Legislation Details (With Text)

File #:	3169-2019 **Version:** 1		
Type:	Ordinance	**Status:**	Passed
File created:	11/25/2019	**In control:**	Economic Development Committee
On agenda:	12/16/2019	**Final action:**	12/18/2019
Title:	To remove a parcel from the existing Downtown Tax Increment Financing Area by amending Ordinance 0973-2008; to create the Hyatt Regency Tax Increment Financing Area No. 1; and to declare improvements to the parcels in that Area to be a public purpose and exempt from taxation. (AMENDED BY ORD. 2619-2020; PASSED 11/23/2020) (AMENDED BY ORD. 2620-2020; PASSED 11/23/2020)		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. ORD3169-2019 Exhibit A-Hyatt Regency 11-15-19		

Date	Ver.	Action By	Action	Result
12/18/2019	1	CITY CLERK	Attest	
12/17/2019	1	MAYOR	Signed	
12/16/2019	1	COUNCIL PRESIDENT	Signed	
12/16/2019	1	Columbus City Council	Approved	Pass
12/9/2019	1	Columbus City Council	Read for the First Time	

BACKGROUND:

This Council on July 22, 2019 passed its Ordinance No. 2043-2019 addressing the redevelopment of additional sites in the Arena District and adjacent areas in Downtown Columbus and authorizing the Director of Development to enter into a related Economic Development Agreement ("EDA") and an Amended and Restated Tax Increment Financing ("TIF") Agreement ("TIF Agreement"). That Ordinance and the EDA and TIF Agreement include a commitment to amend and restructure existing TIFs to create new TIFs on sites undergoing redevelopment. This Ordinance implements a portion of that commitment.

The Department of Development is proposing the creation of a tax increment financing district under Section 5709.41 of the Ohio Revised Code composed of a parcel located within the area generally bounded on the north by the Convention Center, on the west by High Street, on the south by Nationwide Boulevard and on the east by Third Street to be known as the "Hyatt Regency TIF." This Ordinance establishes this TIF and provides for a 100% exemption from real property taxation on all development on the parcels in the TIF for a period of not more than thirty (30) years to take effect and commence from and after the effective date of this Ordinance.

The Columbus City School District will receive, in the same manner and times as usual, all amounts that it would have received in real property taxes had the TIF exemptions not been granted. Annual service payments in lieu of taxes will be made with respect to redevelopment on the parcels in the TIF. The applicable portion of those service payments will be distributed directly to the Columbus City School District, with the remaining non-school portion of those service payments paid to the City for deposit into the TIF Fund established in this Ordinance

This Ordinance removes parcels in the Hyatt Regency TIF from the existing Downtown TIF and incorporates them into

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the new Hyatt Regency TIF.

FISCAL IMPACT: No funding is required for this legislation. The City is foregoing real property tax revenue that it would have received with respect to redevelopment on the TIF parcels. Instead, the non-school portion of that revenue will be diverted to the specified TIF Fund.

To remove a parcel from the existing Downtown Tax Increment Financing Area by amending Ordinance 0973-2008; to create the Hyatt Regency Tax Increment Financing Area No. 1; and to declare improvements to the parcels in that Area to be a public purpose and exempt from taxation. (AMENDED BY ORD. 2619-2020; PASSED 11/23/2020) (AMENDED BY ORD. 2620-2020; PASSED 11/23/2020)

WHEREAS, Sections 5709.41, 5709.42 and 5709.43 of the Ohio Revised Code (collectively, the "TIF Statutes") authorize the legislative authority of a municipal corporation engaged in urban redevelopment, by ordinance, to declare the improvements to certain parcels of real property located within the municipal corporation and for which it held fee title, to be a public purpose and exempt from taxation, require the owner of each parcel to make Service Payments (as defined in Section 4 of this Ordinance) in lieu of taxes, provide for the distribution of the applicable portion of those Service Payments to the overlapping city, local or exempted village school district, establish an urban redevelopment tax increment equivalent fund for the deposit of the remainder of such Service Payments and payments from that fund; and

WHEREAS, to support redevelopment on and in the area of the Hyatt Regency TIF, this Council, by its Ordinance No. 0973-2008 passed July 7, 2008, created the Columbus Downtown TIF pursuant to Sections 5709.40, 5709.42 and 5709.43 of the Ohio Revised Code that included the parcel to be included in Hyatt Regency TIF; and

WHEREAS, the parcel in the Hyatt Regency TIF remains subject to redevelopment, and pursuant to Ordinance No. 2043-2019 passed by this Council on July 22, 2019 and the EDA and TIF Agreement, the Director of Development has determined to amend and restructure existing City TIFs to create new TIFs on sites undergoing redevelopment, thereby allowing a full 30-year TIF for those sites and further encouraging and supporting the redevelopment of those sites and the surrounding area; and

WHEREAS, Section 5709.41 of the Ohio Revised Code requires that the City hold fee title to any Parcels to be included in Hyatt Regency TIF prior to enacting this Ordinance, and the City acquired title to all Parcels in the Hyatt Regency TIF on February 5, 1981; 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 (as defined in Section 4 of this Ordinance) to each parcel of real property identified and depicted in Exhibit A (the "Hyatt Regency TIF") 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 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 Service Payments are subject and subordinate to any tax exemptions applicable to any Improvements pursuant to Section 140.08, Sections 5709.12 or 5709.121, or Sections 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 (the "School District") in an amount equal to the real property taxes that School District would have been paid if the Improvement to each Parcel located within that School District had not been exempt from taxation pursuant to this Ordinance; and

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WHEREAS, pursuant to Section 5709.43(B) of the Ohio Revised Code, this Council has determined to establish an urban redevelopment 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 District in accordance with and within the time periods prescribed in Sections 5709.41 and 5709.83 of the Ohio Revised Code; now, therefore

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

SECTION 1. That Exhibit A to Ordinance No. 0973-2008 passed on July 7, 2008, is hereby amended to remove from the Downtown Tax Increment Financing Area all the Hyatt Regency TIF Parcels shown on Exhibit A to this Ordinance, and the Department of Development shall prepare and attach to that Ordinance No. 0973-2008 a substitute Exhibit A reflecting those deletions.

SECTION 2. That the real property subject to this Ordinance is identified and depicted on attached Exhibit A (as currently or subsequently configured, the "Parcels" with each individual parcel a "Parcel"). This Council finds that the City is engaged in urban redevelopment and held fee title to each of the Parcels prior to passage of this Ordinance.

SECTION 3. That pursuant to and in accordance with the provisions of Section 5709.41 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 subsequent to the acquisition of that Parcel by the City on the Acquisition Date (which increase in assessed value is hereinafter referred to as the "Improvement" as defined in Section 5709.41(A) of the Ohio Revised Code) is hereby declared to be a public purpose and will be exempt from taxation for a period commencing on the effective date of this 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 pursuant to this Section 3 and the payment obligations established in Section 4 of this Ordinance are subject and subordinate to any tax exemption applicable to the Improvement under Section 140.08, Sections 5709.12 or 5709.121, or Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code.

SECTION 4. That subject to any tax exemption applicable to the Improvement pursuant to Section 140.08, Sections 5709.12 or 5709.121, or Sections 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 it owns to make annual service payments in lieu of taxes with respect to the Improvement allocable thereto 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 Section 3 of this Ordinance. The Service Payments, 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 Section 6 of 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 5. That this Council hereby establishes, pursuant to and in accordance with the provisions of Section

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5709.43 of the Ohio Revised Code, the Hyatt Regency Urban Redevelopment Tax Increment Equivalent Fund (the "Hyatt Regency 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 District pursuant to Section 6(a) of this Ordinance and paid to the City pursuant to Section 6(b) of this Ordinance. The Hyatt Regency TIF Fund shall be maintained in the custody of the City and shall receive all distributions, as applicable, to be made to the City pursuant to Section 6(b) of this Ordinance. 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 6. That pursuant to the TIF Statutes, the County Treasurer is directed to distribute the Service Payments and Property Tax Rollback Payments as follows:

a) to the School District, 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 District 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 urban redevelopment identified in the EDA and the TIF Agreement, including, without limitation, debt charges on any securities of the City issued to pay or reimburse financing costs or those costs of urban redevelopment.

All distributions required under this Section 6 are requested to be made at the same time and in the same manner as real property tax distributions.

SECTION 7. That the Service Payments and Property Tax Rollback Payments deposited in the TIF Fund shall be deemed appropriated for the purposes set forth in this Ordinance. Subject to vouchers approved by the Director of the City's Department of Development (the "Director"), the City Auditor is hereby authorized to make payments from the TIF Fund in accordance with this Ordinance. Money deposited into the TIF Fund may be used for any purpose permitted under Section 5709.41 of the Revised Code consistent with the provisions of the EDA and TIF Agreement.

SECTION 8. That this Council ratifies the delivery of the notice of this Ordinance to the School District and hereby authorizes and directs the Director, the City Clerk or other appropriate officers of the City to make such arrangements as are necessary and proper for the implementation of this Ordinance and collection from the Owners of the Service Payments, and to prepare, execute and deliver all other documents and instruments (including but not limited to any exemption applications under the TIF Statutes) and to take any other actions as may be appropriate to implement this Ordinance.

SECTION 9. That pursuant to Section 5709.41(E) of the Ohio Revised Code, the Department of Development is hereby directed to deliver a copy of this Ordinance to the Director of the Ohio Development Services Agency within fifteen (15) days after its passage. Further, and on or before March 31 of each year any exemption set forth in Section 3 of this Ordinance remains in effect, the Director of Development or other authorized officer of the City shall prepare and submit to the Director of the Ohio Development Services Agency the status report required under Section 5709.41(E) of the Ohio Revised Code.

SECTION 10. That the City's Tax Incentive Review Council 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 that Council, all in accordance with Section 5709.85 of the Ohio Revised Code.

SECTION 11. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.

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