



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Community Development Director
Date: March 29, 2016
Re: Case C 2016-28: 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 2015:

	Estimated on SB-1	Actual in 2015	Difference
Employees Retained	150	150	0
Salaries	\$8,444,556	\$7,463,043	-\$981,513
New Employees	3	39	36
Salaries	\$126,921	\$1,598,385	\$1,471,464
Total Employees	150	189	39
Total Salaries	\$8,444,556	\$9,061,428	\$616,872
Average Hourly Salaries	\$26.54	\$23.05	-\$3.49
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. The average hourly salary increased from \$22.82 in 2013 to \$23.89 in 2014. The total number of employees in 2015 is down from 2014, but it exceeds SB-1 estimates. The average salary is down \$3.49 for 2015, as well.
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

 **MITSUBISHI HEAVY INDUSTRIES CLIMATE CONTROL, INC.**

February 18, 2016

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 2015 year-end total of employees on the payroll was 189.

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 2016 compliance request relative to Common Council Resolution 12-10 for the abatement on taxes for 2015 payable 2016.

Respectfully,



Bob Francis
General Manager Administration
Mitsubishi Heavy Industries
Climate Control, Inc. (MCC)



Susan Cunningham
Attorney at Law - Counsel
Mitsubishi Heavy Industries
Climate Control, Inc. (MCC)



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 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 or Susan Cunningham						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		189.00
Salaries						8,444,556.00		9,061,428.00
Number of employees retained						150.00		150.00
Salaries						8,444,556.00		7,463,043.00
Number of additional employees						3.00		39.00
Salaries						126,921.00		1,598,385.00
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								
Plus: Values of proposed project	1,717,647.00	1,717,647.00						
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								
Plus: Values of proposed project	1,511,422.00	1,511,422.00						
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						0.00		0.00
Amount of hazardous waste converted						0.00		0.00
Other benefits:						0.00		0.00
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 Manager, Administration			Date signed (month, day, year) 2-18-16	