



# CITY OF FRANKLIN

Community Development Department

## Memorandum

**To:** City of Franklin Economic Development Commission  
**From:** Rhoni Oliver, Community Development Department  
**Date:** March 9, 2017  
**Re:** Case C 2017-38: NSK Precision America

### Summary:

1. On July 15<sup>th</sup>, 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 2016:

	Estimated on SB-1	Actual in 2016	Difference
Employees Retained	135	135	0
Salaries	\$8,960,000	\$8,960,000	\$0
New Employees	26	15	-11
Salaries	\$970,000	\$102,549	-\$867,451
Total Employees	161	150	-11
Total Salaries	\$10,278,445	\$9,062,549	-\$1,215,896
Average Hourly Salaries	\$30.69	\$29.05	-\$1.65
Personal Property Improvements	\$10,200,000	\$11,232,578	\$1,032,578

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 was off schedule by \$2,434,742. NSK has exceeded SB-1 estimate for personal property improvements.
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 exceeded the number of estimated employees in 2015, but the average hourly salary is \$2.74 per hour under the SB-1 estimate. In 2016 NSK was down 11 employees, and they were \$1.65 per hour lower than the 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 6, 2017

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

Re: 2017 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 ended in 2016. Headcount dipped during the year, and as a result, NPA is slightly behind plan on jobs and total salaries. However, we would like to draw increased attention to the capital investment, which exceeded the initial estimate for reconstruction of our manufacturing equipment.

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 Allen".

Rachel L. Allen, CPA  
Tax Manager

**COMPLIANCE WITH STATEMENT OF BENEFITS  
PERSONAL PROPERTY**

State Form 51785 (R4 / 11-16)

Prescribed by the Department of Local Government Finance

**FORM CF-1 / PP****PRIVACY NOTICE**This form contains information  
confidential pursuant to  
IC 6-1.1-35-9 and IC 6-1.1-12.1-5.6.

- 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 <b>NSK Precision America, Inc.</b>						County <b>Johnson</b>			
Address of taxpayer (number and street, city, state, and ZIP code) <b>P.O. Box 134007, Ann Arbor, MI 48113-4007</b>						DLGF taxing district number			
Name of contact person <b>Rachel L. Allen</b>						Telephone number <b>( 734 ) 913-7588</b>			
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY									
Name of designating body <b>The City of Franklin Common Council</b>					Resolution number <b>13-18</b>		Estimated start date (month, day, year) <b>07/01/2013</b>		
Location of property <b>3450 Bearing Drive, Franklin, IN 46131</b>							Actual start date (month, day, year) <b>07/01/2013</b>		
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. <b>Machinery reconstruction and replacement to increase output and maintain quality, creation of existing space for additional production to supply increased demand overseas</b>							Estimated completion date (month, day, year) <b>03/31/2016</b>		
							Actual completion date (month, day, year) <b>08/16/2016</b>		
SECTION 3 EMPLOYEES AND SALARIES									
EMPLOYEES AND SALARIES						AS ESTIMATED ON SB-1		ACTUAL	
Current number of employees						135		150	
Salaries						8,960,000.00		9,082,549.00	
Number of employees retained									
Salaries									
Number of additional employees						26		15	
Salaries						970,000.00		102,549.00	
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	29,498,000.00	8,637,000.00							
Plus: Values of proposed project	10,200,000.00	3,060,000.00							
Less: Values of any property being replaced	5,000,000.00	1,500,000.00							
Net values upon completion of project	34,698,000.00	10,197,000.00							
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	
Values before project	29,498,000.00	8,637,000.00							
Plus: Values of proposed project	11,232,578.03	3,369,773.41							
Less: Values of any property being replaced	1,017,620.00	305,286.00							
Net values upon completion of project	39,712,958.03	11,701,487.41							
<b>NOTE:</b> 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 <b>Tax Manager</b>		Date signed (month, day, year) <b>2-6-17</b>			

**OPTIONAL: FOR USE BY A DESIGNATING BODY WHO ELECTS TO REVIEW THE COMPLIANCE WITH STATEMENT OF BENEFITS (FORM CF-1)  
THAT WAS APPROVED AFTER JUNE 30, 1991.**

**INSTRUCTIONS: (IC 6-1.1-12.1-5.9)**

1. This page does not apply to a Statement of Benefits filed before July 1, 1991; that deduction may not be terminated for a failure to comply with the Statement of Benefits.
2. Within forty-five (45) days after receipt of this form, the designating body may determine whether or not the property owner has substantially complied with the Statement of Benefits.
3. If the property owner is found **NOT** to be in substantial compliance, the designating body shall send the property owner written notice. The notice must include the reasons for the determination and the date, time and place of a hearing to be conducted by the designating body. If a notice is mailed to a property owner, a copy of the written notice will be sent to the County Assessor and the County Auditor.
4. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable effort to substantially comply with the Statement of Benefits and whether any failure to substantially comply was caused by factors beyond the control of the property owner.
5. If the designating body determines that the property owner has **NOT** made reasonable effort to comply, then the designating body shall adopt a resolution terminating the deduction. The designating body shall immediately mail a certified copy of the resolution to: (1) the property owner; (2) the County Auditor; and (3) the County Assessor.

We have reviewed the CF-1 and find that:

- ☐ the property owner **IS** in substantial compliance
- ☐ the property owner **IS NOT** in substantial compliance
- ☐ other (specify) \_\_\_\_\_

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member

Date signed (month, day, year)

Attested by:

Designating body

If the property owner is found not to be in substantial compliance, the property owner shall receive the opportunity for a hearing. The following date and time has been set aside for the purpose of considering compliance.

Time of hearing

☐ AM  
☐ PM

Date of hearing (month, day, year)

Location of hearing

**HEARING RESULTS (to be completed after the hearing)**

☐ Approved

☐ Denied (see instruction 5 above)

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member

Date signed (month, day, year)

Attested by:

Designating body

**APPEAL RIGHTS [IC 6-1.1-12.1-5.9(e)]**

A property owner whose deduction is denied by the designating body may appeal the designating body's decision by filing a complaint in the office of the clerk of Circuit or Superior Court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner.

