



## Legislation Text

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**File #:** 0520-2021, **Version:** 1

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**BACKGROUND:** Community Reinvestment Areas (CRAs) have been designated by Columbus City Council ("Council") under the general guidelines of Ordinance 1698-78. Such areas allow for the granting of real property tax incentives to encourage industrial, commercial, and residential growth.

Columbus City Council by Resolution Number 0090X-2007, as approved on June 11, 2007 and certified by the State of Ohio on July 14, 2007, created the Rickenbacker Community Reinvestment Area (the "Rickenbacker CRA"), which Council subsequently amended by Resolution Number 0318X-2011 on December 5, 2011 and certified by the State of Ohio on January 23, 2012, providing for tax exemptions for improvements to real property up to one hundred percent (100%) not exceeding fifteen (15) years for the new construction of non-retail, non-hotel, non-residential business or industrial structures as described in Section 3735.67 of the Ohio Revised Code.

Magellan Enterprises LLC is proposing to develop, construct (in one or more phases) and operate in one or more data center(s) as well as certain buildings, structures and infrastructure for accessory, supporting, associated or related uses, such as (but not limited to) offices and utility buildings, structures and appurtenances on 495.9 acres +/- located at 5076 South High Street, Columbus, Ohio 43137, parcel number 510-180711 (the "**Project Site**").

Magellan Enterprises LLC expects to invest approximately \$300 million at the site including the initial 150,000 square foot building and has estimated that the project will support the creation of 20 net new full-time permanent positions within the City of Columbus with an associated new annual payroll of approximately \$2,000,000 by December 31, 2027.

The Department of Development recommends a Community Reinvestment Area property tax abatement of one hundred percent (100%) for a period of fifteen (15) consecutive years on real property improvements related to the construction of its data center operations. This proposal is consistent with the Columbus Tax Incentive Policy for Community Reinvestment Area projects.

The Hamilton Local School District and the Eastland-Fairfield Technical and Career Schools have been advised of this project. Pursuant to Ohio Revised Code 3735.671(A)(1), the Hamilton Local School District has approved the one hundred percent (100%)/15-year abatement for Magellan Enterprises LLC. A copy of the Hamilton Local School District Resolution approving the abatement is attached and is contingent upon the execution of a Community Reinvestment Area Compensation Agreement between Magellan Enterprises LLC and the Hamilton Local School District.

**FISCAL IMPACT:** No funding is required for this legislation.

To authorize the Director of Development to enter into a Community Reinvestment Area Agreement with Magellan Enterprises LLC for a property tax abatement of one hundred percent (100%) for a period of fifteen (15) consecutive years on real property improvements in consideration of a proposed investment of at least \$300 million in new building construction and operations and the creation of 20 net new full-time permanent positions.

**WHEREAS**, Ordinance 1698-78 passed August 3, 1978, authorized the Department of Development to implement a Community Reinvestment Area Program, pursuant to Section 3735.65 to 3735.70 of the Ohio Revised Code, and approved certain administrative procedures for the program; and

**WHEREAS**, the Columbus City Council by its Resolution Number 0090X-2007, approved June 11, 2007, designated the Rickenbacker Community Reinvestment Area pursuant to Chapter 3735 of the Ohio Revised Code; and

**WHEREAS**, effective July 24, 2007, the Director of the Development Department of the State of Ohio determined that the aforementioned Area designated in the aforementioned Council Resolution contained the characteristics set forth in Ohio Revised Code Section 3735.66 and confirmed that Area as a “Community Reinvestment Area” pursuant to said Chapter 3735; and

**WHEREAS**, the Columbus City Council by its Resolution Number 0318X-2011, approved December 05, 2011, subsequently amended the Area; and

**WHEREAS**, the Director of the Development Department of the State of Ohio determined that the Rickenbacker Community Reinvestment Area, as amended by the aforementioned Resolution, continued to contain the characteristics set forth in Section 3735.66 of the Ohio Revised Code and recertified said Area on January 23, 2012; and

**WHEREAS**, the City's intent in creating the Rickenbacker Community Reinvestment Area was to gain the ability to use tax incentives to encourage the maintenance of existing and construction of new structures in the CRA to encourage economic stability, maintain real property values, and generate new employment opportunities; and

**WHEREAS**, Magellan Enterprises LLC is proposing to develop, construct (in one or more phases) and operate from one or more data center(s) as well as certain buildings, structures and infrastructure for accessory, supporting, associated or related uses, such as (but not limited to) offices and utility buildings, structures and appurtenances on 495.9 acres +/- located at 5076 South High Street, Columbus, Ohio 43137, parcel number 510-180711 (the “**Project Site**”).

**WHEREAS**, contingent on the City granting a Community Reinvestment Area property tax abatement, Magellan Enterprises LLC expects to invest at least \$300 million in order to develop, construct (in one or more phases) and operate from one or more data center(s) as well as certain buildings, structures and infrastructure for accessory, supporting, associated or related uses, such as (but not limited to) offices and utility buildings, structures and appurtenances and has estimated these operations will support the creation of 20 net new full-time permanent positions within the City of Columbus with an associated new annual payroll of approximately \$2,000,000 by December 31, 2027; thereby increasing job opportunities and strengthening the economy of the City; and

**WHEREAS**, representatives for Magellan Enterprises LLC have indicated that receiving this tax incentive from the City is crucial to their decision to advance the aforementioned construction in Columbus; and

**WHEREAS**, the Boards of Education for the Hamilton Local School District and Eastland-Fairfield Technical and Career Schools have been notified in accordance with Ohio Revised Code Section 5709.83 and have been provided with a copy of the tax incentive application and a draft copy of the agreement authorized by this legislation; and

**WHEREAS**, pursuant to Section 3735.671(A)(1) of the Ohio Revised Code, school board approval must be granted for an abatement that exceeds fifty percent (50%); and

**WHEREAS**, the Hamilton Local School District approved the incentive on March 4, 2021; and

**WHEREAS**, a copy of the Hamilton Local School District Resolution approving the abatement is attached; and

**WHEREAS**, this aforementioned Hamilton Local School District Resolution is contingent upon the execution of a Community Reinvestment Area Compensation Agreement between Magellan Enterprises LLC and the Hamilton Local School District; and

**WHEREAS**, the City, having the appropriate authority to offer a tax incentive on this project, is desirous of providing Magellan Enterprises LLC a property tax abatement of one hundred percent (100%) for a period of fifteen (15) consecutive years on real property improvements in order to encourage the development of the Project Site, with its associated new job creation projections, within the Rickenbacker Community Reinvestment Area; **NOW THEREFORE**,

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

**SECTION 1.** That City hereby finds and determines that the project will (1) create jobs in the State and City (2) the project is economically sound and will benefit the people of the State and City by increasing opportunities for employment and strengthening the economy of the State and City; and (3) receiving the aforementioned tax abatement is a critical factor in the decision by representatives for Magellan Enterprises LLC to go forward with the project.

**SECTION 2.** That the Director of Development is hereby authorized and directed to enter into and execute an Community Reinvestment Area Agreement with Magellan Enterprises LLC to provide therewith for a property tax abatement of one hundred percent (100%) on parcel number 510-180711 within the City of Columbus [Franklin County] for a term of fifteen (15) consecutive taxable years in association with the project's proposed investment of at least \$300,000,000 to develop, construct (in one or more phases) and operate from one or more data center(s) as well as certain buildings, structures and infrastructure for accessory, supporting, associated or related uses, such as (but not limited to) offices and utility buildings, structures and appurtenances at the site and for the creation of 20 net new full-time permanent positions with an associated new annual payroll of approximately \$2,000,000.

**SECTION 3.** That the City of Columbus Community Reinvestment Area Agreement shall be signed by Magellan Enterprises LLC within ninety (90) days of passage of this ordinance or this ordinance and the abatement authorized herein shall be null and void.

**SECTION 4.** That this ordinance shall take effect and be in force from and after the earliest period allowed by law.