



# CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

## Memorandum

To: City of Franklin Economic Development Commission

From: Dana Monson, Community Development Specialist

Date: March 8, 2022

Re: Case C 2022-20: Mitsubishi Turbocharger & Engine America – MTEA (formerly Mitsubishi Engine North America-MENA) 13-07

### Summary:

1. On March 4<sup>th</sup>, 2013, the Franklin Common Council passed Resolution No. 2013-07, 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 16<sup>th</sup>, 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 31<sup>st</sup>, 2014 to October 1<sup>st</sup>, 2015.
2. Actual and estimated benefits, as projected for 2021:

	Estimated on SB-1	Actual in 2021	Difference
New Employees	73	114	36
Salaries	\$3,114,238	\$5,172,652.80	\$2,058,414.80
Average Hourly Wage	\$20.51	\$21.80	\$1.29
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. 2021 continued the growth of employees and wages.
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



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

February 23, 2022

City of Franklin

ATTN: Krista Linke

Director – Community Development Department

70 East Monroe Street

Franklin, IN 46131

**RE: 2021 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
2. 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 2021 compliance request relative to Common Council Resolution 13-07, amended to 13-32, for the abatement on taxes for 2021 payable 2022.

Respectfully,

Sangyoon Lee

Vice President

A handwritten signature in black ink, appearing to read 'S. Lee', is written over the printed name and title.

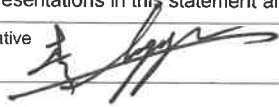
**COMPLIANCE WITH STATEMENT OF BENEFITS  
PERSONAL PROPERTY**

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 <b>Mitsubishi Turbocharger and Engine America, Inc. (MTEA)</b>						County <b>Johnson</b>		
Address of taxpayer (number and street, city, state, and ZIP code) <b>1200 N. Mitsubishi Parkway; Franklin, IN 46131</b>						DLGF taxing district number <b>41-018</b>		
Name of contact person <b>Linda Brown</b>						Telephone number <b>( 317 ) 346-5028</b>		
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY								
Name of designating body <b>City of Franklin Common Copuncil</b>					Resolution number <b>13-07 amended 13-32</b>		Estimated start date (month, day, year) <b>6-1-2014</b>	
Location of property <b>1200 N. Mitsubishi Parkway; Franklin, IN 46131</b>							Actual start date (month, day, year) <b>6-1-2014</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>Equipment and machinery for manufacturing of turbochargers</b>							Estimated completion date (month, day, year) <b>10-1-2015</b>	
							Actual completion date (month, day, year) <b>10-1-2015</b>	
SECTION 3 EMPLOYEES AND SALARIES								
<b>EMPLOYEES AND SALARIES</b>						<b>AS ESTIMATED ON SB-1</b>		<b>ACTUAL</b>
Current number of employees						73		114
Salaries						3,114,238.00		5,172,652.80
Number of employees retained								
Salaries								
Number of additional employees								
Salaries								
SECTION 4 COST AND VALUES								
	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
<b>AS ESTIMATED ON SB-1</b>	<b>COST</b>	<b>ASSESSED VALUE</b>	<b>COST</b>	<b>ASSESSED VALUE</b>	<b>COST</b>	<b>ASSESSED VALUE</b>	<b>COST</b>	<b>ASSESSED VALUE</b>
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								
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
<b>ACTUAL</b>	<b>COST</b>	<b>ASSESSED VALUE</b>	<b>COST</b>	<b>ASSESSED VALUE</b>	<b>COST</b>	<b>ASSESSED VALUE</b>	<b>COST</b>	<b>ASSESSED VALUE</b>
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								
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
<b>NOTE:</b> The <b>COST</b> 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								
<b>WASTE CONVERTED AND OTHER BENEFITS</b>						<b>AS ESTIMATED ON SB-1</b>		<b>ACTUAL</b>
Amount of solid waste converted						0.00		0.00
Amount of hazardous waste converted						0.00		0.00
Other benefits:								
SECTION 6 TAXPAYER CERTIFICATION								
I hereby certify that the representations in this statement are true.								
Signature of authorized representative 				Title <b>Vice President</b>		Date signed (month, day, year) <b>02 / 22 / 2022</b>		

**Amended Job Creation / Retention TimeTable MTEA**

	Manager	Technical/ Administration	Engineer Production related	Operator	Total
Year of Abatement	2013				
1st Quarter					0
2nd Quarter	1 (1)				1 (1)
3rd Quarter	1 (1)				1 (1)
4th Quarter	1 (1)		1 (1)		2 (2)
	3 (3)		1 (1)		4 (4)
Year of Abatement	2014				
1st Quarter					0
2nd Quarter		5 (5)	1 (1)		6 (6)
3rd Quarter				2 (2)	2 (2)
4th Quarter		1 (1)		4 (4)	5 (5)
		6 (6)	1 (1)	6 (6)	13 (13)
Year of Abatement	2015				
1st Quarter	(1)	2 (2)			2 (3)
2nd Quarter	1 (1)	4 (4)		(2)	5 (7)
3rd Quarter	(2)		1 (1)	7 (6)	8 (9)
4th Quarter		2 (3)		18 (13)	20 (16)
	1 (4)	8 (9)	1 (1)	25 (21)	35 (35)
Year of Abatement	2016				
1st Quarter		1 (3)		(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				
1st Quarter			(2)	(6)	(8)
2nd Quarter		(-1)		(-3)	(-4)
3rd Quarter		(-1)		(2)	(1)
4th Quarter		(-1)	(1)	(2)	(2)
	(0)	(-3)	(3)	(7)	(7)
Total	(7)	(19)	(7)	(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
Year of Abatement	2019				
1st Quarter				(1)	
2nd Quarter			(1)	3	
3rd Quarter	1			(14)	
4th Quarter				1	
Total	1	0	(1)	(11)	(11)
Grand Total	(5)	(28)	(8)	(73)	(114)
Year of Abatement	2020				
1st Quarter		1		4	
2nd Quarter		1		2	
3rd Quarter		1		(2)	
4th Quarter				2	
Total	0	3	0	6	9
Grand Total	(5)	(25)	(8)	(67)	(105)
Year of Abatement	2021				
1st Quarter	(1)	1		6	
2nd Quarter		(7)	0	(6)	
3rd Quarter		(2)	(2)	0	
4th Quarter	(2)	0		4	
Total	(3)	(8)	(2)	4	(9)
Grand Total	(8)	(33)	(10)	(63)	(114)

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

Average hourly wages	\$49.21	\$27.25	\$31.35	\$18.20	
Wages + Benefits	\$59.05	\$32.70	\$37.62	\$21.84	
TOTAL WAGES	(\$566,899.20)	(\$1,569,600.00)	(\$577,843.20)	(\$2,458,310.40)	(\$5,172,652.80)

MTEA production was shutdown from April 7 through May 18, 2020 due to Covid-19.

COMPANY INVESTMENT TIMETABLE

	MCCA	MCCA	MTEA	MTEA	MTEA	MTEA	MTEA	MTEA	
	New Building Construction	Existing Building Improvement	New Machinery and Equipment	Special Tooling/ Retrofitting	Logistics Equipment	Other Furniture	New Computer/ IT Hardware	New Software	Total
Year of Abatement	2013	2013	2013	2013	2013	2013	2013	2013	
1st Quarter									\$0.00
2nd Quarter									\$0.00
3rd Quarter									\$0.00
4th Quarter									\$0.00
Year of Abatement	2014	2014	2014	2014	2014	2014	2014	2014	
1st Quarter			\$1,307,215.38						\$0.00
2nd Quarter			\$1,307,215.38						\$1,307,215.38
3rd Quarter									\$0.00
4th Quarter			\$2,014,533.05		\$15,283.28		\$18,436.39		\$2,048,252.72
Year of Abatement	2015	2015	2015	2015	2015	2015	2015	2015	
1st Quarter			\$65,983.68		\$8,189.00				\$94,172.68
2nd Quarter			\$17,068.71	\$2,169.90	\$138,560.59				\$155,799.20
3rd Quarter			\$1,167,799.10		\$32,840.34				\$1,200,639.44
4th Quarter				\$16,548.99	\$53,182.68				\$69,731.67
Year of Abatement	2016	2016	2016	2016	2016	2016	2016	2016	
1st Quarter			\$63,825.54		\$17,256.03	\$25,970.00			\$107,051.57
2nd Quarter			\$1,211,587.74		\$52,411.19				\$1,263,998.93
3rd Quarter			\$18,543.10		\$65,260.20	\$4,479.02			\$88,282.32
4th Quarter			\$1,146,159.78		\$125,362.00				\$1,271,521.78
Year of Abatement	2017	2017	2017	2017	2017	2017	2017	2017	
1st Quarter					\$24,036.60	\$2,194.12			\$197,141.72
2nd Quarter			\$81,150.00	\$7,000.00		\$65,601.00	\$4,949.90		\$158,700.90
3rd Quarter					\$35,902.00	\$898.98			\$36,800.98
4th Quarter						\$14,000.00			\$14,000.00
Year of Abatement	2018	2018	2018	2018	2018	2018	2018	2018	
1st Quarter			\$207,374.00						\$207,374.00
2nd Quarter									\$0.00
3rd Quarter									\$0.00
4th Quarter									\$0.00
Total	\$0.00	\$0.00							\$0.00
Year of Abatement	2019	2019	2019	2019	2019	2019	2019	2019	
1st Quarter									\$0.00
2nd Quarter									\$0.00
3rd Quarter									\$0.00
4th Quarter									\$0.00
Total	\$0.00	\$0.00							\$0.00
Year of Abatement	2020	2020	2020	2020	2020	2020	2020	2020	
1st Quarter			\$7,321,240.08	\$25,718.89	\$566,283.91	\$113,143.12	\$23,386.29	\$170,911.00	
2nd Quarter									\$0.00
3rd Quarter									\$0.00
4th Quarter									\$0.00
Total	\$0.00	\$0.00	\$7,321,240.08	\$25,718.89	\$566,283.91	\$113,143.12	\$23,386.29	\$170,911.00	\$8,220,683.29
Year of Abatement	2021	2021	2021	2021	2021	2021	2021	2021	
1st Quarter									\$0.00
2nd Quarter									\$0.00
3rd Quarter									\$0.00
4th Quarter									\$0.00
Total	\$0.00	\$0.00							\$0.00