



Legislation Text

File #: 3313-2018, **Version:** 1

Background: The Department of Development is proposing the establishment of a tax increment financing ("TIF") area pursuant to Section 5709.40(B) of the Ohio Revised Code in the Polaris Centers of Commerce development. The TIF area will include parcels that, as of January 1, 2018, were either undeveloped, planned for redevelopment or for which development is not yet complete in the Polaris area, the Gemini Place extension area and the Lyra Drive area.

The attached ordinance provides for a 100% exemption from real property taxation on the increase in assessed value of all nonresidential development (as defined in the TIF statutes) on the TIF parcels (such increased value, the "Improvement") for a period of not more than thirty (30) years. The Olentangy Local School District ("Olentangy") and the Delaware County Joint Vocational School District (the "Career Center" and, collectively with Olentangy, the "School Districts") will receive in years 1 through 20, 50% of the real property tax revenues on the Improvement they would have received had the Improvement not been subject to the TIF and, in years 21 through 30, 100% of the real property tax revenues on the Improvement they would have received had the Improvement not been subject to the TIF. Annual service payments in lieu of taxes will be made with respect to the Improvement. 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 TIF fund established in the Ordinance to be used to fund public infrastructure improvements benefiting the TIF parcels.

This ordinance also removes parcels from the Polaris II TIF that are unimproved or under development to create the Polaris III TIF, thereby allowing a full 30-year TIF program on those TIF parcels.

Emergency Justification: Emergency legislation is requested in order to maintain the project schedule and meet community commitments.

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 portion of that revenue not distributed to the School Districts will be diverted to the specified TIF fund to be used for public infrastructure improvements benefiting the TIF parcels.

To establish the Polaris III Tax Increment Financing Area by removing certain parcels from the existing Polaris II Tax Increment Financing Area by amending Ordinance 1847-2015 and adding additional parcels that were not part of an existing Tax Increment Financing Area; and to declare an emergency. **(AMENDED BY ORDINANCE 1916-2023 PASSED JULY 24, 2023) BA**

WHEREAS, Sections 5709.40 through 5709.43 of the Ohio Revised Code (collectively, the "TIF Statutes") authorize the legislative authority of a municipal corporation, by ordinance, to declare the improvements to certain parcels of real property located within the municipal corporation to be a public purpose and exempt from real property 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 applicable school districts, 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 real property shown on Exhibit A hereto and incorporated herein by reference (the "Property") is located in the State of Ohio (the "State"), County of Delaware (the "County") and the City of Columbus (the "City"),

with each parcel of the Property referred to herein as a "Parcel" and collectively as the "Parcels" (whether presently appearing on the County tax duplicates or as subdivided or combined and appearing on future tax duplicates); 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 (as defined in Section 2 of this Ordinance) to each Parcel as permitted and provided in Section 5709.40(B) of the Ohio Revised Code for up to thirty (30) years 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 Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code; and

WHEREAS, pursuant to the Resolution adopted August 9, 2018, the Board of Education of Olentangy has approved the terms of this Ordinance and waived notice requirements of Sections 5709.40, 5709.83 and 5715.27 of the Ohio Revised Code, contingent upon the execution of a compensation agreement substantially in the form attached hereto as Exhibit C (the "School Compensation Agreement"); 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 in this Ordinance; and

WHEREAS, this Council has determined to designate the public infrastructure improvements described in Exhibit B attached hereto (the "Public Infrastructure Improvements") as Public Infrastructure Improvements made, to be made or in the process of being made by the municipal corporation that directly benefit, or that once made will directly benefit, the Parcels; and

WHEREAS, notice of this proposed Ordinance has been delivered to the Board of Education of Olentangy and the Career Center in accordance with and within the time periods prescribed in Sections 5709.40(D) and 5709.83 of the Ohio Revised Code;

WHEREAS, an emergency exists in that this Ordinance is required to be immediately effective in order to maintain the project schedule and meet community commitments, such 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:

1. Amendment of Ordinance No. 1847-2015. Exhibit A to Ordinance No. 1847-2015 passed by the Columbus City Council on July 13, 2015, is hereby amended to remove the Parcels included in Exhibit A to this Ordinance, as applicable, and the Department of Development shall prepare a substitute Exhibit A to that Ordinance No. 1847-2015 reflecting those removals.
2. 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 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.

F 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 Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code.

Section 3. Service Payments. Subject to any tax exemption applicable to the Improvement 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, this Council hereby directs and requires the Owner of each Parcel to make annual Service Payments (as defined herein) in lieu of taxes with respect to the Improvement allocable thereto to the Delaware County Treasurer (the "County Treasurer") on or before the final dates for payment of real property taxes. Each Service Payment, 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 2 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 as are necessary and proper for collection of the Service Payments from the Owners.

n 4. **Tax Increment Equivalent Fund.** Pursuant to and in accordance with the provisions of Section 5709.43 of the Ohio Revised Code, this Council established the Polaris Project Municipal Public Improvement Tax Equivalent Fund (the "Special Fund") in Ordinance No. 3106-96, into which the County Treasurer shall also deposit the Service Payments collected from the Parcels in the Polaris III 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 Special 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 received by the City with respect to the Parcels and deposited in the Special Fund 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, including but not limited to (a) paying all reasonable, ordinary and customary costs of designing and constructing the Public Infrastructure Improvements, (b) as security for and to pay the costs of issuance and interest on and principal of any bonds or notes issued in order to finance the Public Infrastructure Improvements, and (c) paying all costs enumerated in Section 133.15(B) of the Ohio Revised Code. The Special Fund shall remain in existence so long as the Service Payments are collected and used for the aforesaid purposes, after which time such Special 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. Distribution of Service Payments. Pursuant to the TIF Statutes, the County Treasurer is requested to distribute the Service Payments as follows:

- (i) to Olentangy for its respective amount due in accordance with the School Compensation Agreement; and
- (ii) to the Career Center for its respective amount due in accordance with the School Compensation Agreement; and
- (iii) to the City, all remaining amounts for further deposit into the Special Fund for payment of costs of the Public Infrastructure Improvements (i) by reimbursing such party as may be authorized by any tax increment financing agreement in connection with the Parcels, (ii) as security for and to pay the costs of issuance and interest on and principal of any bonds or notes issued in order to finance the Public Infrastructure Improvements, or (iii) by otherwise paying for the costs of the Public Infrastructure Improvements.

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. Public 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 7. School Compensation Agreement. This Council hereby authorizes the Director of Development and other City officials to execute the School Compensation Agreement, with such changes, modifications or revisions as the City official executing the School Compensation determines not to be materially adverse to the interests of the City, such determination to be conclusively evidenced by the execution thereof.

Section 8. Further Authorizations. This Council ratifies the delivery of the notice of this Ordinance to the School Districts 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 9. Filings with the 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 Ohio Development Services Agency of the State 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 the Ohio Development Services Agency of the State the status report required under Section 5709.40(I) of the Ohio Revised Code.

Section 10. 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 11. Effective Date. For the reasons stated in the Preamble hereto, this Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, welfare and safety of the City 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.