



CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Krista Linke, Director of Planning & Economic Development
Date: April 2, 2012
Re: Case C 2012-40: KYB Manufacturing North America

Summary:

1. On February 27th, 2007, the Franklin Common Council passed Resolution No. 2006-03, approving a 7-year tax abatement on personal property for KYB Manufacturing located at 2625 N. Morton Street.
2. Actual and estimated benefits, as projected for 2011:

	Estimated on SB-1	Actual in 2011	Difference
Employees Retained	615	579	-36
Salaries	\$26,300,000	\$20,547,580	-\$5,752,420
Average Hourly Salaries	\$20.56	\$17.06	-\$3.50
Personal Property Improvements	\$17,000,000	\$21,274,139	\$4,274,139

1. The company does not meet their estimate for the total number of employees, but have improved significantly since last year. The average hourly wage has gone down over the years.
2. At the end of 2008 KYB reported 578 employees with an average hourly wage of \$21.87. At the end of 2009 KYB reported 478 employees with an average hourly wage of \$18.78. At the end of 2010 KYB reported 446 employees with an average hourly wage of \$20.35.
3. The company has greatly exceeded their estimate provided on their SB-1 Form for personal property investment.
4. The tax abatement is scheduled to expire in tax year 2012 payable 2013. The final compliance review will take place in 2013.

Staff Recommendation:

Approval

March 16, 2012

12-40

City of Franklin
71 East Court Street
Franklin, Indiana 46131
Attn: Krista Linke

RE: Tax Abatement Compliance for KYB Manufacturing North America, Inc.

Dear Ms. Linke:

Enclosed herewith are Forms CF-1/PP (Compliance with Statement of Benefits-Personal Property and Form CF-1/RE (Compliance with Statement of Benefits-Real Estate Improvements) regarding the personal property tax abatement that was granted to KYB under Resolution No.

~~06-09~~
06-02

As evidenced by the enclosed documents, KYB has (a) made all of the capital investments projected and (b) retained the jobs set forth in the Statement of Benefits (Form SB-1/PP) approved by the City of Franklin Common Council.

Finally, the enclosed Equipment List will also be included with KYB's Business Tangible Personal Property Tax Return (Form 103-Long). As such, we respectfully request that the information contained on the Equipment List be kept confidential.

If you have any questions concerning this matter, please contact me at (317) 736-7774.

Sincerely,

James E. Hamilton
Controller



Enclosures



**COMPLIANCE WITH STATEMENT OF BENEFITS
PERSONAL PROPERTY**

State Form 51765 (R / 1-06)

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 KYB Manufacturing North America, Inc.	
Address of taxpayer (number and street, city, state, and ZIP code) 2625 Morton Street Franklin, Indiana 46131	
Name of contact person James E. Hamilton	Telephone number (317) 736-7774

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY	
Name of designating body City of Franklin Common Council	Resolution number R06-03 / 06-02
Location of property 2625 Morton Street Franklin, Indiana 46131	County DLGF taxing district number 009
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. See attached.	Estimated starting date (month, day, year) 02/01/2005 Estimated completion date (month, day, year) 03/31/2006

SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	615.00	579
Salaries	26,300,000.00	20,547,580.00
Number of employees retained	615.00	579
Salaries	26,300,000.00	20,547,580.00
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	39,214,863.00	14,920,519.00						
Plus: Values of proposed project	17,000,000.00	6,800,000.00						
Less: Values of any property being replaced								
Net values upon completion of project	56,214,863.00	21,720,379.00						
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	39,214,863.00	14,174,970.00						
Plus: Values of proposed project	21,274,139.00	6,141,090.00						
Less: Values of any property being replaced								
Net values upon completion of project	60,489,002.00	20,316,060.00						

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		
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>James E. Hamilton</i>	Title Controller	Date signed (month, day, year) 3/21/12

Expansion Investment Schedule

Resolution 2006-09

KYB Manufacturing
 2625 N. Morton Street
 PO Box 490
 Franklin, IN 46131-0490

*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)	Actual Amount of Investment For the Year 2006, 2007 (by Quarter)	2006	6/30/07	12/31/07	6/30/08	9/30/08	12/31/08	Actual Total Amount of Investment as of 12/31/2009
Buildings & Improvements	11,405,428	16,000,000				17,000,000				17,000,000
Machinery & Equipment	39,214,863	8,000,000	1,661,225	1,661,225	755,274	1,789,229	2,346,733	564,008	1,250,466	8,366,935
Totals	50,620,291	24,000,000	1,661,225	1,661,225	755,274	18,789,229	2,346,733	564,008	1,250,466	25,366,935