



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 2012-41: KYB Manufacturing North America

Summary:

1. On October 23rd, 2006, the Franklin Common Council passed Resolution No. 2006-09, approving a 10- year tax abatement on real property and a 10-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	660	579	(81)
Salaries	\$21,794,240	\$20,547,580	-\$1,246,660
New Employees	51	0	(51)
Salaries	\$1,500,000	\$0	-\$1,500,000
Total Employees	711	579	(132)
Total Salaries	\$23,294,240	\$20,547,580	-\$2,746,660
Average Hourly Salaries	\$15.75	\$17.06	\$1.31
Personal Property Improvements	\$8,000,000	\$8,207,371	\$207,371
Real Property Improvements	\$16,000,000	\$17,000,000	\$1,000,000

3. The company has exceeded their estimate provided on their SB-1 Form for personal property investment.
4. The company has exceeded their estimate provided on their SB-1 Form for real property.
5. The company does not meet their estimate for the total number of employees. In 2010 they employed 446 with an average hourly wage of \$20.35. They have increased employment significantly in 2011. The average hourly wage still exceeds what was estimated on their SB-1 Form, but it is lower than what was reported for 2010.
6. The tax abatements are scheduled to expire in tax year 2017 payable 2018. The final compliance review will take place in 2018.

Staff Recommendation: Approval

March 16, 2012

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

12-41

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.

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

Krista Linke

From: Schrage, Gary [Gary.Schrage@kmna-kyb.com]
Sent: Wednesday, March 07, 2012 1:48 PM
To: Krista Linke
Subject: KYB Compliance forms

Hi Krista,

I apologize for the delay and confusion regarding our annual compliance forms. I am trying to get these wrapped up and in to your office.

KYB has signed a new agreement with another CPA firm to do our property tax filings, and I sent these forms to this new firm right after I got your letter and packet, and obviously they have not completed these forms.

I received an e-mail from Mark Rittenhouse at Baden Tax Management, and I have asked him if Baden is still contractually obligated with KYB to complete these forms.

I realize that this still makes us late, and I am trying to pin down who it is that is going to complete these for us.

I was kind of left out of the loop on this change, and obviously we are at fault for missing the deadline, but hopefully I will get these completed and turned in to you ASAP.

Thank you,

Gary Schrage



**COMPLIANCE WITH STATEMENT OF BENEFITS
REAL ESTATE IMPROVEMENTS**

State Form 51766 (R2 / 1-07)
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).

This statement is being completed for real property that qualifies under the following Indiana Code (check one box):

- Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)
- Eligible vacant building (IC 6-1.1-12.1-4.8)

INSTRUCTIONS:

1. This form does not apply to property located in a residentially distressed area. (IC 6-1.1-12.1-2 (b))
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 (SB-1 / Real Property).
3. This form must accompany the initial deduction application that is filed with the County Auditor.
4. Property owners whose Statement of Benefits was approved after June 30, 1991, must file an updated form with the County Auditor and the local Designating Body to show the extent to which there has been compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.1)
5. The updated form must be filed annually by May 15, or by the due date for the real property owner's personal property return that is filed in the township where the project is located, whichever is later. (IC 6-1.1-12.1-5.1 (b))
6. With the approval of the Designating Body, compliance information for multiple projects may be consolidated on one (1) compliance form (CF-1 / Real Property).

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 R 06-09
Location of property 2625 Morton Street	County Johnson	DLGF taxing district number 009
Description of real property improvements: See attached.		Estimated starting date (month, day, year) 10/24/2006
		Estimated completion date (month, day, year) 03/01/2009

SECTION 3 EMPLOYEES AND SALARIES

EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	660	579
Salaries	21,794,240.00	20,547,580
Number of employees retained	660	
Salaries	21,794,240.00	
Number of additional employees	51	
Salaries	1,500,000.00	

SECTION 4 COST AND VALUES

COST AND VALUES	REAL ESTATE IMPROVEMENTS	
	COST	ASSESSED VALUE
AS ESTIMATED ON SB-1		
Values before project	11,405,428.00	7,983,000.00
Plus: Values of proposed project	16,000,000.00	11,200,000.00
Less: Values of any property being replaced		
Net values upon completion of project	27,405,428.00	19,183,000.00
ACTUAL		
Values before project	11,405,428.00	7,983,800.00
Plus: Values of proposed project	17,000,000.00	
Less: Values of any property being replaced		
Net values upon completion of project	28,405,428.00	7,983,800.00

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		
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
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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 R06-09
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) 10/24/2006 Estimated completion date (month, day, year) 03/01/2009

SECTION 3 EMPLOYEES AND SALARIES

EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	660.00	579
Salaries	21,794,240.00	20,547,580.00
Number of employees retained	660.00	579
Salaries	21,794,240.00	20,547,580.00
Number of additional employees	51.00	
Salaries	1,500,000.00	

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	39,214,863.00	14,920,519.00						
Plus: Values of proposed project	8,000,000.00	3,200,000.00						
Less: Values of any property being replaced								
Net values upon completion of project	47,214,863.00	18,120,519.00						
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	8,207,371.00	2,904,305.00						
Less: Values of any property being replaced								
Net values upon completion of project	47,422,234.00	17,079,275.00						

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
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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)					Actual Total Amount of Investment as of 12/31/2009	
			2006	6/30/07	12/31/07	6/30/08	9/30/08		12/31/08
Buildings & Improvements	11,405,428	16,000,000							
Machinery & Equipment	39,214,863	8,000,000	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	755,274	18,789,229	2,346,733	564,008	1,250,466	25,366,935