



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Specialist
Date: February 8, 2022
Re: Case C 2022-15: Heartland Machine & Engineering, LLC

Summary:

1. On March 18th, 2013, the Franklin Common Council passed Resolution No. 2013-11, approving a 10-year tax abatement on real property with a 2% Economic Development Fee for Heartland Machine & Engineering, located at 2848 N. Graham Road.
2. Actual and estimated benefits, as projected for 2021:

	Estimated on SB-1	Actual in 2021	Difference
Employees Retained	18	18	0
Salaries	\$1,080,144.00	\$1,414,780	\$334,636.00
New Employees	7	2	-5
Salaries	\$364,000	\$78,400.00	-\$285,600.00
Total Employees	25	20	-5
Total Salaries	\$1,444,144	\$1,493,180	\$49,036.00
Average Hourly Salaries	\$27.77	\$35.89	\$8.12
Real Property Improvements	\$800,000	\$1,102,251	\$302,251

3. Heartland Machine & Engineer planned to construct this building in 2013. It was not finished in 2013, but it was finished in 2014. They have exceeded their estimated real property improvement value by \$302,251.
4. In 2020 Heartland Machine was up two employees from the estimate on the SB-1 form; and the average hourly salary is \$3.30 higher than the SB-1 estimate. In 2021 the company was below employment numbers by 5 but up by \$8.12/hour in wages.
5. The real property tax abatement for Heartland Machine & Engineering, LLC, is scheduled to expire in tax year 2025 payable 2026. The final compliance review will take place in 2025.

Staff Recommendation: Approval



January 19, 2022

Mrs. Dana Monson, Comm Development Specialist
Dept. of Comm Development
70 E. Monroe Street
Franklin, IN 46131

RE: Tax Abatement Compliance for Heartland Machine & Engineering LLC

Dear Mrs. Monson:

Enclosed please find Form CF-1 (Compliance with Statement of Benefits) regarding compliance with the real and personal property tax abatements that were granted to Heartland Machine & Engineering LLC (HME) in 2013 under Franklin Common Council Resolution No. 13-11.

Our company has been successful in creating the full complement of jobs which had been proposed in the Statement of Benefits (Form SB-1).

As you are aware, in 2021 we were still reeling from the economical disaster that Covid created in 2020. Even with the new strains threatening business again, we did manage to increase our sales by three million.

2022 has had a slow start, but we are anticipating this growth to continue and eventually will need to hire more employees to strengthen both our sales and service force.

Please do not hesitate to contact me if you have any questions or concerns regarding this matter.

Sincerely,

A handwritten signature in cursive script that reads "Sandy Bennett".

Sandy Bennett
Controller



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R2 / 1-07)

Prescribed by the Department of Local Government Finance

20 21 PAY 20 22

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 Heartland Machine & Engineering LLC			
Address of taxpayer (number and street, city, state, and ZIP code) 2848 Graham Road, Franklin, IN 46131			
Name of contact person Sandy Bennett		Telephone number (317) 494-3864	
SECTION 2		LOCATION AND DESCRIPTION OF PROPERTY	
Name of designating body The City of Franklin Common Council		Resolution number 13-11	
Location of property 2848 Graham Road, Franklin IN 46131	County Johnson	DLGF taxing district number	
Description of real property improvements: Construction of 20,000 square food building to support machine tool distribution. The building provides office space, showroom facilities and warehousing.		Estimated starting date (month, day, year)	
		Estimated completion date (month, day, year)	
SECTION 3		EMPLOYEES AND SALARIES	
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		18	20
Salaries		1,080,144.00	1,493,180.00
Number of employees retained		18	18
Salaries		1,080,144.00	1,414,780.00
Number of additional employees		7	2
Salaries		364,000.00	78,400.00
SECTION 4		COST AND VALUES	
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1		COST	ASSESSED VALUE
Values before project		63,000.00	92,600.00
Plus: Values of proposed project		800,000.00	800,000.00
Less: Values of any property being replaced			
Net values upon completion of project		863,000.00	892,600.00
ACTUAL		COST	ASSESSED VALUE
Values before project		63,000.00	92,600.00
Plus: Values of proposed project		1,102,251.00	1,200,000.00
Less: Values of any property being replaced			
Net values upon completion of project		1,162,251.00	1,292,600.00
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 		Title Controller	Date signed (month, day, year) 01/19/2022

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 6-1.1-12-5.1)

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. A copy of the notice will be sent to 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.
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 and (2) the County Auditor.

We have reviewed the CF-1 and find that:			
<input 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			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	<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 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.			