



## CITY OF FRANKLIN

Community Development Department

### Memorandum

**To:** City of Franklin Economic Development Commission  
**From:** Rhoni Oliver, Community Development Specialist  
**Date:** April 10, 2018  
**Re:** Case C 2018-26: KYB Manufacturing North America

#### Summary:

1. On October 23<sup>rd</sup>, 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 2017:

	Estimated on SB-1	Actual in 2017	Difference
Employees Retained	660	660	0
Salaries	\$21,794,240	\$21,794,240	\$0
New Employees	51	27	(24)
Salaries	\$1,500,000	\$11,325,209	\$9,825,209
Total Employees	711	687	(24)
Total Salaries	\$23,294,240	\$33,119,449	\$9,825,209
Average Hourly Salaries	\$15.75	\$23.18	\$7.43
Personal Property Improvements	\$8,000,000	\$8,316,068	\$316,068
Real Property Improvements	\$16,000,000	\$18,112,347	\$2,112,347

3. The personal property investment exceeded the SB-1 estimate.
4. The company has exceeded their estimate provided on their SB-1 Form for real property.
5. The previous three years of the abatement, the company exceeded total employees. In 2017 they fell short by 24. Total salaries and the average hourly wages continue to exceed what was estimated on their SB-1 Form.
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



# COMPLIANCE WITH STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51765 (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 1C 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 KYB MANUFACTURING NORTH AMERICA, INC.	County JOHNSON
Address of taxpayer (street and number, city, state and ZIP code) 2625 MORTON STREET FRANKLIN IN 46131	DLGF taxing district number 41009
Name of contact person DOUG WIETEN	Telephone number 317-346-4858

### SECTION 2

#### LOCATION AND DESCRIPTION OF PROPERTY

Name of designating body CITY OF FRANKLIN COMMON COUNCIL	Resolution number 2006-09	Estimated start date (month, day, year) 10/24/2006
Location of property 2625 MORTON STREET FRANKLIN IN 46131		Actual start date (month, day, year) 10/24/2006
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 completion date (month, day, year) 03/01/2009
		Actual 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	687
Salaries		21,794,240	33,119,449
Number of employees retained		660	660
Salaries		21,794,240	21,794,240
Number of additional employees		51	27
Salaries		1,500,000	11,325,209

### SECTION 4

#### COST AND VALUES

	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
AS ESTIMATED ON SB-1								
Values before project	39,214,863	14,920,379						
Plus: Values of proposed project	8,000,000	3,200,000						
Less: Values of any property being replaced								
Net values upon completion of project	47,214,863	18,120,379						
ACTUAL								
Values before project	102,989,253	26,465,273						
Plus: Values of proposed project	8,316,068	2,494,820						
Less: Values of any property being replaced								
Net values upon completion of project	111,305,321	28,960,093						

**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 Kazuo 7	Title Secretary/Treasurer	Date signed (month, day, year) 2/22/2018

**INSTRUCTIONS: (IC 6-1.1-12-5.9)**

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 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 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.

**KYB Manufacturing North America, Inc.**

**Equipment List For Abatement  
Attachment for SB-1/PP**

<u>Description</u>	<u>Amount</u>	<u>ECD</u>
Assembly lines	\$ 5,100,000	Jun-08
Welding line	\$ 1,320,000	Jun-08
Cylinder and end cap lines	\$ 1,250,000	Jun-08
Plating line improvements	\$ 125,000	Jun-08
Additional auxiliary equipment	\$ 205,000	Mar-09

**Total machinery & equipment \$ 8,000,000**

**TOTAL PERSONAL PROPERTY \$ 8,000,000**



# COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R3 / 2-13)

Prescribed by the Department of Local Government Finance

2018 PAY 2019

FORM CF-1 / Real Property

## INSTRUCTIONS:

1. This form does not apply to property located in a residentially distressed area or any deduction for which the Statement of Benefits was approved before July 1, 1991.
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 (Form SB-1/Real Property).
3. This form must accompany the initial deduction application (Form 322/RE) that is filed with the county auditor.
4. This form must also be updated each year in which the deduction is applicable. It is filed with the county auditor and the designating body before May 15, or by the due date of the real property owner's personal property return that is filed in the township where the property is located. (IC 6-1.1-12.1-5.1(b))
5. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance form (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).

SECTION 1 TAXPAYER INFORMATION			
Name of taxpayer KYB MANUFACTURING NORTH AMERICA INC		County JOHNSON	
Address of taxpayer (number and street, city, state and ZIP code) 2625 NORTH MORTON STREET FRANKLIN IN 46131		DLGF taxing district number 41009	
Name of contact person DOUG WIETEN		Telephone number (317) 346-4858	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY			
Name of designating body CITY OF FRANKLIN COMMON COUNCIL		Resolution number 2006-09	Estimated start date (month, day, year) 10/24/2006
Location of property 2625 NORTH MORTON STREET FRANKLIN IN 46131		Actual start date (month, day, year) 10/24/2006	
Description of real property improvements: 263,400SF addition to building, entry drive and parking enhancements, remodeling of existing areas, additional improvements		Estimated completion date (month, day, year) 03/01/2009	
		Actual 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	687
Salaries		21,794,240	33,119,449
Number of employees retained		660	660
Salaries		21,794,240	21,794,240
Number of additional employees		51	27
Salaries		1,500,000	11,325,209
SECTION 4 COST AND VALUES			
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	
Values before project	11,405,428	7,983,800	
Plus: Values of proposed project	16,000,000	11,200,000	
Less: Values of any property being replaced			
Net values upon completion of project	27,405,428	19,183,800	
ACTUAL	COST	ASSESSED VALUE	
Values before project	11,405,428	5,215,981	
Plus: Values of proposed project	18,112,347	8,283,219	
Less: Values of any property being replaced			
Net values upon completion of project	29,517,775	13,499,200	
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 Kazuo.7		Title Secretary/Treasurer	Date signed (month, day, year) 2/22/2018

**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 6-1.1-12.1-5.1 and IC 6-1.1-12.1-5.9)

1. Not later than 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 (Form SB-1/Real Property).
2. 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. The date of this hearing may not be more than thirty (30) days after the date this notice is mailed. A copy of the notice may be sent to the county auditor and the county assessor.
3. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable efforts to substantially comply with the Statement of Benefits (Form SB-1/Real Property) and whether any failure to substantially comply was caused by factors beyond the control of the property owner.
4. If the designating body determines that the property owner has **NOT** made reasonable efforts to comply, then the designating body shall adopt a resolution terminating the property owner's deduction. If the designating body adopts such a resolution, the deduction does not apply to the next installment of property taxes owed by the property owner or to any subsequent installment of property taxes. 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 4 above)

Reasons for 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 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.

**KYB Manufacturing North America, Inc.**

**Real Estate Improvements  
Attachment for SB-1/RE**

<u>Description</u>	<u>Amount</u>	<u>ECD</u>
264,300 sq ft addition	\$ 14,100,000	Apr-08
Entry drive and parking enhancements	\$ 500,000	Apr-08
Remodeling of existing areas	\$ 1,200,000	Apr-08
Additional improvements	\$ 200,000	Mar-09

**Total real estate improvements \$ 16,000,000**

**TOTAL REAL PROPERTY \$ 16,000,000**