



Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Community Development Director
Date: April 24, 2015
Re: Case C 2015-31: NSK Corporation

Summary:

1. On July 15th, 2013, the Franklin Common Council passed Resolution No. 2013-20, approving a 10-year tax abatement with a 5% economic development fee on personal property for NSK Corporation located at 3400 Bearing Drive.
2. Actual and estimated benefits, as projected for 2014:

	Estimated on SB-1	Actual in 2014	Difference
Current Employees	258	270	12
Salaries	\$16,650,000	\$17,490,296	\$840,296
Employees Retained	18	18	0
Salaries	\$576,000	\$576,000	\$0
Total Employees	276	288	12
Total Salaries	\$17,226,000	\$18,066,296	\$840,296
Average Hourly Salaries	\$30.01	\$30.16	\$0.15
Personal Property Improvements	\$20,000,000	\$4,330,819	-\$15,669,181

3. The company indicated on their original application that \$5,500,000 in equipment would be purchased in 2013; \$6,000,000 in 2014; \$6,800,000 in 2015; and \$1,500,000 in 2016. The company reported that they exceeded their estimate provided on the SB-1 Form for personal property investment in 2013. They reported that they spent \$5,727,496 in 2013. However, after further clarification, the total spent in 2013 and 2014 combined was actually \$4,330,819. Please reference a letter from Rachel Allen dated April 16th, 2015 for further explanation regarding their delayed investment schedule.
4. They have exceeded their employment estimates and met their average hourly salaries.
5. The completion date approved on their SB-1 Form was March 31, 2016. As indicated in Rachel Allen's letter, they may need to request an extension of that completion date in 2016. If all of the equipment is purchased by March 31, 2016, the personal property tax abatement will be scheduled to expire in tax year 2025 payable 2026. Their last year for compliance review will be 2026.

Staff Recommendation: Approval



April 16, 2015

City of Franklin
Attn: Krista Linke
70 East Monroe Street,
Franklin, IN 46131

Re: 2014 Tax Abatement Compliance Packet for NSK Corporation

Dear Ms. Linke,

Please find enclosed Form CF-1/PP (Compliance with Statement of Benefits) regarding compliance with the personal property tax abatements granted to NSK Corporation in 2013, under Franklin Common Council Resolution numbers 13-20.

As noted in the enclosed documents, our company has not only maintained the number of jobs on our original application, as promised, but we have grown from 258 to 270. Our wages have increased past the required minimum, also.

However, our capital expenditures are no longer on track to meet the originally estimated \$20 million spend. We had a rather sizable business opportunity that was lost, and that resulted in multiple machinery replacements and upgrades no longer being needed. We are on track to spend approximately \$7 million before our original deadline of 3/31/16, with an additional \$3 million spend planned for 3/31/17 and \$1 million for 3/31/18. These amounts were part of the original \$20 million plan, but are now planned further into the future. We would like to discuss stretching our original 3/31/16 timing estimate out to 3/31/18, if possible, and 3/31/17 at a minimum.

Please feel free to contact me at (734) 913-7588 if you have any questions or concerns during your review of the enclosed documents and also to discuss the above mentioned change to our completion date.

Thank you,

Rachel L. Allen, CPA
Tax Manager

RA/sn

Enclosures

NSK CORPORATION

4200 Goss Road, P.O. Box 134007
ANN ARBOR, MICHIGAN 48113-4007 U.S.A.
TELEPHONE: 1-734-913-7500
FACSIMILE: 1-734-913-7510



**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 NSK CORPORATION	
Address of taxpayer (number and street, city, state, and ZIP code) PO BOX 134007, ANN ARBOR, MI 48113-4007	
Name of contact person RACHEL ALLEN	Telephone number (734) 913-7588

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY

Name of designating body THE CITY OF FRANKLIN COMMON COUNCIL	Resolution number 13-20
Location of property 3400 BEARING DRIVE, FRANKLIN, IN 46131	County JOHNSON
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Expansion of taper roller lines to accomodate new business volumes. We will replace temporary & part time positions with full time. Increase in equipment efficiency & quality to increase production.	DLGF taxing district number
	Estimated starting date (month, day, year) 04/01/2013
	Estimated completion date (month, day, year) 03/31/2016

SECTION 3 EMPLOYEES AND SALARIES

EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	258.00	270
Salaries	16,660,000.00	19,878,603.00
Number of employees retained	18.00	18
Salaries	576,000.00	576,000.00
Number of additional employees		
Salaries		

SECTION 4 COST AND VALUES

	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
AS ESTIMATED ON SB-1								
Values before project	101,625,000.00	21,852,000.00						
Plus: Values of proposed project	20,000,000.00	6,000,000.00						
Less: Values of any property being replaced	1,000,000.00	300,000.00						
Net values upon completion of project	120,625,000.00	27,252,000.00						
ACTUAL								
Values before project	101,625,000.00	21,852,000.00						
Plus: Values of proposed project	4,330,819.00	1,299,246.00						
Less: Values of any property being replaced	509,455.00	152,837.00						
Net values upon completion of project	105,446,364.00	22,998,409.00						

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		
Amount of hazardous waste converted		
Other benefits:		

SECTION 6 TAXPAYER CERTIFICATION

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

Signature of authorized representative 	Title TAX MANAGER	Date signed (month, day, year) 2-27-15
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