



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Community Development Director
Date: April 18, 2016
Re: Case C 2016-18: Indiana Hydraulic Equipment Corp. (Formerly Nishina)

Summary:

1. On October 23rd, 2006, the Franklin Common Council passed Resolution No. 2006-08, approving a 10-year tax abatement on real property and a 10-year tax abatement on personal property for Indiana Hydraulic Equipment Corporation (formerly Nishina Industries) located at 2000 Commerce Parkway (Musicland Drive was renamed to Commerce Parkway in 2010).
2. Actual and estimated benefits, as projected for 2015:

	Estimated on SB-1	Actual in 2015	Difference
New Employees	37	25	-12
Salaries	\$1,320,000	\$1,163,298	-\$156,702
Average Hourly Salaries	\$17.15	\$22.37	\$5.22
Real Property Improvements	\$5,000,000	\$5,960,540	\$960,540
Personal Property Improvements	\$7,000,000	\$6,565,749	-\$434,251

3. This company exceeded their estimate provided on their SB-1 Form for Real and Personal Property in 2014.
4. Their original estimate was to hire 7 employees in 2007, an additional 13 employees in 2008, and the remaining 14 in 2009, for a total of 34 employees. They reported 23 employees at the end of 2010. They increased to 25 at the end of 2011. They reported 32 employees at the close of 2013 and 34 employees at the end of 2014. Please see the attached cover letter from Katrina Tuttle that explains their hiring plans for 2016.
5. The company has now met their estimated amount for personal property investment. They increased from \$6,088,158 in 2011, \$6,205,352 in 2012, \$6,623,542 in 2013, and \$7,006,319 in 2014.
6. The personal and real property tax abatements for Indiana Hydraulic Equipment Corporation are scheduled to expire in tax year 2017 payable 2018. The final compliance review will take place in 2018.

Staff Recommendation: Approval



Toyota Industries North America
3030 Barker Drive
Columbus, IN 47201

March 31, 2016

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

RE: Annual Tax Abatement Compliance

Dear Ms. Linke,

Please find the enclosed Form CF-1 (Compliance with Statement of Benefits) for both real and personal property tax abatements which were granted to Indiana Hydraulic Equipment, Corp. through Nishina Industrial Co., Ltd. in 2006 by the Franklin Common Council in Resolution No. 2006-08.

As can be seen from the review of the enclosed documents, for the period from January 1, 2015 through December 31, 2015, Indiana Hydraulic Equipment, Corp (IHC) has completed construction of its facility and has exceeded the original estimate given in the Statement of Benefits (Form SB-1) which was approved on October 23, 2006.

We have not maintained the estimated head count of 34 originally stated in our Statement of Benefits. At the end of calendar year 2015 we had 25 employees, so far in calendar year 2016 we have hired five new employees and have plans to hire an additional ten employees by the end of the year. This will place our head count at 40 by the end of calendar year 2016.

Please review the enclosed documents and feel free to contact me if you have any questions or concerns regarding this matter at 812-342-5176.

Thank you again for your consideration of our report and your continuing support Indiana Hydraulic Equipment, Corp.

Sincerely,

A handwritten signature in cursive script that reads "Katrina Tuttle".

Katrina Tuttle
Sales & Use Tax Analyst
(812)342-5176
Katrina.Tuttle@tina.toyota-industries.com

Enclosures (3)

Indiana Hydraulic Equipment, Corp.
 2000 Musicland Drive
 Franklin, IN 46131

Attachment to Form CF-1 (Compliance with Statement of Benefits)
 Expansion Investment Schedule by Quarter

	Actual Amount of Investment as of 12/31/06 (from SB-1)	Proposed Amount of Total Investment by 12/31/07 (from SB-1)	Beginning Total as of 12/31/2014	Actual Amount of Investment Added During Year (by Quarter)			Actual Total Amount of Investment as of 12/31/15	Difference Between Actual and Proposed Amount of Investment	
				3/31/2015	6/30/2015	9/30/2015			12/31/2015
Property:	\$0	\$190,000	\$687,882	\$0	\$0	\$0	\$0	\$687,882	\$497,882
Buildings and Improvements:	\$0	\$5,000,000	\$5,432,661	\$10,998	\$0	\$0	\$4,000	\$5,447,659	\$447,659
Machinery and Equipment:	\$0	\$7,000,000	\$6,373,221	\$15,571	\$6,238	\$0	\$170,719	\$6,565,749	-\$434,251
Totals:	\$0	\$12,190,000	\$26,569	\$26,569	\$6,238	\$0	\$174,719	\$12,701,290	\$511,290

	Actual Number of Employees as of 12/31/06 (from SB-1)	Proposed Hiring of New Staff Total by 12/31/07 (from SB-1)	Beginning Total as of 12/31/2014	Actual Staff Count (By Quarter)			Difference Between Actual and Proposed Amount of Employees	
				3/31/2015	6/30/2015	9/30/2015		12/31/2015
Staff	0	36	29	30	25	25	25	-11
Salaries	\$0	\$1,320,000	\$1,133,606	\$262,599	\$310,767	\$268,451	\$321,481	-\$156,702



**COMPLIANCE WITH STATEMENT OF BENEFITS
PERSONAL PROPERTY**

State Form 51765 (R3 / 11-15)

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 January 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 January 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 INDIANA HYDRAULIC EQUIPMENT CORP	County JOHNSON
Address of taxpayer (number and street, city, state, and ZIP code) 2000 MUSICLAND DRIVE, FRANKLIN, IN 46131	DLGF taxing district number 41009
Name of contact person KATRINA TUTTLE	Telephone number (812) 342-5176

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY

Name of designating body FRANKLIN COMMON COUNCIL	Resolution number 2006-08	Estimated start date (month, day, year) 03/31/2007
Location of property 2000 MUSICLAND DR, FRANKLIN, IN 46131		Actual start date (month, day, year) 3/31/2007
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 EQUIPMENT FOR THE MACHINING, ASSEMBLY, INSPECTION, AND PAINTING OF HYDRAULIC COMPONENTS FOR FORKLIFTS AND OTHER OEM APPLICATIONS		Estimated completion date (month, day, year) 12/31/2008
		Actual completion date (month, day, year) 12/31/2008

SECTION 3 EMPLOYEES AND SALARIES

EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	0.00	0.00
Salaries	0.00	0.00
Number of employees retained	0.00	0.00
Salaries	0.00	0.00
Number of additional employees	34.00	25.00
Salaries	1,320,000.00	1,163,298.00

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								
Plus: Values of proposed project	7,000,000.00							
Less: Values of any property being replaced								
Net values upon completion of project	7,000,000.00							
ACTUAL								
Values before project								
Plus: Values of proposed project	6,565,749.00	2,362,309.00						
Less: Values of any property being replaced								
Net values upon completion of project	6,565,749.00	2,362,309.00						

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

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>M. Farn</i>	Title Director	Date signed (month, day, year) 3/31/16
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**COMPLIANCE WITH STATEMENT OF BENEFITS
REAL ESTATE IMPROVEMENTS**

State Form 51766 (R3 / 2-13)

Prescribed by the Department of Local Government Finance

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FORM CF-1 / Real Property

PRIVACY NOTICE

The cost and any specific individual's salary information is confidential; the balance of the filing is public record per IC 6-1.1-12.1-5.1 (c) and (d).

INSTRUCTIONS:

1. This form does not apply to property located in a residentially distressed area or any deduction for which the Statement of Benefits was approved before July 1, 1991.
2. Property owners must file this form with the county auditor and the designating body for their review regarding the compliance of the project with the Statement of Benefits (Form SB-1/Real Property).
3. This form must accompany the initial deduction application (Form 322/RE) that is filed with the county auditor.
4. This form must also be updated each year in which the deduction is applicable. It is filed with the county auditor and the designating body before May 15, or by the due date of the real property owner's personal property return that is filed in the township where the property is located. (IC 6-1.1-12.1-5.1(b))
5. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance form (Form CF-1/Real Property).

SECTION 1 TAXPAYER INFORMATION			
Name of taxpayer INDIANA HYDRAULIC EQUIPMENT CORP		County JOHNSON	
Address of taxpayer (number and street, city, state, and ZIP code) 2000 MUSICLAND DR, FRANKLIN, IN 46131		DLGF taxing district number 41-009	
Name of contact person KATRINA TUTTLE		Telephone number (812) 342-5176	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY			
Name of designating body FRANKLIN COMMUNITY COUNCIL		Resolution number 2006-08	Estimated start date (month, day, year) 12/01/2006
Location of property 2000 MUSICLAND DR, FRANKIN, IN 46131		Actual start date (month, day, year) 12/01/2006	
Description of real property improvements CONSTRUCT NEW MANUFACTURING FACILITY TO BE LOCATED ON APPROXIMATELY 25 CURRENTLY UNIMPROVED ACRES IN FRANKLIN.		Estimated completion date (month, day, year) 11/30/2007	
		Actual completion date (month, day, year) 11/30/2007	
SECTION 3 EMPLOYEES AND SALARIES			
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		0	0
Salaries		0	0
Number of employees retained		0	0
Salaries		0	0
Number of additional employees		34	25
Salaries		1,320,000	1,163,298
SECTION 4 COST AND VALUES			
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1		COST	ASSESSED VALUE
Values before project		190,000.00	
Plus: Values of proposed project		5,000,000.00	
Less: Values of any property being replaced		0.00	
Net values upon completion of project		5,190,000.00	
ACTUAL		COST	ASSESSED VALUE
Values before project		190,000.00	
Plus: Values of proposed project		5,960,540.00	
Less: Values of any property being replaced			
Net values upon completion of project		6,150,540.00	
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 		Title Director	Date signed (month, day, year) 3/31/16