



Legislation Text

File #: 2620-2020, **Version:** 1

BACKGROUND:

The Department of Development is proposing the creation of two tax increment financing areas under Section 5709.40 (B) of the Ohio Revised Code by removing from the City's current Downtown TIF, established pursuant to Ordinance 0973-2008 and as amended by Ordinance 1189-2009, Ordinance 0923-2012, and Ordinance 3169-2019 (the "Downtown TIF Ordinance"), certain parcels generally located between Gay and Long Streets on the east side of N. High Street and 155 and 195 East Broad Street and specifically identified on Exhibit A to this Ordinance. These parcels are currently subject to the City's Downtown TIF. This Ordinance establishes a new TIF for the certain parcels generally located between Gay and Long Streets on the east side of N. High Street to be known as the "Madison-High Street TIF" and provides for a 100% exemption from real property taxation on all development on the parcels in that TIF for a period of not more than thirty (30) years.

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 new development 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 a TIF fund.

This Ordinance removes parcels in the new Madison-High Street TIF area from the existing Downtown TIF by amending the Downtown TIF Ordinance and incorporates them into the new Madison-High Street TIF created pursuant to this ordinance.

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 Madison-High Street TIF parcels or would have otherwise received in the previously created TIF fund under the Downtown TIF Ordinance. Instead, the non-school portion of that revenue will be diverted to the specified Madison-High Street TIF Fund.

To amend Ordinance 0973-2008 as previously amended by Ordinance 1189-2009, Ordinance 0923-2012, and Ordinance 3169-2019 (the "Downtown TIF Ordinance") to remove certain parcels from the existing Downtown TIF area; to create the Madison-High Street TIF area; to declare improvements to the parcels in the Madison-High Street TIF area to be a public purpose and exempt from real property taxation; to require the owners of the Madison-High Street TIF 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 a municipal public improvement tax increment equivalent fund for the deposit of the remainder of those service payments. **(REPEALED BY ORD. 2971-2022 PASSED 11/14/2022 BA)**

WHEREAS, Sections 5709.40, 5709.42 and 5709.43 of the Ohio Revised Code (collectively, the "TIF Statutes") authorize the legislative authority of a municipal corporation, by ordinance, to create tax increment financing ("TIF") areas within the municipal corporation and declare improvements therein to be a public purpose and exempt from taxation, require the owner of each parcel within the TIF area therein to make Service Payments (as defined in Section 4 of this Ordinance) in lieu of taxes, provide for the distribution of the applicable portion of those Service Payments to the overlapping city, local or exempted village school district, establish an municipal public improvement tax increment equivalent fund tax increment equivalent fund for the deposit of the remainder of such Service Payments and provide for payments from that fund; and

WHEREAS, pursuant to Ordinance 0973-2008 and as amended by Ordinance 1189-2009, Ordinance 0923-2012, and Ordinance 3169-2019 (the “Downtown TIF Ordinance”), this Council established using the TIF Statutes the Downtown Tax Increment Financing (TIF) area encompassing most of downtown Columbus between I-670, I-71, I-70, and the Scioto River and designated public infrastructure improvements to be financed by the Downtown TIF; and

WHEREAS, the parcels generally located at 155 and 195 East Broad Street and between Gay and Long Streets on the east side of N. High Street specifically identified on Exhibit A to this Ordinance are subject to redevelopment and the Director of Development has determined to amend the Downtown TIF Ordinance to allow for two new full 30-year TIFs for those sites to further encourage and support the development of those sites and the surrounding Downtown area; 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 Improvements (as defined in Section 4 of this Ordinance) to each parcel of real property identified and depicted in Exhibit A (the “Madison-High Street TIF”) attached hereto (with each current or future parcel of such real property referred to herein individually as a “Parcel” and collectively as the “Parcels”) as permitted and provided for in TIF Statutes 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 in lieu of real property tax payments, in the same amount as they would have made real property tax payments except for the TIF Exemption provided by this Ordinance; provided that the TIF Exemption and the obligation to make Service Payments are subject and subordinate to any tax exemptions applicable to any Improvements pursuant to 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 an 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, 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;
NOW THEREFORE,

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

SECTION 1. Exhibit A to Ordinance No. 0973-2008 passed on July 7, 2008 as amended by Ordinance 1189-2009, Ordinance 0923-2012, and Ordinance 3169-2019 (the “Downtown TIF Ordinance”), is hereby amended to remove from the Downtown TIF area all the Parcels listed and identified as the Madison-High Street TIF shown on Exhibit A to this Ordinance, and the Department of Development shall repeal and replace Exhibit A to the Downtown TIF Ordinance with a substitute Exhibit A being the same as Exhibit A to this Ordinance reflecting those deletions.

SECTION 2. The real property subject to this Ordinance are the listed Franklin County tax ID parcel numbers identified and depicted as the Madison-High Street TIF on attached Exhibit A (as currently or subsequently configured, the “Parcels” with each individual parcel a “Parcel”).

SECTION 3. 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 will 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 appears on the tax list and duplicate of real and public utility Property were it not for the TIF Exemption 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 4. Subject to any tax exemption applicable to the Improvement pursuant to 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 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 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 3 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 6 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 5. This Council hereby establishes, pursuant to and in accordance with the provisions of Section 5709.43 of the Ohio Revised Code, a municipal public improvement tax increment equivalent fund (the “Madison-High Street TIF Fund” or the “TIF Fund”), into which there shall be deposited the Service Payments collected from the Parcels not required to be distributed to the School Districts pursuant to this Ordinance and paid to the City pursuant to this Ordinance. The TIF Fund shall be maintained in the custody of the City, and 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 shall be transferred to the City’s General Fund, all in accordance with Section 5709.43 of the Ohio Revised Code.

SECTION 6. Pursuant to the TIF Statutes, the County Treasurer is directed to distribute the Service Payments and Property Tax Rollback Payments as follows:

- a) to the School District, an amount equal to the amount it would otherwise have received as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the Improvement to each Parcel 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 TIF Fund for payment of the costs of Public Infrastructure Improvements (as defined in Section 7) including, without limitation, debt charges on any securities issued to pay or reimburse financing costs or those costs.

All distributions required under this Section 6 are requested to be made at the same time and in the same manner as real

property tax distributions.

SECTION 7. This Council hereby designates the public infrastructure improvements described in Exhibit B attached hereto (the “Public Infrastructure Improvements”), 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 8. This Council ratifies the delivery of the notice of this Ordinance to the School District pursuant to Section 5709.40 and Section 5709.83 of the Ohio Revised Code; hereby authorizes and directs the Director, the City Clerk or other appropriate officers of the City to deliver a copy of this Ordinance and status reports to the Ohio Development Services Agency pursuant to Section 5709.40(I) of the Ohio Revised Code; to make such arrangements as are necessary and proper for collection of the Service Payments; further authorizes and directs the Director, the City Clerk, the City Attorney, the City Auditor, 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. 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. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.