



Legislation Text

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BACKGROUND: The Department of Development is proposing the establishment of a Rickenbacker West tax increment financing (TIF) area pursuant to Section 5709.40(B) of the Ohio Revised Code in the southeast area of Columbus.

The attached Ordinance establishes that TIF area and provides for one hundred percent (100%) exemption on all development within the TIF area for a period of not more than thirty (30) years. It is important to note that the Columbus City School District will receive, in the same manner as usual, all amounts that it would have received in real property taxes had the TIF exemption not been granted. Subject to other tax exemptions approved by the City pursuant to Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code, annual service payments in lieu of taxes will be made with respect to new private development within the TIF area. 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 the Ordinance to be used to fund public improvements benefiting the TIF area.

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 development within the TIF area. Instead, the non-school share of that revenue will be diverted to the specified TIF fund to be used for public infrastructure improvements benefiting the TIF area.

An ordinance creating a TIF area pursuant to Section 5709.40(B) of the Ohio Revised Code; declaring improvements to certain parcels of real property located in the TIF area to be a public purpose; exempting from taxation one hundred percent (100%) of those improvements; requiring the owners of those parcels to make service payments in lieu of taxes; providing for the distribution of service payments to the Columbus City School District in the amounts it would have received in real property taxes had the TIF exemption not been granted; establishing a tax increment equivalent fund for the deposit of the remainder of those service payments collected from the TIF area property owners; specifying the public infrastructure improvements to be made within the TIF area that directly benefit the real property; approving and authorizing the execution of a tax increment financing agreement with respect to the TIF area; and declaring an emergency.

WHEREAS, Sections 5709.40(B), 5709.42 and 5709.43 of the Ohio Revised Code (collectively, the "TIF Statutes") authorize the legislative authority of a municipal corporation, by ordinance, to declare the improvement to certain parcels of real property located within the municipal corporation to be a public purpose and exempt from taxation, require the owner of each parcel to make service payments in lieu of taxes, provide for the distribution of the applicable portion of such service payments to the city, local or exempted village school district, establish a municipal public improvement tax increment equivalent fund for the deposit of the remainder of such service payments and specify public infrastructure improvements made, to be made or in the process of being made that directly benefit, or that once made will directly benefit, those parcels; and

WHEREAS, the parcels of real property identified and depicted in Exhibit A attached hereto are located in the City of Columbus, Ohio (collectively, the "Property"), and this Council has determined to declare the Improvement (as defined in Section 1 of this Ordinance) to the Property to be a public purpose; 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 Improvement to the Property as permitted and provided in Section 5709.40(B) of the Ohio Revised Code for up to thirty (30) years (the "TIF Exemption") and to simultaneously direct and require the current and future owner(s) of parcels (each such owner individually, an "Owner," and collectively, the "Owners") of the Property to make annual Service Payments (as defined in Section 2 of this Ordinance) with respect to the Property in lieu of real property tax payments, in the same amount as they would have made real property tax payments except for the exemption provided by this Ordinance; provided that the TIF Exemption and the obligation to make Service Payments is subject and subordinate to any tax exemptions applicable to

the Improvement approved by the City pursuant to 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 the School District would have been paid if the Improvement to the Property located in the School District 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 for the Property, in which there shall be deposited the remaining Service Payments distributed to the City; and

WHEREAS, this Council has determined to provide for the construction of the public infrastructure improvements described in Exhibit B attached hereto (the "Public Infrastructure Improvements"), which, once made, will directly benefit the Property; and

WHEREAS, this Council has determined to provide for the execution and delivery of a Tax Increment Financing Agreement to provide for the development of the Property; 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 5709.40 and 5709.83 of the Ohio Revised Code; and

WHEREAS, an emergency exists in that this Ordinance is required to be immediately effective in order to facilitate the development of the Property, such immediate action being necessary for the preservation of the public health, peace, property and safety; now therefore:

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

Section 1. Authorization of Tax 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 the Property subsequent to the effective date of this Ordinance (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 shall be exempt from taxation for a period commencing with the first tax year that begins after the effective date of this Ordinance and in which an Improvement attributable to a new structure first appears on the tax list and duplicate of real and public utility property and ending on the earlier of (a) thirty (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. Notwithstanding any other provision of the Agreement (as defined in Section 6 hereof) or this Ordinance, the TIF Exemption granted pursuant to this Section 1 and the payment obligations established pursuant to Section 2 of this Ordinance are subject and subordinate to any tax exemptions applicable to the Improvement approved by the City pursuant to Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code.

Section 2. Service Payments and Property Tax Rollback Payments. Subject to any tax exemptions applicable to the Improvement approved by the City pursuant to 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, the City hereby directs and requires the Owners of the Property to make annual Service Payments (as defined herein) in lieu of taxes with respect to the Improvement allocable thereto to the Franklin 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 1 of this Ordinance. The Service Payments, and any other payments with respect to the Improvement that are received by the Franklin 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 4 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 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, the Rickenbacker Area Public Improvement Tax Increment Equivalent Fund (the "TIF Fund"). The TIF Fund shall be maintained in the custody of the City and shall receive all distributions to be made to the City pursuant to Section 4 of this Ordinance. Those Service Payments and Property Tax Rollback Payments received by the City with respect to the Improvement of the Property and so deposited pursuant to Section 5709.42 of the Ohio Revised Code shall be used solely for the purposes authorized in the TIF Statutes or 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 transferred to the City's General Fund, all in accordance with Section 5709.43 of the Ohio Revised Code.

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

- (i) to the School District, an amount equal to the amounts the School District would otherwise have received as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the Improvement to the Property located within the School District's boundaries if the Improvement had not been exempt from taxation pursuant to this Ordinance; and
- (ii) to the City, all remaining amounts for further deposit into the TIF Fund for payment of costs of the Public Infrastructure Improvements, including debt service on any securities issued to finance those costs.

Section 5. Public Infrastructure Improvements. The City 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, as public infrastructure improvements made, to be made or in the process of being made by the City that directly benefit, or that once made will directly benefit, the Property.

Section 6. Tax Increment Financing Agreement. The City shall enter into a Tax Increment Financing Agreement (the "Agreement") in the customary form not inconsistent with this Ordinance and not substantially adverse to the City and which shall be approved by the Director of the City's Department of Development (the "Director"). The Director, for and in the name of the City, is hereby authorized to execute the Agreement.

Section 7. Non-Discriminatory Hiring Policy. In accordance with Section 5709.832 of the Ohio Revised Code, this Council hereby determines that no employer located upon the Property shall deny any individual employment based solely on the basis of race, religion, sex, disability, color, national origin or ancestry.

Section 8. Further Authorizations. This Council hereby authorizes and directs the Director of the City's Department of Development, the City Clerk or other appropriate officers of the City to make such arrangements as are necessary and proper for collection of the Service Payments. This Council further authorizes the Director of the City's Department of Development, the City Clerk 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 9. Filings with Ohio Department of Development. Pursuant to Section 5709.40(I) of the Ohio Revised Code, the City Clerk is hereby directed to deliver a copy of this Ordinance to the Director of Development of the State of Ohio within fifteen (15) days after its adoption. Further, on or before March 31 of each year that the exemption set forth in Section 1 of this Ordinance remains in effect the City Clerk or other authorized officer of the City shall prepare and submit to the Director of Development of the State of Ohio the status report required under Section 5709.40(I) of the Ohio Revised Code.

Section 10. Tax Incentive Review Council. The City hereby creates the City of Columbus, Ohio, Tax Incentive Review Council for the Property, with the membership of that Council to be constituted in accordance with Section 5709.85 of the Ohio Revised Code. That Council shall review annually all exemptions from taxation resulting from the declarations set forth in this Ordinance and any other such matters as may properly come before that Council, all in accordance with Section 5709.85 of the Ohio Revised Code.

Section 11. 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 or ten days after the passage if the Mayor neither approves nor vetoes the same.