



Legislation Text

File #: 1204-2008, **Version:** 1

BACKGROUND: The City established the Stelzer-Stygler Community Reinvestment Area (CRA) in 1986 to stimulate private investment and job creation. In 1994, changes in the CRA law placed additional obligations on municipalities to compensate school districts for lost revenues arising from tax abatements. On May 21, 2002 the City entered into a Compensation Agreement with the Gahanna-Jefferson School District to compensate the District for revenues from real property taxes forgone due to abatements on parcels in the Stelzer-Stygler CRA. Payment for the immediately preceding tax year - 2001 - was made at that time. However, the Agreement covered properties that had been exempted for tax years prior to 2001, and, in fact, as early as tax year 1997.

Rather than requiring the City of Columbus to make a large payment in 2002 for all of those prior tax years, the parties agreed that compensation for those prior years would be deferred until the end of the exemption period. The abatements for parcels 520-250981 and 520-250982 (two parcels in the Gahanna-Jefferson School District area of the Stelzer-Stygler CRA with building improvements and which benefited from CRA tax abatements) commenced with tax year 1997 and terminated in tax year 2006; compensation was paid by the City commencing for tax year 2001, but compensation for four tax years - 1997 through 2000 - was deferred and was to be payable 2008 through 2011 (following tax years 2007 through 2010).

Pursuant to Ordinance 0189-2008, passed on February 11, 2008, which authorized payment of \$416,669.24 to the Gahanna-Jefferson School District, this legislation authorizes the additional payment of \$191,054.05 to the Gahanna-Jefferson School District to complete the compensation payable in 2008 and deferred from 1997 for parcels 520-250981 and 520-250982. This sum is calculated using the definitions in the Compensation Agreement. The total private investment in the new buildings constructed on the two parcels was valued at \$28,132,000.

This ordinance authorizes and directs the city auditor to transfer \$151,931 from the special income tax fund to the General Fund, and to further authorize the appropriation of said funds to the Economic Development Division.

Emergency action is requested in order for the City to make the \$191,054.05 payment to the Gahanna-Jefferson School District without further delay.

FISCAL IMPACT: The transfer amount of \$151,931 has been factored into the current special income tax analysis and resultant capital capacity. The remaining amount of the payment was included in the 2008 General Fund Budget.

To authorize and direct the City Auditor to transfer \$151,931 from the Special Income Tax Fund to the General Fund; to appropriate said funds to the Economic Development Division; to authorize and direct the payment of \$191,054.05 to the Gahanna-Jefferson School District to complete the compensation payment payable in 2008, deferred from 1997, for real property tax revenues forgone as a result of CRA tax abatements in the Stelzer-Stygler CRA; to authorize the expenditure of \$191,054.05 from the General Fund; and to declare an emergency. (\$191,054.05)

WHEREAS, Ordinance No. 1698-78, approved August 3, 1978, authorized the Development Department to carry out a Community Reinvestment Program (CRA) pursuant to Sections 3735.65 to 3735.70 of the Ohio Revised Code, to stimulate job creation and growth in the area; and

WHEREAS, the Stelzer-Stygler CRA was established by Resolution No. 140x-86, approved July 14, 1986 and subsequently amended by Resolutions 253x-86, 62x-87, 172x-92 and 97x-96; and

WHEREAS, changes in the CRA law in 1994 placed additional obligations on municipalities to compensate school districts for lost revenues arising from tax abatements; and

WHEREAS, Ordinance No. 0629-02, passed April 15, 2002, authorized a Compensation Agreement with the Gahanna-Jefferson School District to compensate the District for real property tax revenues forgone due to CRA tax abatements on parcels in the Stelzer-Stygler CRA; and

WHEREAS, two parcels in the Gahanna-Jefferson School District area of the Stelzer-Stygler CRA have CRA tax abatements that require compensation deferred from 1997 in accordance with the Compensation Agreement; and

WHEREAS, the amount of compensation deferred from 1997, payable in 2008, is \$191,054.05 based on the formulas and procedures defined in the Compensation Agreement; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development, is that it is immediately necessary to make this deferred 1997 payment to the Gahanna-Jefferson School District pursuant to the Compensation Agreement in order to preserve the public peace, health, property, safety and welfare; **NOW, THEREFORE**,

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

Section 1. That the sum of \$151,931 is hereby appropriated from the unappropriated balance of the Special Income Tax Fund, Fund 430, 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 ending December 31, 2008 to the City Auditor Department 22-01, Object Level One 10, OCA Code 902023, Object Level Three 5501.

Section 2. That the City Auditor is hereby authorized to transfer and appropriate said funds to the General Fund, Economic Development Division, Division 44-02, OL1 05, OL3 5513, OCA 440314.

Section 3. That the City Auditor is hereby authorized and directed to make payment to the Gahanna-Jefferson School District in the amount of \$191,054.05.

Section 4. That the expenditure of \$191,054.05, or so much as may be necessary, be and is hereby authorized from the Development Department, Economic Development Division, Division No. 44-02, General Fund, Fund 010, Object Level Three 5513, OCA Code 440314.

Section 5. That for the reasons stated in the preamble hereto, this ordinance is hereby declared to be an emergency and shall take effect and be in force from and after its passage and approval by the Mayor or ten days if the Mayor neither approves nor vetoes the same.