



CITY OF FRANKLIN
COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Community Development Director
Date: April 3, 2014
Re: Case C 2014-22: Mitsubishi Heavy Industries Climate Control, Inc.

Summary:

1. On May 21st, 2012, the Franklin Common Council passed Resolution No. 2012-10, approving a 7-year tax abatement on personal property for Mitsubishi, located at 1200 N. Mitsubishi Parkway.
2. Actual and estimated benefits, as projected for 2013:

	Estimated on SB-1	Actual in 2013	Difference
Employees Retained	150	157	7
Salaries	\$8,444,556	\$8,610,540	\$165,984
New Employees	3	62	59
Salaries	\$126,921	\$1,782,190	\$1,655,269
Total Employees	153	219	66
Total Salaries	\$8,571,477	\$10,392,730	\$1,821,253
Average Hourly Salaries	\$26.93	\$22.82	-\$4.12
Personal Property Improvements	\$1,717,647	\$1,511,422	-\$206,225

3. The company originally estimated adding 3 employees in 2012 as a result of purchasing two new scroll finishing machines. They added 64 jobs in 2012. Overall, there are two less jobs in 2013 than 2012. The average hourly salaries increased from \$22.73 in 2012 to \$22.82 in 2013.
4. The two new scroll finishing machines cost less to purchase than estimated on their SB-1 Form for personal property. They have been purchased and this number will remain the same over the length of the abatement.
5. The personal property tax abatement for Mitsubishi is scheduled to expire in tax year 2018 payable 2019. The final compliance review will take place in 2019.

Staff Recommendation:

Approval



**COMPLIANCE WITH STATEMENT OF BENEFITS
PERSONAL PROPERTY**

State Form 51765 (R / 1-06)
Prescribed by the Department of Local Government Finance

FORM CF-1 / PP

- INSTRUCTIONS:**
1. Property owners whose Statement of Benefits was approved must file this form with the local Designating Body to show the extent to which there has been compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
 2. This form must be filed with the Form 103-ERA Schedule of Deduction from Assessed Value between March 1, and May 15, of each year, unless a filing extension under IC 6-1.1-3.7 has been granted. A person who obtains a filing extension must file between March 1, and the extended due date of each year.
 3. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance (CF-1).

SECTION 1 TAXPAYER INFORMATION

Name of taxpayer Mitsubishi Heavy Industries Climate Control, Inc.	
Address of taxpayer (number and street, city, state, and ZIP code) 1200 North Mitsubishi Parkway, Franklin, Indiana 46131	
Name of contact person Bob Francis	Telephone number (317) 346-5010

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY

Name of designating body Franklin City Council		Resolution number 12-10
Location of property 1200 North Mitsubishi Parkway, Franklin, Indiana 46131	County Johnson	DLGF taxing district number 41-018
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. New machining equipment in the machining area to machine automotive air compressor parts.		Estimated starting date (month, day, year) 07/09/2012
		Estimated completion date (month, day, year) 09/01/2012

SECTION 3 EMPLOYEES AND SALARIES

EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	150.00	157
Salaries	8,444,556.00	7,750,672.00
Number of employees retained	150.00	157
Salaries	8,444,556.00	8,610,540.00
Number of additional employees	3.00	62
Salaries	126,921.00	1,782,190.00

SECTION 4 COST AND VALUES

AS ESTIMATED ON SB-1	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	1,717,647.00	1,717,647.00						
Plus: Values of proposed project	1,717,647							
Less: Values of any property being replaced								
Net values upon completion of project	1,717,647.00	1,717,647.00						
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	1,511,422.00	1,511,422.00						
Plus: Values of proposed project	1,511,422							
Less: Values of any property being replaced								
Net values upon completion of project	1,511,422.00	1,511,422.00						

NOTE: The COST of the property is confidential pursuant to IC 6-1.1-12.1-5.6 (d).

SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

WASTE CONVERTED AND OTHER BENEFITS	AS ESTIMATED ON SB-1	ACTUAL
Amount of solid waste converted	0	0
Amount of hazardous waste converted	0	0
Other benefits:		

SECTION 6 TAXPAYER CERTIFICATION

I hereby certify that the representations in this statement are true.

Signature of authorized representative <i>Bob Francis</i>	Title General Mgr. Admin	Date signed (month, day, year) 2-26-12
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 **MITSUBISHI HEAVY INDUSTRIES CLIMATE CONTROL, INC.**

February 26, 2014

Krista Linke, AICP
Director of Community Development
City of Franklin
70 E. Monroe Street
Franklin, Indiana 46131

RE: Annual Tax Abatement Compliance –Common Council Resolution 12-10

Dear Economic Development Commission Members:

Mitsubishi Heavy Industries Climate Control, Inc. (MCC) requested and was granted tax abatement (Common Council Resolution 12-10) by the City of Franklin on \$1,717,647.00 for personal property (two new scroll finishing machines) to be purchased and installed during the third quarter 2012. This equipment was installed and operational during the third quarter 2012 (see Company Investment Timetable chart). However, the actual value of the two machines is \$1,511,422.00. The tax abatement is to start with 2012 taxes payable 2013.

The investment in these two new machines was necessary to maintain production levels of scrolls to manufacture car air conditioning compressors for a new global contract that MCC was awarded with a major U S automobile manufacturer. With this investment we were able to maintain the 150 jobs we listed on Form SB-1 dated 4/12/2012 and add the 3 jobs that we listed during the third quarter 2012. MCC actually added 23 jobs during the third quarter of 2012 - see Job Creation or Retention Schedule. The 2013 year-end total of employees on the payroll was 219.

We would like to thank the City of Franklin for continued support in approving our tax abatement compliance requests for previous projects and we respectfully request that the City of Franklin will continue to look favorably on our growth activities and grant this 2012 compliance request relative to Common Council Resolution 12-10 for the abatement on taxes for 2013 payable 2014.

Respectfully,



Bob Francis
General Manager Administration/Production/ Materials
Mitsubishi Heavy Industries Climate Control, Inc.

Company Investment Time Table

Resolution 12-10

Mitsubishi Heavy Industries Climate
Control, Inc. (MCC)
1200 North Mitsubishi Parkway
Franklin, IN 46131

	Buildings	Equip. Type 1	Equip. Type 2	Equip. Type 3	Total
Year of Abatement	2010	2010	2010	2010	2010
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement	2011	2011	2011	2011	2011
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement	2012	2012	2012	2012	2012
1st Quarter					
2nd Quarter				Machining Equipment	
3rd Quarter				\$1,511,422	\$1,511,422
4th Quarter					
Total					\$1,511,422.00

Job Creation and Retention Schedule

Resolution 12-10

Mitsubishi Heavy Industries
Climate Control, Inc. (MCC)
1200 North Mitsubishi Parkway
Franklin, IN 46131

Attachment to Form CF-1 (Compliance with Statement of Benefits) :
Job Creation Schedule by Quarter

2012

Proposed (SB-1)

Actual ->

Retained	New 1st Qtr	New 2nd Qtr	New 3rd Qtr	New 4th Qtr	Year End Total
150	0	0	3	0	153
as of 4-12-12					
157	0	27	23	14	221

2013

Proposed (SB-1)

*** Actual ->

Retained	New 1st Qtr	New 2nd Qtr	New 3rd Qtr	New 4th Qtr	Year End Total
153	0	0	0	0	153
221	0	0	0	-2	219

*** NOTE: We had six (6) job openings at the end of 2013 - that, when filled, will bring the total employment to 225.

The 219 number is the actual number of employees on the payroll at the end of 2013.