% of the interest cost on such bonds via a direct cash payment to the City during the life of the financing.

Fiscal Impact: No funding is required for this legislation.

A resolution designating the city of Columbus, Ohio as a Recovery Zone under Section 1400U-1 of the Internal Revenue Code, and declaring an emergency (\$0).

WHEREAS, the American Recovery and Reinvestment Act of 2009 (the "Act") revised the Internal Revenue Code of 1986, as amended (the "Code") to permit the designation of a recovery zone (the "Recovery Zone") within the jurisdiction of political subdivisions such as the City of Columbus, Ohio (the "City"); and

WHEREAS, the establishment of a Recovery Zone will, among other things, permit the City to issue Recovery Zone Economic Development Bonds ("Recovery Zone Economic Development Bonds") for the purpose of financing permanent improvements within such Recovery Zone; and

WHEREAS, the issuance of Recovery Zone Economic Development Bonds by the City will allow the City to receive a cash subsidy payment from the United State Treasury equal to forty five percent (45%) of the interest paid on such Recovery Zone Economic Development Bonds during the term such obligations are outstanding; and

WHEREAS, the area constituting the Recovery Zone must be designated prior to the issuance by the City of any Recovery Zone Economic Development Bonds; and

WHEREAS, the Code provides that areas having significant poverty, unemployment, rate of home foreclosures or general distress are eligible for designation as a Recovery Zone; and

WHEREAS, an emergency exists in the usual daily operation of the City of Columbus in that it is immediately necessary to adopt this resolution as an emergency measure due to the fact that bonds of the City are being authorized by separate legislation and, in order to take advantage of savings from current interest rates for tax-exempt bonds, it is necessary for this Resolution to be effective immediately, and to ensure the preservation of the public health, peace, property, safety, and welfare; **NOW, THEREFORE,**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF COLUMBUS:

Section 1. The Council hereby finds and determines that the entire geographical territory within the jurisdiction of the City is subject to significant general distress.

Section 2. In light of such significant general distress this Council hereby designates the entire geographical territory of the City as a Recovery Zone under Code Section 1400U-1.

Section 3. This Resolution is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, and safety, and, therefore, except as otherwise provided herein, this Resolution shall be in force and effect immediately upon its passage and approval by the Mayor.