



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 2016-36: NSK Corporation

Summary:

- 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.
- Actual and estimated benefits, as projected for 2015:

	Estimated on SB-1	Actual in 2015	Difference
Employees Retained	18	9	9
Salaries	\$576,000	\$280,000	-\$296,000
New Employees	0	0	0
Salaries	\$0	\$0	\$0
Total Employees	258	249	-9
Total Salaries	\$16,650,000	\$17,336,122	\$686,122
Average Hourly Salaries	\$31.03	\$33.47	\$2.45
Personal Property Improvements	\$20,000,000	\$6,243,526	-\$13,756,474

- 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. The company is still considerably behind schedule for investment, though they reported investment of another \$1,912,707 in 2015.
- They are down nine employees from the estimate; however, the hourly wage has increased by \$2.45 per hour.
- The completion date approved on their SB-1 Form was March 31, 2016. 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



**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 13-20	Estimated start date (month, day, year) 04/01/2013
Location of property 3400 Bearing Drive, Franklin, IN 46131		Actual start date (month, day, year) 04/01/2013
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 and part time positions will full time. Increase in equipment efficiency and quality to increase production.		Estimated completion date (month, day, year) 03/31/2016
		Actual completion date (month, day, year)

SECTION 3 EMPLOYEES AND SALARIES			
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL	
Current number of employees	258.00	249.00	
Salaries	16,650,000.00	17,388,122.00	
Number of employees retained	18.00	9.00	
Salaries	576,000.00		
Number of additional employees			
Salaries			

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	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	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	101,625,000.00	21,852,000.00						
Plus: Values of proposed project	6,243,526.00	1,873,058.00						
Less: Values of any property being replaced	509,455.00	152,837.00						
Net values upon completion of project	107,359,071.00	23,572,221.00						

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

NSK Corporation
Investment Timetable
Resolution 13-20

3/31/2014	Buildings/ Improvements	Equipment Pool 2	Total
1st Quarter		3,120,048.88	3,120,048.88
2nd Quarter		49,360.73	49,360.73
3rd Quarter		18,367.79	18,367.79
4th Quarter		29,684.40	29,684.40
3/31/2015			
1st Quarter		502,233.74	502,233.74
2nd Quarter		361,164.11	361,164.11
3rd Quarter		148,233.37	148,233.37
4th Quarter		121,504.86	121,504.86
3/31/2016			
1st Quarter		720,363.75	720,363.75
2nd Quarter		415,305.58	415,305.58
3rd Quarter		757,258.55	757,258.55
4th Quarter			-

Total - 6,243,525.76 6,243,525.76