CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission

From: Krista Linke, Community Development Director

Date: April 19, 2016

Re: Case C 2016-35: NSK Corporation

Summary:

1. On October 18th, 2010, the Franklin Common Council passed Resolution No. 2010-19, approving a 10-year tax abatement with a 5% economic development fee on personal property for NSK Corporation located at 3400 Bearing Drive. In 2013, the Franklin Common Council passed Resolution No. 2013-02, amending Resolution No. 2010-09. The investment amount was increased from $9,440,000 to $11,285,000.
2. Actual and estimated benefits, as projected for 2015:

	Estimated on SB-1	Actual in 2015	Difference
Current Number of Employees	204	249	45
Salaries	$11,603,000	$17,336,122	$5,733,122
Employees Retained	8	8	0
Salaries	$276,000	$276,000	$0
New Employees	24	24	0
Salaries	$860,000	$860,000	$0
Total Employees	236	281	45
Total Salaries	$12,739,000	$18,472,122	$5,733,122
Average Hourly Salaries	$25.95	$31.60	$5.65
Personal Property Improvements	$11,285,000	$11,285,413	$413

3. The company has met their estimate provided on the SB-1 Form for personal property investment.
4. They have more employees than estimated on their SB-1 Form. Their estimated average hourly wage is also higher than estimated.
5. The completion date approved on their SB-1 Form was July 31, 2012. The personal property tax abatement is scheduled to expire in tax year 2021 payable 2022. Their last year for compliance review will be 2022.

Staff Recommendation: Approval

NSK

February 26, 2016

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

Re: 2016 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 2010 and 2013, under Franklin Common Council Resolution numbers 13-02 (formerly 10-19) and 13-20.

As detailed in the enclosed documents for Resolution 13-02, NSK has been successful in making all of the capital investments and creating the full complement of jobs projected under Resolution number 13-02.

Per our supporting documentation, previous conversations, and last year's compliance packet letter regarding Resolution 13-20, we will not meet our original capital expenditure target of $20m. We will have a substantially smaller investment by 3/31/16, some of which is due to business we did not win, some of which is simply delayed into the 3/31/17 and 3/31/18 fiscal year capex plans. Our headcount is currently slightly under the estimate on our SB-1 filing, but we would like to draw increased attention to the fact that our salaries are in excess of the original estimates.

Please contact me at (734) 913-7588 if you have any questions or concerns during your review of the enclosed documents.

Thank you,

Rachel L. Allen, CPA
Tax Manager

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 (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 NSK Corporation	County Johnson
Address of taxpayer *(number and street, city, state, and ZIP code)* PO Box 134007, Ann Arbor, MI 48113-4007	DLGF taxing district number
Name of contact person Rachel L. 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 13-02 formerly 10-19	Estimated start date *(month, day, year)* 11/01/2010
Location of property 3400 Bearing Drive, Franklin, IN 46131		Actual start date *(month, day, year)* 11/01/2010
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Manufacturing, Inspection and Assembly Equipment used to produce taper roller bearings.		Estimated completion date *(month, day, year)* 07/31/2012
		Actual completion date *(month, day, year)* 07/31/2012

SECTION 3 — EMPLOYEES AND SALARIES

EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	204.00	249.00
Salaries	11,603,000.00	17,336,122.00
Number of employees retained	8.00	8.00
Salaries	276,000.00	276,000.00
Number of additional employees	24.00	24.00
Salaries	860,000.00	860,000.00

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	91,700,000.00	19,885,000.00						
Plus: Values of proposed project	11,285,000.00	3,386,000.00						
Less: Values of any property being replaced								
Net values upon completion of project	102,985,000.00	23,271,000.00						
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	91,700,000.00	19,885,000.00						
Plus: Values of proposed project	11,285,413.00	3,385,624.00						
Less: Values of any property being replaced								
Net values upon completion of project	102,985,413.00	23,270,624.00						

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	Title	Date signed *(month, day, year)*
	Tax Manager	2-26-16