



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 2016-37: NSK Precision America

Summary:

1. On July 15th, 2013, the Franklin Common Council passed Resolution No. 2013-18, approving a 10-year tax abatement with a 5% economic development fee on personal property for NSK Precision America, located at 3450 Bearing Drive.
2. Actual and estimated benefits, as projected for 2015:

	Estimated on SB-1	Actual in 2015	Difference
Employees Retained	135	135	0
Salaries	\$8,960,000	\$8,960,000	\$0
New Employees	28	29	1
Salaries	\$970,000	\$965,890	-\$4,110
Total Employees	163	164	1
Total Salaries	\$9,930,000	\$9,056,589	-\$873,411
Average Hourly Salaries	\$29.29	\$26.55	-\$2.74
Personal Property Improvements	\$10,200,000	\$7,387,295	-\$2,812,705

3. The company indicated on their original application that \$2,500,000 in equipment would be purchased in 2013; \$2,600,000 in 2014; \$4,100,000 in 2015; and \$1,000,000 in 2016. The company was on schedule to their estimate provided on the SB-1 Form for personal property investment in 2013 and 2014. The cost of equipment purchased in 2015 was \$1,665,258, which is off schedule by \$2,434,742.
4. The company was 3 employees short of what they estimated their employee count to be, and lower on their estimated average hourly salaries in 2013. They greatly improved in their number of employees and average hourly salaries in 2014. They exceed the number of estimated employees in 2015, but the average hourly salary is \$2.74 per hour under the SB-1 estimate.
5. The completion date approved on their SB-1 Form was March 31, 2016. The personal property tax abatement is scheduled to expire in tax year 2025 payable 2026. Their last year for compliance review will be 2026.

Staff Recommendation: Approval



February 26, 2016

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

Re: 2016 Tax Abatement Compliance Packet for NSK Precision America, Inc.

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 Precision America, Inc. (NPA) in 2005 and 2013, under Franklin Common Council Resolution numbers 05-10 and 13-18, respectively.

As detailed in the enclosed documents, NPA has been successful in making all of the capital investments and far exceeding the full complement of jobs and salaries projected under Resolution 05-10.

The investment period for Resolution 13-18 is still ongoing. NPA is making progress toward the anticipated investment and the completion date is still scheduled for March 31, 2016.

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

Thank you,

A handwritten signature in black ink, appearing to read "Rachel L. Allen".

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 Precision America, Inc.	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 13-18	Estimated start date (month, day, year) 07/01/2013
Location of property 3450 Bearing Drive, Franklin, IN 46131		Actual start date (month, day, year) 07/01/2013
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Machinery reconstruction and replacement to increase output and maintain quality, creation of existing space for additional production to supply increased demand overseas.		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	135.00	184.00
Salaries	8,980,000.00	9,056,589.00
Number of employees retained		
Salaries		
Number of additional employees	28.00	29.00
Salaries	970,000.00	965,890.00

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	29,489,000.00	8,367,000.00						
Plus: Values of proposed project	10,200,000.00	30,800,000.00						
Less: Values of any property being replaced	5,000,000.00	1,500,000.00						
Net values upon completion of project	34,689,000.00	10,197,000.00						
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	29,498,000.00	8,367,000.00						
Plus: Values of proposed project	7,387,295.00	2,216,189.00						
Less: Values of any property being replaced	1,017,620.00	305,286.00						
Net values upon completion of project	35,867,675.00	10,277,903.00						

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