



Legislation Text

File #: 1447-2020, **Version:** 1

Background: The Department of Development has submitted for Council consideration Ordinance 1443-2020 to authorize the Director of Development to enter into an Economic Development Agreement (the “EDA”) with 1489 Rohr Holding, LLC (the “Developer”) to support the Developer’s development of a fifty six million dollars (\$56,000,000) industrial/warehouse/distribution development including a minimum of approximately two million (2,000,000) square feet of industrial/warehouse/distribution space (the “Project”) on 229.993+/- acres located south of Rohr Road between the CSX railroad and Lockbourne Road (the “Site”). In order to support development of the Site and the financing of certain public infrastructure improvements in the EDA, this Ordinance will establish a new non-school TIF under Section 5709.40(B) of the Ohio Revised Code known as “Rickenbacker-317 TIF” including the Site and provide for a 100% exemption from real property taxation on all improvements to the parcels within the new TIF area for a period of not more than thirty (30) years.

Annual service payments in lieu of taxes will be made with respect to improvements to the new TIF parcels. The applicable portion of those service payments will be distributed directly to the Columbus City School District and Hamilton Local School District, in the same manner as usual, in the amount that the school districts would have received in real property taxes had the tax exemption not been granted. The remaining non-school portion of those service payments will be paid to the City for deposit into a new TIF fund established in this Ordinance to be used to fund public infrastructure improvements benefiting the new TIF parcels.

Fiscal Impact: No funding is required for this legislation. The City is foregoing real property tax revenue that it would have received from development on the TIF parcels. Instead, the non-school portion of that revenue will be diverted to the TIF fund.

Emergency Justification: Emergency legislation is necessary to maintain the project schedule and to coincide with the established development timeline.

To create the “Rickenbacker-317” 5709.40(B) TIF area; to declare improvements to those TIF parcels to be a public purpose and exempt from real property taxation; to require the owners of those parcels to make service payments in lieu of taxes; to require the distribution of the applicable portion of those service payments to the Columbus City School District and Hamilton Local School District; and to establish a municipal public improvement tax increment equivalent fund for the deposit of the remainder of those service payments; to otherwise implement the Economic Development Agreement submitted for City Council consideration; and declare an emergency. **(AMENDED BY ORD. 2563-2020; PASSED 11/23/2020)**

WHEREAS, the Department of Development has submitted for Council consideration Ordinance 1443-2020 to authorize the Director of Development to enter into an Economic Development Agreement (the “EDA”) with 1489 Rohr Holding, LLC (the “Developer”) establishing the desire of the City and Developer to create the “Rickenbacker-317” TIF Area under Section 5709.40(B) of the Ohio Revised Code; and

WHEREAS, Sections 5709.40 through 5709.43 of the Ohio Revised Code (collectively, the “TIF Statutes”) authorize the legislative authority of a municipal corporation, by ordinance, to declare the improvements to certain parcels of real property located within the municipal corporation to be a public purpose and exempt from taxation; to require the owner of each parcel to make service payments in lieu of taxes; to provide for the distribution of the applicable portion of those service payments to the overlapping city, local or exempted village school districts; to establish a municipal public improvement tax increment equivalent fund for the deposit of the remainder of such service payments; and to provide for payments from such municipal public improvement tax increment equivalent fund; and

WHEREAS, this Council has determined that it is necessary and appropriate and in the best interest of the City to exempt from taxation one hundred percent (100%) of the improvements to each parcel of real property identified and depicted in Exhibit A (the “Rickenbacker-317 Parcels”) attached hereto (with each current or future parcel of such real property referred to herein individually as a “Parcel” and collectively as the “Parcels”) as permitted and provided for in the TIF Statutes for up to thirty (30) years (the “TIF Exemption”) and to simultaneously direct and require the current and future owner(s) of each Parcel (each such owner individually, an “Owner,” and collectively, the “Owners”) to make annual service payments in lieu of real property tax payments, in the same amount as they would have made real property tax payments except for the TIF Exemption provided by this Ordinance; provided that the TIF Exemption and the obligation to make such service payments are subject and subordinate to any tax exemptions applicable to any improvements pursuant to Sections 140.08, 5709.12 and 5709.121, 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code; and

WHEREAS, the City has determined that a portion of the service payments shall be paid directly to the Columbus City School District and Hamilton Local School District (the “School Districts”) in an amount equal to the real property taxes that the School Districts would have been paid if the improvement to each Parcel located within the School Districts had not been exempt from taxation pursuant to this Ordinance; and

WHEREAS, pursuant to Section 5709.43(A) of the Ohio Revised Code, this Council has determined to establish a municipal public improvement tax increment equivalent fund in which there shall be deposited the remaining service payments distributed to the City as provided herein; and

WHEREAS, notice of this proposed Ordinance has been delivered to the Board of Education of the School Districts in accordance with and within the time periods prescribed in Sections 5709.40 and 5709.83 of the Ohio Revised Code, as applicable; and

WHEREAS, an emergency exists in the usual daily operations of the Department of Development in that it is immediately necessary to proceed with the creation of the Rickenbacker-317 TIF described herein to allow the Developer to close on the Site and to meet the development timeline of the private Project and certain public improvements in order to facilitate such development for the preservation of the public health, peace, safety and welfare without delay; **NOW, THEREFORE,**

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

Section 1. Authorization of TIF Exemption. Pursuant to and in accordance with the provisions of Section 5709.40 (B) of the Ohio Revised Code, this Council hereby finds and determines that one hundred percent (100%) of the increase in assessed value of each Parcel in Exhibit A (which increase in assessed value is hereinafter referred to as the “Improvement” as defined in Section 5709.40(A) of the Ohio Revised Code) is hereby declared to be a public purpose and will be exempt from taxation for a period commencing with the tax year in which an exempted improvement first appears on the tax list and duplicate of real and public utility property and that commences after the effective date of the ordinance and ending on the earlier of (a) 30 years after such commencement or (b) the date on which the City can no longer require service payments in lieu of taxes, all in accordance with the requirements of the TIF Statutes. The TIF Exemption granted and the payment obligations established in this Ordinance are subject and subordinate to any tax exemption applicable to the Improvement under Sections 140.08, 5709.12 or 5709.121, 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code.

Section 2. Service Payments. Subject to any tax exemption applicable to the Improvement pursuant to Sections 140.08, 5709.12 and 5709.121, 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code, and pursuant to Section 5709.42 of the Ohio Revised Code, this Council hereby directs and requires the Owner of each Parcel to make annual service payments in lieu of taxes with respect to the Improvement to the Franklin County Treasurer (the “County Treasurer”) on or before the final dates for payment of real property taxes. Each service payment in lieu of taxes, including any penalties and interest at the then current rate established under Sections 323.121(B)(1) and 5703.47 of the

Ohio Revised Code (collectively, the “Service Payments”), shall be charged and collected in the same manner and in the same amount as the real property taxes that would have been charged and payable against the Improvement if it were not exempt from taxation pursuant to this Ordinance. The Service Payments in lieu of taxes, and any other payments with respect to each Improvement that are received by the County Treasurer in connection with the reduction required by Sections 319.302, 321.24, 323.152 and 323.156 of the Ohio Revised Code, as the same may be amended from time to time, or any successor provisions thereto as the same may be amended from time to time (the “Property Tax Rollback Payments”), shall be allocated and distributed in accordance with this Ordinance. This Council further hereby authorizes and directs appropriate officers of the City to make such arrangements as are necessary and proper for collection of the Service Payments from the Owners, including the preparation and filing of any necessary exemption applications.

Section 3. Tax Increment Equivalent Fund. This Council hereby establishes, pursuant to and in accordance with the provisions of Section 5709.43 of the Ohio Revised Code, a municipal public improvement tax increment equivalent fund (the “Rickenbacker-317 TIF Fund” or the “TIF Fund”), into which there shall be deposited the Service Payments collected from the Parcels not required to be distributed to the School Districts and paid to the City pursuant to this Ordinance. The TIF Fund shall be maintained in the custody of the City, and those Service Payments and Property Tax Rollback Payments received by the City with respect to the Improvement of each Parcel and so deposited pursuant to Sections 5709.42 and 5709.43 of the Ohio Revised Code shall be used solely for the purposes authorized in the TIF Statutes and this Ordinance. The TIF Fund shall remain in existence so long as such Service Payments and Property Tax Rollback Payments are collected and used for the aforesaid purposes, after which time the TIF Fund shall be dissolved, and any surplus funds remaining therein shall be transferred to the City’s General Fund, all in accordance with Section 5709.43 of the Ohio Revised Code.

Section 4. Distribution of Service Payments. Pursuant to the TIF Statutes, the County Treasurer is requested to distribute the Service Payments and the Property Tax Rollback Payments as follows:

- a) to the School Districts, an amount equal to the amount it would otherwise have received as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the Improvement to each Parcel located within that School Districts if the Improvement had not been exempt from taxation pursuant to this Ordinance; and
- b) to the City, all remaining amounts for further deposit into the TIF Fund for payment of the costs of public infrastructure improvements as authorized by this Ordinance and Section 5709.40 of the Ohio Revised Code.

All distributions required under this section are requested to be made at the same time and in the same manner as real property tax distributions.

Section 5. Public Infrastructure Improvements. This Council hereby designates the Public Infrastructure Improvements described in Exhibit B attached hereto, and any other public infrastructure improvements hereafter designated by ordinance, as public infrastructure improvements made, to be made or in the process of being made that directly benefit, or that once made will directly benefit, the Parcels.

Section 6. Further Authorizations. This Council ratifies the delivery of the notice of this Ordinance to the School Districts pursuant to Section 5709.40 and Section 5709.83 of the Ohio Revised Code; hereby authorizes and directs the Director, the City Clerk of the City (the “City Clerk”) or other appropriate officers of the City to deliver a copy of this Ordinance and status reports to the Ohio Development Services Agency pursuant to Section 5709.40(I) of the Ohio Revised Code; to make such arrangements as are necessary and proper for collection of the Service Payments; further authorizes and directs the Director, the City Clerk, the City Attorney of the City or other appropriate officers of the City to prepare and sign all agreements and instruments and to take any other actions as may be appropriate to implement this Ordinance.

Section 7. TIRC. The City’s Tax Incentive Review Council (TIRC) shall review annually all exemptions from taxation resulting from the declarations set forth in this Ordinance and any other matters as may properly come before the

TIRC, all in accordance with Section 5709.85 of the Ohio Revised Code.

Section 8. Effective Date. For the reasons stated in the Preamble hereto, which is hereby made a part hereof, this 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 of the City (the “Mayor”) or ten (10) days after the passage if the Mayor neither approves nor vetoes the same.