



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Director of Community Development
Date: March 30, 2016
Re: Case C 2016-04: Caterpillar Reman Powertrain Indiana LLC

Summary:

1. On September 20th, 2010, the Franklin Common Council passed Resolution No. 2010-15, approving a 10-year tax abatement with a 5% economic development fee on personal property for Caterpillar Reman Powertrain Indiana, LLC, located at 751 International Drive.
2. Actual and estimated benefits, as projected for 2015:

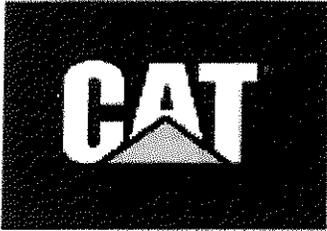
	Estimated on SB-1	Actual in 2014	Difference
Employees Retained	338	338	0
Salaries	\$10,278,445	\$10,658,086	\$379,641
New Employees	0	0	0
Salaries	\$0	\$0	\$0
Total Employees	338	338	0
Total Salaries	\$10,278,445	\$10,658,086	\$379,641
Average Hourly Salaries	\$14.62	\$15.16	\$0.54
Personal Property Improvements	\$13,568,000	\$10,577,840	-\$2,990,160

3. The company estimated in their original application that they would spend \$4,700,000 on equipment in 2010, \$2,092,000 on equipment in 2011, \$3,276,000 in 2012, and \$3,500,000 in 2013. The total for all four years is \$13,568,000. They reported having spent \$7,762,540 at the end of 2012. They were given until the end of 2013 to purchase all of the equipment. They indicated in their application that they would purchase \$3,276,000 in 2012 but only purchased \$1,907,869. They indicated on their original application they would purchase an additional \$3,500,000 in 2013 but only purchased \$932,163. The completion date for the abatement was the end of 2013. Because the completion date on the SB-1 Form is the end of 2013, they are receiving abatement on \$10,616,923 in personal property. They have purchased additional equipment since the end of 2013 (they have now purchased more than \$13,568,000), but they cannot include all of it in the abatement because it was not purchased in time.
4. The company has met their number of employees retained and added 54 employees that were not estimated on their original applications. All employees (retained and new) have higher than estimated average hourly salaries. Additionally, they have 221 agency employees that are not

included in their reported employee figures. The employees reported are full time CAT employees.

5. The tax abatement is scheduled to expire in tax year 2023 payable 2024. The final compliance review should take place in 2023.

Staff Recommendation: Approval



March 14, 2016

Ms. Krista Linke, AICP
Department of Planning & Economic Development
70 E. Monroe Street
Franklin, Indiana 46131

Re: Tax Abatement Compliance for Caterpillar Reman Powertrain Indiana LLC

Dear Ms. Linke:

Enclosed please find Form CF-1 (Compliance with Statement of Benefits) regarding compliance with the personal property tax abatements which were granted to Caterpillar Reman Powertrain Indiana LLC in 2010 under Franklin Common Council Resolution No. 2010-15.

As can be seen from reviewing the enclosed documents, our company has been highly successful in a) making capital investment which had been projected for the past year, and b) retaining the full complement of jobs which had been proposed in the Statement of Benefits (From SB-1) which was approved on October 4, 2010.

Please review all of the enclosed documents, and if you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Lee Anspaugh', is written in black ink.

Lee Anspaugh
Accounting Supervisor
Caterpillar Reman Powertrain Indiana

Enclosures

Caterpillar Reman Powertrain Indiana

Resolution 2010-15

Machinery Investment Schedule

	Actual Amount of Investment (From SB-1) as of 06/2010	Proposed Amount of total Investment	Prior Period Investment	3/31/2015	6/30/2015	9/30/2015	12/31/2015	Actual Total Amount of Investment as of 12/31/15	Difference Between Actual and Proposed Amount of Investment
M&E	\$ 12,613,870	\$ 13,568,000	\$ 9,303,054	-	-	-	-	\$ 9,303,054	\$ 4,264,946

Headcount Addition Schedule

	Actual Number of Employees (From SB-1)	Proposed Total No. of Employees	3/31/2015	6/30/2015	9/30/2015	12/31/2015	Actual total No. of Employees Added for Project	Difference Between Actual and Proposed Number of Employees
Headcount	338	0	54	0	0	0	0	54



COMPLIANCE WITH STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51765 (R2 / 5-13)

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 Caterpillar Reman Powertrain Indiana LLC								
Address of taxpayer (number and street, city, state, and ZIP code) 751 International Drive Franklin, IN 46131								
Name of contact person Lee A. Anspaugh						Telephone number (317) 346-3211		
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY								
Name of designating body Franklin Common Council						Resolution number 2010-15		
Location of property same as above				County Johnson		DLGF taxing district number 41009		
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired.						Estimated starting date (month, day, year) 06/10/2010		
						Estimated completion date (month, day, year) 12/31/13		
SECTION 3 EMPLOYEES AND SALARIES								
EMPLOYEES AND SALARIES				AS ESTIMATED ON SB-1		ACTUAL		
Current number of employees				338.00		392 338.00		
Salaries				10,278,445.00		11,782,950.00		
Number of employees retained				338.00		338.00		
Salaries				10,278,445.00		11,782,950.00		
Number of additional employees				0.00		54.00		
Salaries				0.00		1,882,483.00		
SECTION 4 COST AND VALUES								
	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	12,613,870.	4,946,825.0						
Plus: Values of proposed project	13,568,000.	5,427,200.0						
Less: Values of any property being replaced								
Net values upon completion of project	26,181,870.	10,374,025.						
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	12,613,870.	2,270,497.0						
Plus: Values of proposed project	10,616,922.0	6,349,942.0						
Less: Values of any property being replaced								
Net values upon completion of project	23,230,792.0	8,620,439.0						
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 <i>Lee A. Anspaugh</i>				Title Accounting Supervisor		Date signed (month, day, year) 03/14/15		

13,665,433