



Legislation Text

File #: 2895-2014, **Version:** 1

Background: The Department of Development is proposing the establishment of a tax increment financing area (TIF) within the Easton Town Center area pursuant to Section 5709.40(B) of the Ohio Revised Code to be known as the New Easton TIF Area. This ordinance establishes this TIF and provides for a 100% exemption from real property taxation on all nonresidential development on the TIF parcels for a period of not more than thirty (30) years.

MORSO Holding Co. is planning to build in the proposed New Easton TIF 1,165,000 square feet of office, 500,000 square feet of retail and 2,400 rental units, with a total investment of \$452 million. The Columbus City Schools, Gahanna-Jefferson Public Schools and the Eastland-Fairfield Career & Technical Schools (School Districts) will receive, in the same manner as usual, all amounts they would have received in real property taxes had the tax exemption not been granted. Annual service payments in lieu of taxes will be made with respect to new development on the TIF parcels. The applicable portion of those service payments will be distributed directly to the School Districts, with the remaining non-school portion of those service payments paid to the City for deposit into the existing TIF fund established in Ordinance 1704-1996 to be used to fund public improvements benefiting the TIF parcels. This ordinance removes the unimproved parcels of the Easton TIF from the existing TIF area and incorporates them into the New Easton TIF area, thereby allowing a full 30 year TIF program on those TIF parcels.

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 on the TIF parcels. Instead, the non-school portion of that revenue will be diverted to the specified TIF fund to be used for public infrastructure improvements benefiting the TIF parcels.

To remove parcels from the existing Easton Tax Increment Financing area by amending Ordinance 1704-1996; to create the New Easton Tax Increment Financing area by declaring the improvement to that property to be a public purpose and exempt from taxation; and to declare an emergency.

WHEREAS, Sections 5709.40 through 5709.43 of the Ohio Revised Code (collectively, the “TIF Statutes”) authorize this Council, by ordinance, to declare the improvements to certain parcels of real property located within the corporate boundaries of the City of Columbus, Ohio (the “City”) 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 Columbus City Schools, Gahanna-Jefferson Public Schools and the Eastland-Fairfield Career & Technical Schools (School Districts); and

WHEREAS, the City Department of Development has determined to facilitate the development (the “Project”) of certain parcels of real property specifically identified and depicted in Exhibit A attached hereto (with each parcel of such real property referred to herein individually as a “Parcel” and collectively the “Parcels”) comprising a portion of the Easton Town Center area of northeast Columbus, all located within the City and in support of redevelopment, and the City desires to establish a tax increment financing area (“TIF”) on those parcels pursuant to Section 5709.40(B) of the Ohio Revised Code; and

WHEREAS, the improvements to the Parcels will be used for commercial purposes, and to declare those improvements to be a public purpose under Section 5709.40(B) of the Ohio Revised Code; and

WHEREAS, the 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 each Parcel 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 owners of each Parcel (each individually an “Owner” and collectively, the “Owners”) to make annual Service Payments (as defined in Section 3 of this Ordinance) 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; and

WHEREAS, the City has determined that Service Payments shall be paid directly to the School Districts in an amount equal to the real property taxes that the School Districts would have been paid if the improvements to each Parcel located within the School Districts had not been exempted from taxation pursuant to this Ordinance; and

WHEREAS, pursuant to Section 5709.43 of the Ohio Revised Code, this Council established an urban redevelopment tax increment equivalent fund in Ordinance No. 1704-1996 into which there shall be deposited the remaining Service Payments distributed to the City pursuant to Section 5709.40 (B) of the Ohio Revised Code pursuant to this Ordinance; 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 period 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 redevelopment of the Parcels, 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. Exhibit A to Ordinance 1704-1996 passed by the Columbus City Council on July 22, 1996, is hereby amended to remove all the Parcels included in Exhibit A to this Ordinance, and the Department of Development shall prepare a substitute Exhibit A to that Ordinance 1704-1996 reflecting those deletions.

SECTION 2. 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 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 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.

The TIF Exemption granted pursuant to this Section 2 and the payment obligations established pursuant to Section 3 of this Ordinance are subject and subordinate to any tax exemption applicable to the Improvement pursuant to Section 140.08 or Sections 5709.12 and 5709.121 or under Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code.

SECTION 3. Pursuant to 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 Improvements 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 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 as if it were not exempt from taxation pursuant to Section 2 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 (the "Property Tax Roll Back Payments"), shall be allocated and distributed in accordance with Section 5 of this Ordinance. This Council further 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 4. Pursuant to and in accordance with the provisions of Section 5709.43 of the Ohio Revised Code, this Council established the Easton Project Municipal Public Improvement Tax Increment Equivalent Fund (the "TIF Fund") in Ordinance No. 1704-1996 passed by the Columbus City Council on July 22, 1996, into which the County Treasurer shall also deposit the Service Payments and Property Tax Rollback Payments collected from the Parcels in the New Easton Tax Increment Financing Area (Exhibit A) that are not required to be distributed to the School Districts pursuant to Section 5 of this Ordinance. The TIF Fund shall be maintained in the custody of the City and shall receive the distributions to be made to the City pursuant to Section 5 of this Ordinance. Those Service Payments and Property Tax Rollback Payments received by the City with respect to the Parcels and deposited in the TIF Fund pursuant to Sections 5709.42 and 5709.43 of the Ohio Revised Code shall be used solely for paying for or financing the costs of improvements to or on, or servicing, the Parcels or the Project, including but not limited to water, sewer and storm sewer improvements; road, sidewalk and streetscape improvements; parks and recreation improvements; the acquisition of real estate and interests in real estate and the design and site preparation for those improvements and for the Project, together with all necessary appurtenances and related costs, including but not limited to construction of private improvements on the Parcels and all costs enumerated in Section 133.15(B) of the Ohio Revised Code. The TIF Fund shall remain in existence so long as the applicable Service Payments and Property Tax Rollback Payments are collected and used for the aforesaid purposes, after which time such 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 5. Pursuant to the TIF Statutes, the County Treasurer is requested to distribute the Service Payments and the Property Tax Rollback Payments as follows:

- (i) to the School Districts, an amount equal to the amount 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 Parcels as 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.

All distributions required under this Section 5 are requested to be made at the same time and in the same manner as real property tax distributions.

SECTION 6. This Council hereby designates the Improvements described in Exhibit B attached hereto, and any other Improvements hereafter designated by ordinance as public improvements, as public 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 7. 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 collection of the Service Payments from the Owners. This Council further authorizes and directs the Director, 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 8. Pursuant to Section 5709.40(I) of the Ohio Revised Code, the Department of Development 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 effective date. Further, on or before March 31 of each year the TIF Exemption remains in effect, the Department of Development 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 9. 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 10. 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.