



Legislation Text

File #: 1105-2018, **Version:** 1

Background: The City Department of Development is proposing the establishment of a tax increment financing (“TIF”) area pursuant to Section 5709.41 of the Ohio Revised Code in the area of the White Castle headquarters at 555 W. Goodale Street. The attached Ordinance establishes that TIF and provides for a 100% exemption from real property taxation on all non-residential development on the TIF parcels for a period of not more than thirty (30) years. 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 tax exemption not been granted. Annual service payments in lieu of taxes will be made with respect to new private non-residential development on the TIF parcels. 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 certain improvements benefiting the 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 certain improvements benefiting the TIF parcels.

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

To create a tax increment financing area on certain parcels of real property in the area of the White Castle headquarters; to declare improvements to those parcels to be a public purpose and exempt from real property taxation; to repeal Ordinance No. 1841-2017; and to declare an emergency.

WHEREAS, Section 5709.41 of the Ohio Revised Code provides that this Council of the City of Columbus (the “City”) may, under certain circumstances, declare Improvement (as defined below) to parcels of real property located in the City to be a public purpose, thereby exempting that Improvement from real property taxation, provided the City has held fee title to such real property prior to the adoption of the ordinance providing for the exemption; and

WHEREAS, the real property identified and depicted in Exhibit A hereto and incorporated herein by reference (with each current or future parcel of the real property referred to herein individually as a “Parcel” and collectively as the “Parcels”) is located in the State of Ohio (the “State”), County of Franklin (the “County”), and the City; and

WHEREAS, Section 5709.41 of the Ohio Revised Code requires the City to have held title to the Parcels while engaged in urban redevelopment prior to the passage of an ordinance declaring the improvements to the Parcels to be a public purpose, and the City has held title to the Parcels prior to the passage of this Ordinance while engaged in urban redevelopment; 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 each Parcel as permitted and provided in Section 5709.41 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 each Parcel (each such owner 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; provided that the TIF Exemption and the obligation to make Service Payments 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; 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

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, 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 Public Infrastructure Improvements, once made, will directly benefit the Parcels; 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; and

WHEREAS, an emergency exists in the usual daily operations of the Department of Development in that it is immediately necessary to complete these transfers in a timely manner in order to maintain the project schedule, 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 5709.41 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 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 1 and the payment obligations established pursuant to Section 2 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 2. Service Payments and Property Tax Rollback Payments. Subject to any tax exemption applicable to the Improvement pursuant to Section 5709.12 or under 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 (as defined herein) 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 1 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 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 West Goodale Public Improvement Tax Increment Equivalent Fund (the "TIF Fund"), into which the County Treasurer shall deposit the Service Payments collected from the Parcels not required to be distributed to the School District pursuant to Section 4 of this Ordinance. That 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 4 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 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 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 amount that 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 located within that School District 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 by reimbursing such party as may be authorized by a TIF Agreement, for those costs.

All distributions required under this Section 4 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, 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 Parcels.

Section 6. Further Authorizations. 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 from the Owners of the Service Payments. This Council further authorizes that the Director or other appropriate officers of the City are authorized to execute such other agreements and instruments and to take all actions necessary to implement this Ordinance and the transactions contemplated by the TIF Agreement.

Section 7. Filings with Ohio Development Services Agency. 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 the Ohio Development Services Agency within fifteen (15) days after its effective date. Further, on or before March 31 of each year the exemption set forth in Section 1 of this Ordinance remains in effect, the Department of Development shall prepare and submit to the Ohio Development Services Agency the status report required under Section 5709.40(I) of the Ohio Revised Code.

Section 8. Tax Incentive Review Council. 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 9. Repeal of Ordinance No. 1841-2017. Ordinance No. 1841-2017, passed by this Council on July 24, 2017, is hereby repealed.

Section 10. 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.