



Legislation Text

File #: 1881-2023, **Version:** 1

BACKGROUND: By the authority granted in ORC Section 5709.82, the City is required to pay affected school districts 50 percent (50%) of the municipal income tax revenue attributable to tax abated projects where the annual ‘new employee’ payroll for a project is one million dollars or more, in a given tax year, during the abatement term. This municipal income tax revenue sharing with affected school districts applies to all property tax abatements approved by the legislative authority after July 1, 1994 and is based on the ‘new employee’ wages paid in a tax year, during the years of tax exemption, and also on the wages of the construction workers.

FISCAL IMPACT: For tax year 2022, the City of Columbus has forty-one (41) agreements requiring revenue sharing and the total amount of revenue to be shared is \$4,215,475.17. The forty-one (41) agreements are related to projects located in five (5) different school districts with the revenue share subtotals as follows: \$3,125,794.26 to the Columbus City School District for thirty-one (32) agreements, \$710,645.50 to the Hilliard City School District for four (4) agreements, \$252,096.70 to the Olentangy Local School District for two (2) agreements, \$103,699.61 to the South-Western City School District for two (2) agreements and \$23,239.10 to the Worthington City School District for one (1) agreement.

Emergency action is requested in that it is immediately necessary to authorize payment to the Columbus City School District, the Hilliard City School District, the Olentangy Local School District, the South-Western City School District, and the Worthington City School District to compensate them for property tax revenues forgone due to tax abatements, which payments need to be made prior to the new school year so that the districts can account for the receipt and accounting of those funds.

FISCAL IMPACT:

The 2023 General Fund budget (citywide account) includes funding for these payments. A transfer equal to 25 percent (25%) of the payment will be transferred from the Special Income Tax Fund. The transfer amount of \$1,053,868.79 has been factored into the current special income tax analysis and resultant capital capacity.

To authorize and direct the City Auditor to transfer \$4,215,475.17 within the General Fund; to authorize and direct the City Auditor to appropriate and transfer \$1,053,868.79 in cash from the Special Income Tax Fund to the General Fund; to authorize and direct the payment of \$3,125,794.26 to the Columbus City School District, \$710,645.50 to the Hilliard City School District, \$252,096.70 to the Olentangy Local School District, \$103,699.61 to the South-Western City School District and \$23,239.10 to the Worthington City School District for income tax revenue sharing totaling \$4,215,475.17; to authorize the expenditure of \$4,215,475.17 from the General Fund; and to declare an emergency.

WHEREAS, Ohio Revised Code Section 5709.82 requires the City to pay affected school districts fifty percent (50%) of municipal income tax revenue attributable to tax abated projects where ‘new employee’ payroll for a project is one million dollars or more in a tax year, during the term of the tax abatement.

WHEREAS, the City of Columbus is subject to the income tax revenue sharing provisions of Ohio Revised Code 5709.82; and

WHEREAS, the City of Columbus has a total of forty-one (41) tax abated projects subject to the income tax revenue sharing provisions and these projects are located in five (5) school districts as follows: Thirty-one (32) projects in the Columbus City School District, four (4) projects in the Hilliard City School District, two (2) projects in the Olentangy School District, two (2) projects in the South-Western City School District and one (1) project in the Worthington City School District; and

WHEREAS, it is necessary at this time to authorize payment of \$3,125,794.26 to the Columbus City School District, \$710,645.50 to the Hilliard City School District, \$252,096.70 to the Olentangy Local School District, \$103,699.61 to the South-Western City School District and \$23,239.10 to the Worthington City School District; and

WHEREAS, the matter herein constitutes an emergency in that it is immediately necessary to authorize payment to the Columbus City School District, the Hilliard City School District, the Olentangy Local School District, the South-Western City School District, and the Worthington City School District to compensate them for property tax revenues forgone due to tax abatements, which payments need to be made to each district prior to the new school year so that the districts can account for the receipt and planned expenditure of these funds, thereby preserving the public health, peace, prosperity, safety and welfare; **NOW, THEREFORE**,

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

SECTION 1. That the transfer of \$1,053,868.79 in cash only or so much thereof as may be needed, is authorized from Fund 4430 (Special Income Tax Fund), Dept-Div 44-02 (Economic Development) to Fund 1000 (General Fund), Dept-Div 44-02 (Economic Development) per the account codes in the attachment to this ordinance.

SECTION 2. That from the unappropriated monies and from all monies estimated to come into said fund from any and all sources and unappropriated for any other purpose during the fiscal year ended December 31, 2022, the sum of \$1,053,868.79 is appropriated in Fund 4430 (Special Income Tax Fund), Dept-Div 44-02 (Economic Development) in Object Class 10 (Transfer) per the accounting codes in the attachment to this ordinance.

SECTION 3. That the transfer of \$4,215,475.17 in appropriation or so much thereof as may be needed, is authorized within Fund 1000 (General Fund), from Dept-Div 45-01 (Administration), object class 10 (citywide account) to Dept-Div 44-02 (Economic Development), object class 05 (Other) per the account codes in the attachment to this ordinance.

SECTION 4. That the expenditure of \$4,215,475.17 or so much thereof as may be needed, is authorized in Fund 1000 (General Fund), Dept-Div 44-02 (Economic Development), in object class 05 (Other) per the accounting codes in the attachment to this ordinance.

SECTION 5. Funds are hereby deemed appropriated and expenditures and transfers authorized to carry out the purposes of this ordinance and the City Auditor shall establish such accounting codes as necessary.

SECTION 6. That the City Auditor, for the purposes of income tax revenue sharing, is hereby authorized to make payment of \$3,125,794.26 to the Columbus City School District, \$710,645.50 to the Hilliard City School District, \$252,096.70 to the Olentangy Local School District, \$103,699.61 to the South-Western City School District and \$23,239.10 to the Worthington City School District.

SECTION 7. That for the reasons stated in the preamble hereto, which is hereby made a part hereof, the ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after its

passage and approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.