



Legislation Text

File #: 3166-2019, **Version:** 1

BACKGROUND:

This Council on July 22, 2019 passed its Ordinance No. 2043-2019 addressing the redevelopment of additional sites in the Arena District and authorizing the Director of Development to enter into a related Economic Development Agreement ("EDA") and an Amended and Restated Tax Increment Financing ("TIF") Agreement ("TIF Agreement"). That Ordinance and the EDA and TIF Agreement include a commitment to amend and restructure existing TIFs to create new TIFs on sites undergoing redevelopment. This Ordinance implements a portion of that commitment for a portion of the Arena District.

The Department of Development is proposing the creation of two new tax increment financing districts under Section 5709.40(B) of the Ohio Revised Code. One TIF area is composed of one or more parcels in an area generally bounded by Park Street on the east, the I-670 entrance ramp on the north, School Street on the west, and Spruce Street on the south, and is to be known as the "Marriott AC TIF." The second TIF area is in an area generally bounded by Park Street on the west on the west, Spruce Street on the north, Wall Street on the east, and Vine Street on the south, and is to be known as the "North Market TIF". This Ordinance establishes these two TIFs and provides for a 100% exemption from real property taxation on all development on each parcel in each TIF for a period of not more than thirty (30) years, with that exemption to take effect and commence in the first tax year in which an Improvement of at least \$50,000 due to the construction or renovation of a structure takes place appears on the tax list and duplicate of real and public utility property for that parcel.

The Columbus City School District will receive, in the same manner and times as usual, all amounts that it would have received in real property taxes had the TIF exemptions not been granted. Annual service payments in lieu of taxes will be made with respect to redevelopment on the parcels in the TIF. 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 this Ordinance.

This Ordinance removes the parcels to be placed in each of these new TIF area from the current Arena District TIF created by City Ordinance No. 2356-98 passed September 14, 1998.

Emergency action is required in order to facilitate the development of the Parcels in a timely manner.

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 redevelopment on the TIF parcels. Instead, the non-school portion of that revenue will be diverted to the specified TIF Fund.

To remove parcels from the existing Arena District Tax Increment Financing Area by amending Ordinance No. 2356-98; to create two new tax increment financing (TIF) areas encompassing certain parcels of real property; to declare improvements to the parcels within each TIF area to be a public purpose and exempt from real property taxation; to require the owners of those parcels to make service payments in lieu of taxes; to require the distribution of the applicable portion of those service payments to the Columbus City School District; to establish municipal public improvement tax increment equivalent funds for the deposit of the remainder of those service payments; to specify the public infrastructure improvements to be made that directly benefit or serve parcels in the TIF areas; and to declare an emergency.

WHEREAS, Sections 5709.40(B), 5709.42 and 5709.43 of the Ohio Revised Code (collectively, the "TIF Statutes") authorize this Council, by ordinance, to create one or more TIF areas within the corporate boundaries of the City of Columbus, Ohio (the "City"), and declare the improvements to each parcel of real property located within each TIF area to be a public purpose and exempt from taxation, require the owner of each parcel to make service payments in lieu of

taxes, require the distribution of the applicable portion of those 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 those service payments, and specify public infrastructure improvements made, to be made or in the process of being made that directly benefit or serve, or that once made will directly benefit or serve, parcels in the TIF areas; and

WHEREAS, the parcels in the Marriott AC TIF and the North Market TIF remain subject to redevelopment, and pursuant to Ordinance No. 2043-2019 passed by this Council on July 22, 2019 and the EDA and TIF Agreement, the Director of Development has determined to amend and restructure the existing TIFs in the Arena District to create new TIFs on sites undergoing redevelopment, thereby allowing a full 30-year TIF for those sites and further encouraging and supporting the redevelopment of those sites and the surrounding area; and

WHEREAS, this Council has determined to create the Marriott AC TIF and the North Market TIF; with each including the parcels of real property specifically identified and depicted in Exhibit A attached hereto (with each of those parcels referred to herein individually as a "Parcel" and collectively as the "Parcels"); 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 5709.40(A) of the Ohio Revised Code) 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 such owner individually, an "Owner," and all such owners collectively, the "Owners") to make annual service payments 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 in lieu of taxes pursuant to this Ordinance are subject and subordinate to the TIF Exemption granted pursuant to this Section 3 and the payment obligations established in Section 4 of this Ordinance are subject and subordinate to any tax exemption applicable to the Improvement under Section 140.08, Sections 5709.12 or 5709.121, or 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 for each TIF district, into 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 any public infrastructure improvements described in Exhibit B attached hereto (the "Public Infrastructure Improvements"), which Public Infrastructure Improvements, once made, will directly benefit or serve parcels in the TIF areas; 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 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 No. 2356-98 is hereby amended to remove from the Arena District Tax Increment Financing Area all the Parcels included in Exhibit A to this Ordinance and the Department of Development shall prepare a substitute Exhibit A to that Ordinance No. 2356-98 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 declares 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 exempt from taxation for a period commencing with the first tax year in which an Improvement of at least Fifty Thousand Dollars (\$50,000) in assessed value (e.g., 35% of true value) resulting from the construction or renovation of a structure on that Parcel first appears on the tax list and duplicate of real and public utility property, and ending on the earlier of (a) 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 3 and the payment obligations established in Section 4 of this Ordinance are subject and subordinate to any tax exemption applicable to the Improvement under Section 140.08, Sections 5709.12 or 5709.121, or Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code.

SECTION 3. 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 to make annual service payments 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 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. 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 5 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 4. This Council hereby establishes, pursuant to and in accordance with the provisions of Section 5709.43 of the Ohio Revised Code, the Marriott AC Municipal Public Improvement Tax Increment Equivalent Fund (the "Marriott AC TIF Fund") and the North Market Municipal Public Improvement Tax Increment Equivalent Fund (the "North Market TIF Fund", each a "TIF Fund" and together the "TIF Funds"). The City shall deposit into the applicable TIF Fund the Service Payments and Property Tax Rollback Payments collected with respect to the Parcels and not required to be distributed to the School District pursuant to Section 5(a) of this Ordinance.

The TIF Funds shall be maintained in the custody of the City and shall receive all distributions to be made to the City pursuant to Section 5(b) of this Ordinance. Those Service Payments and Property Tax Rollback Payments received by the City with respect to the Improvement to 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. Each 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 each TIF Fund shall be dissolved and any surplus funds remaining therein shall be 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 with respect to each TIF as follows:

a) 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

b) to the City, all remaining amounts for further deposit into the applicable TIF Fund for payment of costs of the Public Infrastructure Improvements.

The County Treasurer is further requested to identify the Service Payments and the Property Tax Rollback Payments by their corresponding TIF Area and to provide the City with the TIF Area's respective distributions on the Service Payment settlement sheets. 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. The Service Payments and Property Tax Rollback Payments deposited into the applicable TIF Fund shall be deemed appropriated for the purposes set forth in the Amended and Restated TIF Reimbursement Agreement and authorized to be expended therefrom in accordance with the Amended and Restated TIF Reimbursement Agreement, and subject to vouchers approved by the Director of Development, the City Auditor is hereby authorized to make payments from the TIF Funds in accordance with the Amended and Restated TIF Reimbursement Agreement.

SECTION 7. 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 serve, or that once made will directly benefit or serve, the parcels in the Marriott AC TIF and the North Market TIF.

SECTION 8. 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 9. 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 passage. Further, on or before March 31 of each year any exemption set forth in Section 2 of this Ordinance remains in effect, the Director, Clerk of Council 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. The City of Columbus, Ohio, 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. 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.