



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: Economic Development Commission
From: Krista Linke
Date: January 10, 2020
Re: Overton Industries – Request for Waiver of Non-Compliance

On December 19th, 2016, The Franklin Common Council passed Resolution No. 2016-21, approving a 10-year tax abatement on real property with a 2% economic development fee and a 7-year tax abatement on personal property with a 2% economic development fee for Overton Industries located at 2155 McClain Drive. Overton Industries received a notice of reassessment on the expansion of their building in 2018. They submitted their compliance report in 2019 and were approved by the EDC and City Council in a timely manner. Due to the timing of the re-assessment, they would have had to fill out a CF-1 form in 2018 in order to claim the abatement on their 2018 pay 2019 taxes. They did not know the re-assessment was going to occur before the end of 2018, therefore the compliance form (which is due by the end of February) was not filled out in 2018. They immediately discovered that the abatement was not applied to their tax bill and contacted the County and the City. Their tax bill increased from \$27,834 for 2017 pay 2018, to \$49,149 for 2018 pay 2019, which is a \$21,315 increase. If the abatement had been applied, the first year is 100% abated on the increase in assessed value, so their tax bill would have been \$27,834 instead of \$49,149.

Overton Industries decided not to pay the taxes until the matter was clarified. They have been assessed a penalty for the unpaid taxes. The remedy to this situation is for the City of Franklin to pass a waiver of non-compliance for the failure to fill out the compliance forms in 2018. It is my understanding from the county, that once the waiver of non-compliance is granted, a corrected tax bill will be issued and Overton will pay the corrected amount, plus the penalty. A resolution will be prepared for the City Council to review and approve for this purpose, if that is what the Economic Development Commission chooses to recommend.

For your reference, the approved compliance packet from 2019 is attached, along with a letter requesting the waiver of non-compliance. If you have any questions regarding this request, please contact me directly at 346-1250.

December 12th, 2019

Krista Linke
Director of Community Development
City of Franklin
70 E. Monroe Street
Franklin, IN 46131

Dear Krista;

Thank you for participating in the meeting last week at the Johnson County Assessor's office. We appreciate you taking the time to help out with our questions regarding property taxes on the Overton facility at 2155 McClain Drive, Franklin Indiana. Per the discussions at the meeting we need to request a waiver of noncompliance for not filing a CF1 form for the tax year 2018. We were not aware that we had to file a CF1 form for 2018 since we were not completely finished with the new expansion. We were not aware that Johnson County would assess taxes at the 80% completion point. We would like to request a waiver of non-compliance so that the abatement that has been filed can be applied for the 2018 tax year.

Please let me know if you need any additional information from me regarding this request. Again thank you for your help with this matter. It has been great working with your staff and we appreciate the relationships we have formed with your team and the City of Franklin.

Regards,



Scott Buie
CEO - Overton Industries
12150 Old State Road 67 S.
Mooresville, IN 46158



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission
From: Rhoni Oliver, Community Development Specialist
Date: May 6, 2019
Re: Case C 2019-39: Tube Forming Systems, Inc. d/b/a Overton Industries

Summary:

1. On December 19th, 2016, the Franklin Common Council passed Resolution No. 2016-21, approving a 10-year tax abatement with at 2% Economic Development Fee on real property and a 7-year tax abatement with a 2% economic development fee on personal property for new equipment at 2155 McClain Drive.
2. Actual and estimated benefits, as projected for 2018:

	Estimated on SB-1	Actual in 2018	Difference
Employees	52	44	-8
Salaries	\$2,768,643	\$2,663,792	-\$104,851
Average Hourly Salaries	\$25.60	\$29.11	\$3.51
Real Property Improvements	\$911,353	\$911,353	\$0
Personal Property Improvements	\$658,000	\$508,675	-\$149,325

3. The company has fewer than estimated additional employees, but they have exceeded average hourly wage indicated on the SB-1 Form.
4. The company met the estimated real property investment as estimated on their SB-1 Form.
5. The company invested \$149,325 less than estimated on personal property.
6. The personal property tax abatement for Overton is scheduled to expire in tax year 2026 payable 2027. The final compliance review will take place in 2030.
7. The real property tax abatement for Overton is scheduled to expire in tax year 2029 payable 2030. The final compliance review will take place in 2030.

Staff Recommendation: Approval

Overton Industries

May 2, 2019

City of Franklin
Attn: Krista Linke
71 East Monroe Street
Franklin, IN 46131-2358

RE: Annual Tax Abatement Compliance Packet for Tube Forming Systems, Inc. d/b/a Overton Industries

Dear Ms. Linke,

Enclosed, please find Form CF-1/PP (Compliance with Statement of Benefits) regarding compliance with real property tax abatement which was granted to Overton & Sons in 2016 under Franklin common Council Resolution number 2016-21 and approved on December 19, 2016.

After reviewing the documents, you will see that we have been successful in (1) making all of the capital investments which had been projected, and (2) retaining and adding to the full complement of jobs which had been proposed in the Statement of Benefits (Form SB-1). Please review all of the enclosed documents and if you have any questions or concerns regarding this matter, please feel free to contact me at (317) 831-4542.

Sincerely,



Steve Overton, CFO
Overton Industries



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R3 / 2-13)

Prescribed by the Department of Local Government Finance

20__ PAY 20__

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).

INSTRUCTIONS:

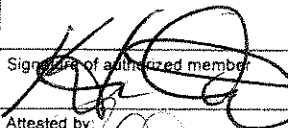

1. This form does not apply to property located in a residentially distressed area or any deduction for which the Statement of Benefits was approved before July 1, 1991.
2. Property owners must file this form with the county auditor and the designating body for their review regarding the compliance of 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).

SECTION 1 TAXPAYER INFORMATION	
Name of taxpayer Tube Forming Systems, Inc.	County Johnson
Address of taxpayer (number and street, city, state, and ZIP code) 2155 McClain Drive Franklin, IN 46131	DLGF taxing district number Franklin
Name of contact person Steve Overton	Telephone number (317) 831-4542
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY	
Name of designating body The City of Franklin Common Council	Resolution number 2016-21
Location of property 2155 McClain Drive Franklin, IN 46131	Estimated start date (month, day, year) 12/01/2016
Description of real property improvements 10,000 Sq. Ft. light manufacturing building addition	Actual start date (month, day, year) 4/30/2017
	Estimated completion date (month, day, year) 4/30/2017
	Actual completion date (month, day, year) 2/15/2018
SECTION 3 EMPLOYEES AND SALARIES	
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1
Current number of employees	42
Salaries	2,290,243.00
Number of employees retained	42
Salaries	2,290,243.00
Number of additional employees	10
Salaries	478,400.00
	55,000.00
SECTION 4 COST AND VALUES	
COST AND VALUES	REAL ESTATE IMPROVEMENTS
AS ESTIMATED ON SB-1	COST
Values before project	0.00
Plus: Values of proposed project	911,353.00
Less: Values of any property being replaced	0.00
Net values upon completion of project	911,353.00
ACTUAL	COST
Values before project	0.00
Plus: Values of proposed project	911,353.00
Less: Values of any property being replaced	
Net values upon completion of project	850,000.00
SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER	
WASTE CONVERTED AND OTHER BENEFITS	AS ESTIMATED ON SB-1
Amount of solid waste converted	0.00
Amount of hazardous waste converted	0.00
Other benefits:	
SECTION 6 TAXPAYER CERTIFICATION	
I hereby certify that the representations in this statement are true.	
Signature of authorized representative <i>Steve Overton</i>	Title CFO
	Date signed (month, day, year) 7/30/19

**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:		
<input checked="" type="checkbox"/> the property owner IS in substantial compliance		
<input type="checkbox"/> the property owner IS NOT in substantial compliance		
<input type="checkbox"/> other (specify) _____		
Reasons for the determination (attach additional sheets if necessary)		
Signature of authorized member  Ken Austin President		Date signed (month, day, year) 5/6/19
Attested by:  Rhoni Oliver Community Dev. Specialist		Designating body Franklin Common Council
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. (Hearing must be held within thirty (30) days of the date of mailing of this notice.)		
Time of hearing <input type="checkbox"/> AM <input type="checkbox"/> PM	Date of hearing (month, day, year)	Location of hearing
HEARING RESULTS (to be completed after the hearing)		
<input type="checkbox"/> Approved <input type="checkbox"/> Denied (see instruction 4 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 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.		



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.

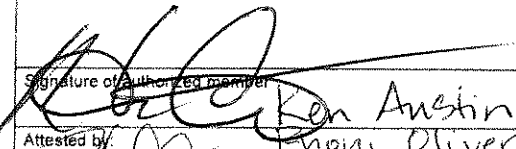
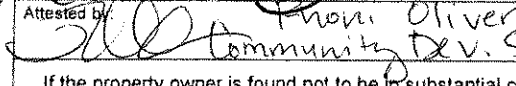
- INSTRUCTIONS:**
1. Property owners whose Statement of Benefits was approved must file this form with the local Designating Body to show the extent to which there has been compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
 2. This form must be filed with the Form 103-ERA Schedule of Deduction from Assessed Value between January 1 and May 15 of each year, unless a filing extension under 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 Tube Forming Systems, Inc.	County Johnson							
Address of taxpayer (number and street, city, state, and ZIP code) 2155 McClain Drive Franklin, IN 46131	DLGF taxing district number Franklin							
Name of contact person Steve Overton	Telephone number (317) 831-4542							
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY								
Name of designating body The City of Franklin Common Council	Resolution number 2016-21							
Location of property 2155 McClain Drive Franklin, IN 46131	Estimated start date (month, day, year) 12/01/16							
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. 10,000 Sq. Ft. light manufacturing building addition and access road shared with IVY Tech	Actual start date (month, day, year) 4/30/2017							
	Estimated completion date (month, day, year) 4/30/2017							
	Actual completion date (month, day, year) 2/15/2018							
SECTION 3 EMPLOYEES AND SALARIES								
EMPLOYEES AND SALARIES								
AS ESTIMATED ON SB-1	ACTUAL							
Current number of employees 42	44							
Salaries 2,290,243.00	2,663,792.39							
Number of employees retained 42	43							
Salaries 2,290,243.00	758,045.59							
Number of additional employees 10	1							
Salaries 478,400.00	55,000.00							
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	0.00							
Plus: Values of proposed project	658,000.00							
Less: Values of any property being replaced								
Net values upon completion of project	658,000.00							
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project								
Plus: Values of proposed project	508,675.00							
Less: Values of any property being replaced								
Net values upon completion of project	508,675.00							
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				0.00		0.00		
Amount of hazardous waste converted				0.00		0.00		
Other benefits:				0.00		0.00		
SECTION 6 TAXPAYER CERTIFICATION								
I hereby certify that the representations in this statement are true.								
Signature of authorized representative 				Title CFO		Date signed (month, day, year) 4/30/19		

**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:			
<input checked="checked" type="checkbox"/> the property owner IS in substantial compliance <input type="checkbox"/> the property owner IS NOT in substantial compliance <input type="checkbox"/> other (specify) _____			
Reasons for the determination (attach additional sheets if necessary)			
Signature of authorized member 		Franklin City Council Ken Austin President	
Attested by: 		Designating body Franklin Common Council	
Date signed (month, day, year) 5/6/19			
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 <input type="checkbox"/> AM <input type="checkbox"/> PM	Date of hearing (month, day, year)	Location of hearing	
HEARING RESULTS (to be completed after the hearing)			
<input type="checkbox"/> Approved <input type="checkbox"/> 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.			

	A	B	C	D	E	F
1	Equipment needs			YR	QTR	
2	CNC Mill		\$50,000.00	1	3	✓ VM - 2 or 4
3	100 Ton Press		\$25,000.00	2	1	✓ 48" x 36" bed - 6" Min. stroke - 24" min.shut height
4	Small Trak lathe		\$30,000.00	2	2	✓
5	CNC Jig grinder		\$145,000.00	2	3	✓
6	CNC Mill		\$45,000.00	1	4	✓
7	CNC Mill		\$175,000.00	3	3	✓
8	Okamoto wet grinder		\$60,000.00	2	2	✓
9	Compressor		\$18,000.00	1	1	✓ Kaiser 40 h.p.
10	Delivery vehicle	✓	\$25,000.00	1	2	✓ 1-ton delivery vehicle
11	Fork truck (4000#) Three wheel		\$7,500.00	1	3	✓
12	Caging for inventory		\$5,000.00	1	2	✓
13	Racks, carts, tables		\$7,500.00	1	2	✓
14	(2) Cranes - 5 ton, 10 ton		\$90,000.00	1	3	✓
15	Computer Hardware	✓	\$28,000.00	1	2	✓
16	Phone System	✓	\$15,000.00	1	2	✓
17						
18						
19	Total Equipment		\$726,000.00			

	A	B	C	D	E
1	Tube Forming Systems Expansion Project 2016				
2	Item description		Cost		Notes
3					
4	Contractor		\$598,000.00		
5	Excavation costs		\$82,853.00		
6	Electrical + lighting		\$75,000.00		
7	Office (2) engineering (1) leader (1) conf room		\$54,000.00		
8	Floor Epoxy / polished		\$51,000.00		4.25 x 12,000 sq ft
9	Plumbing (connect from current supply)		\$8,000.00		
10	Sewer (connect from current supply)		\$7,000.00		
11	Air supply (connect from current supply)		\$10,000.00		
12	Fire door		\$8,500.00		
13	Welding hood		\$5,500.00		
14	Landscaping		\$5,000.00		
15	Drainage for water runoff		\$6,500.00		
16					
17	Sub - total		\$911,353.00		
18					