

CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

City of Franklin Economic Development Commission

From: Dana Monson, Community Development Specialist

Date: March 9, 2021

Re: Case C 2021-31: Mitsubishi Turbocharger & Engine America – MTEA (formerly Mitsubishi Engine

North America-MENA)

Summary:

On March 4th, 2013, the Franklin Common Council passed Resolution No. 2013-06, approving a 10-year tax abatement with a 5% economic development fee for personal property for Mitsubishi, located at 1200 N. Mitsubishi Parkway. On December 16th, 2013, the Franklin Common Council amended this resolution due to a project delay. Resolution 2013-32 amended Resolution 2013-07 and extended the completion date from December 31st, 2014 to October 1st, 2015.

2. Actual and estimated benefits, as projected for 2020:

	Estimated on SB-1	Actual in 2020	Difference
New Employees	73	105	32
Salaries	\$3,114,238	\$6,196,046.40	\$3,081,808.40
Average Hourly Wage	\$20.51	\$28.37	\$8.22
Personal Property Improvements	\$7,274,375	\$7,321,240	\$46,865

- 3. The project start date was delayed and the completion date was extended to 10/1/15. This caused the company to adjust the job creation timetable chart. See the attached chart from Yoshifumi Nuruyu.
- 4. MTEA estimated 73 new employees with the purchase of \$7,274,375 in machinery and equipment on the SB-1. They amended the start and completion date through Resolution 2015-32. The company did not meet the estimated number of employees nor the personal property investment by 10/1/15. MTEA invested an additional \$81,150 in personal property in 2017. Personal property investment was \$160,509 less than the SB-1 estimate. In 2018 MTEA invested an additional \$207,374 in personal property. Total employees, hourly wages, and personal property investment exceed SB-1 estimates. In 2019 MTEA exceeded employee and wage numbers substantially. 2020 saw another year of increased employees and greatly increased salaries.
- 5. The personal property tax abatement is scheduled to expire in tax year 2024 payable 2025. Their last year for compliance review will be 2024.

Staff Recommendation: Approval



MITSUBISHI TURBOCHARGER AND ENGINE AMERICA, INC.

Franklin Plant • 1200 North Mitsubishi Parkway • Franklin, IN 46131 • U.S.A.

February 22, 2020

City of Franklin

ATTN: Krista Linke

Director - Community Development Department

70 East Monroe Street

Franklin, IN 46131

RE; 2020 Tax Abatement Compliance Packet for Mitsubishi Turbocharger and Engine America, Inc

Dear Ms. Linke,

Enclosed please find Forms CF-1/PP – Compliance with Statement of Benefits – Personal Property regarding compliance with the personal property tax abatements which were granted to Mitsubishi Turbocharger and Engine America, Inc. in 2013 under Franklin Common Council Resolution number 2013-07 and was amended on Resolution number 2013-32.

As noted on the enclosed documents, our company has been successful in

- 1. Making all of the capital investment which had been projected, and
- Creating the full complement of jobs which had been proposed in the Statement of Benefits (Form SB-1) which was approved on December 20, 2013.

Please review all enclosed documents and if you have any questions or concerns regarding this matter, please contact Linda Brown at (317) 346-5028.

MTEA would like to thank the City of Franklin for continued support in approving our tax abatement compliance request and we respectfully request that the City of Franklin will continue to look favorably on our growth activities and grant this 2020 compliance request relative to Common Council Resolution 13-07, amended to 13-32, for the abatement on taxes for 2020 payable 2021.

Respectfully,

Sangyoon Lee

Vice President

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		TAXPAYE	R INFORM	ATION	Tall St. St.		STATE OF THE		
Name of taxpayer						County			
Mitsubishi Turbocharger and Engine America, Inc. (MTEA)						Johnson			
Address of taxpayer (number and street, city, state, and ZIP code) 1200 N. Mitsubishi Parkway; Franklin, IN 46131							DLGF taxing district number 41-018		
Name of contact person						Telephone num	Telephone number		
Linda Brown						(317)3	(317) 346-5028		
SECTION 2	LOCATI	ON AND DE		OF PROPERT	Υ			BY SAME AND	
Name of designating body				olution number	1 40 00	Estimated start date (month, day, year)			
City of Franklin Common Council			13	-07 amend	ed 13-32	6-1-2014			
Location of property 1200 N. Mitsubishi Parkway; Fran						Actual start date	(month, day,) 6-1-2014		
Description of new manufacturing equipment, or new re equipment, or new logistical distribution equipment to be	search and deve	elopment equip	ment, or new	information techn	ology	Estimated comp	letion date (mo	onth, day, year)	
Equipment and machinery for manufacturing of	Secretary Management					1	10-1-2015	5	
, , , , , , , , , , , , , , , , , , , ,	g					Actual completion	n date (month	, day, year)	
		_				1	10-1-2015	5	
SECTION 3		EMPLOYEE	S AND SA	LARIES					
	ES AND SALA	ARIES			AS ES	TIMATED ON S	B-1 A	CTUAL	
Current number of employees						73		105	
Salaries						3,114,238.00	6,	196,046.40	
Number of employees retained									
Salaries									
Number of additional employees									
Salaries								****	
SECTION 4		COST A	ND VALUE	s			A STATE		
	MANUFA EQUIF	CTURING PMENT	R&D	EQUIPMENT	LOG EQU	ST DIST IPMENT	IT EQU	IT EQUIPMENT	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	COST	ASSESSED VALUE	cost	ASSESSED VALUE	cost	ASSESSED VALUE	
Values before project									
Plus: Values of proposed project	7,274,375.00	7,274,375.00			418,750.00	418,750.00	18,436.00	18,436.00	
Less: Values of any property being replaced								Distribution of the Control of the C	
Net values upon completion of project	7,274,375.00	7,274,375.00			418,750.00	418,750.00	18,436.00	18,436.00	
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	
Values before project									
Plus: Values of proposed project	7,274,375.00	7,274,375.00			418,750.00	418,750.00	18,436.00	18,436.00	
Less: Values of any property being replaced							70,100.00	10,100.00	
Net values upon completion of project	7,321,240.00	7,321,240.00			566,283.91	566,283.91	194,297.29	194,297.29	
NOTE: The COST of the property is confidential			9 5						
SECTION 5 WASTE CO	NVERTED AN	ID OTHER B	ENEFITS P	ROMISED BY	HE TAXPAY	ER	GIST A VALLE		
WASTE CONVERTED	AND OTHER	BENEFITS			AS ESTIMA	TED ON SB-1	AC.	TUAL	
Amount of solid waste converted						0.00		0.00	
Amount of hazardous waste converted						0.00		0.00	
Other benefits: MTEA produces turbochargers that cons	erve fuel for	more fuel	efficient c	ar engines.					
SECTION 6		TAXPAYER (CERTIFICA	TION	Art Land	U REPORT	THE SEA	建设工	
I hereby certify that the representations in this s	tatement are t	rue.							
Signature of authorized representative	w	Т	ītle	ce Presider		Date signed (moni	th, day, year)		

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.

		7		
We have reviewed the CF-1 ar	nd find that:			
the property owner IS in s	substantial compliance			
the property owner IS NC	T in substantial compliance			
other (specify)				
Reasons for the determination (attack	ch additional sheets if necessary)			
Signature of authorized member				Date signed (month, day, year)
Attested by:		Designating bo	dy	
If the property owner is found time has been set aside for the	not to be in substantial complianc e purpose of considering compliar	e, the property owner shall nce.	receive the opportunity f	or a hearing. The following date and
T (1				
Time of hearing AM	Date of hearing (month, day, year)	Location of hearing		
CONTRACTOR DESCRIPTION	HEARING RESU	LTS (to be completed after	er the hearing)	
2.93	Approved	☐ Denied (se	ee instruction 5 above)	
Reasons for the determination (attach	additional sheets if necessary)			9
Signature of authorized member				Data - impat () ()
				Date signed (month, day, year)
Attested by:		Designating bod	у	
	APPEAI	RIGHTS [IC 6-1.1-12.1-5.	9(e)]	
A property owner whose deduc				y filing a complaint in the office of the
clerk of Circuit or Superior Cou	rt together with a bond conditione	ed to pay the costs of the a	ppeal if the appeal is de	termined against the property owner.

Amended Job Creation / Retention TimeTable MTEA

	 Manager	Technical/ Administration	Engineer Production related	Operator	Total
Year of Abatement	2013				
1st Quarter					
2nd Quarter	1(1)	-			1(1)
3rd Quarter	1 (1)				$\frac{1}{1}\frac{1}{1}\frac{1}{1}$
4th Quarter	1(1)	i	1(1)		$\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$ $\frac{1}{2}$
	3 (3)		1(1)		4 (4)
Year of Abatement	2014		3-7		- 117
1st Quarter					
2nd Quarter		5 (5)	1(1)		6 (6)
3rd Quarter		F		2 (2)	<u>2 (2)</u>
4th Quarter		1(1)		4 (4)	5 (5)
		6 (6)	1(1)	6 (6)	13 (13)
Year of Abatement	2015			- 1-7	20 (20)
1st Quarter	(1)	2 (2)			2 (3)
2nd Quarter	1(1)	4 (4)		(2)	·· <u>5 (7)</u>
3rd Quarter	(2)	.L	$\overline{1}(1)$	7 (6)	8 (9)
4th Quarter	1	2 (3)		18 (13)	20 (16)
	1 (4)	8 (9)	1(1)	25 (21)	35 (35)
Year of Abatement	2016	i			
1st Quarter		1(3)		-1 - (11)	1 (14)
2nd Quarter		(2)	(1)	7 (9)	7 (12)
3rd Quarter		(1)		7 (12)	7 (13)
4th Quarter		(1)		6(11)	6 (12)
	(0)	1 (7)	(1)	20 (43)	21 (51)
Year of Abatement	2017	L	1		
1st Quarter		L	(2)	(6)	(8)
2nd Quarter		(-1)		(-3)	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
3rd Quarter		(-1)		(2)	(1)
4th Quarter		(-1)	(1)	(2)	(2)
	(0)	l (-3) l	(3)	(7)	(7)
Total	(7)	(19)	(7) j	(77)	(110)
Year of Abatement	2018				
1st Quarter	(-1)	(1)	(-1)	(-5)	
2nd Quarter	(1)	(2)		(7)	
3rd Quarter		(3)	(1)	(-10)	
4th Quarter	(-1)	(3)		(-7)	
Total	(-1)	(9)	0	(-15)	
Grand Total	(6)	(28)	(7)	(62)	103
ear of Abatement	2019	, <u>, , , , , , , , , , , , , , , , , , </u>		(32)	
1st Quarter	_;			(1)	
2nd Quarter			(1)		
3rd Quarter	<u>1</u>			(14)	
4th Quarter		j-			
Total	1	0	(1)	(11)	(11)
Grand Total	1 (5)	(28)	(8)	(73)	(114)
ear of Abatement	2020	(20)	(0)	(73)	(114)
1st Quarter				4	
2nd Quarter				+-	
3rd Quarter				(2)	
4th Quarter	- <u>r</u>			\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	
Total	0	3	0	6	0
Grand Total	(5)	(25)			9
Grana rotar	. (2)	(23)	(8)	(67)	(105)

*** NOTE: Numbers in () are actual new jobs created

Average hourly wages	\$50.11	\$31.92	\$29.14	\$24.01	
Wages + Benefits	\$60.13	\$38.30	\$34.97	\$28.81]
TOTAL WAGES	(\$577,267.20)	(\$1,838,592.00)	(\$537,108.48)	(\$3,243,078.72)	(\$6,196,046.40)

COMPANY INVESTMENT TIMETABLE

Total	4th Quarter Total Year of Abatement 1st Quarter 2nd Quarter 3rd Quarter 3rd Quarter 4th Quarter	Year of Abatement 1st Quarter 2nd Quarter 3rd Quarter	Year of Abatement 1st Quarter 2nd Quarter 3rd Quarter	Year of Abatement 1st Quarter 2nd Quarter 3rd Quarter 4th Quarter	Year of Abatement 1st Quarter 2nd Quarter 3rd Quarter 4th Quarter	Year of Abatement	Year of Abatement 1st Quarter 2nd Quarter 3rd Quarter 4th Quarter	Year of Abatement 1st Quarter 2nd Quarter 3rd Quarter 4th Quarter
\$0.00	\$0.00	\$0.00	2018	2017	2016	2015	2014	New Building construction 2013
\$0.00	\$0.00	\$0.00	2018	2017	2016	2015	2014	Existing Building Improvement 2013
\$7,321,240.08	\$7,321,240.08 2020	2019	2018 \$207,374,00	\$81,150.00	\$1,211,587.74 \$1,211,587.74 \$1,146,159.78	\$85,983,68 \$17,068,71 \$1,167,799.10	\$1,307,215.38 \$2,014,533.05	New Machinery and Equipment
\$25,718.89	\$25,718.89 2020	2019	2018	2017 	2016	\$2,169.90 \$16,548.99	2014	Special Tooling/ Retooling 2013
\$566 283 91	\$566,283.91 2020	2019	2018	\$24 <u>036</u> 60 \$35 <u>9</u> 0200	2016 \$17,256.03 \$52,411.19 \$65,260.20 \$125,362.00	\$8,189.00 \$136,560.59 \$32,840.34 \$53,182.68	\$15,283.28	Logistics Equipment 2013
\$1121/212	\$113,143.12	2019	2018	\$2,194,12 \$5,601.00 \$898.98 \$14,000.00	2016 \$25,970.00 \$4,479.02	2015	2014	Other Furniture
	\$23,386.29 2020	2019	2018	2017 \$4,949.90	2016	2015	\$18,436.39	New Computer/ IT Hardware 2013
17001	\$170,911.00 2020	2019	2018	2017 \$170,911.00	2016	2015	2014	New Software
\$0.00	\$0.00 \$0.00 \$0.00	\$0.00	\$207,374.00	\$197,141.72 \$158,700.90 \$36,800.98 \$14,000.00	\$107,051.57 \$1,263,998.93 \$88,282.32 \$1,271,21.78	\$155,799.20 \$155,799.20 \$1,200,639.44 \$69,731.67	\$0.00 \$1,307,215,38 \$0.00 \$2,048,252,72	Total \$0.00 \$0.00 \$0.00 \$0.00 \$0.00