



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Department
Date: March 8, 2022
Re: Case C 2022-26: NSK Corporation (16-19)

Summary:

1. On October 17th, 2016, the Franklin Common Council passed Resolution No. 2016-19, approving a 7-year tax abatement with a 5% economic development fee on personal property for NSK Corporation, located at 3400 Bearing Drive.
2. Actual and estimated benefits, as projected for 2021:

	Estimated on SB-1	Actual in 2021	Difference
Employees Retained	253	269	16
Salaries	\$11,878,189	\$17,196,363	\$5,318,174
New Employees	1	1	0
Salaries	\$57,200	\$63,927	\$6,727
Total Employees	254	270	16
Total Salaries	\$11,935,389	\$17,260,265	\$5,324,876
Average Hourly Salaries	\$22.59	\$30.73	\$8.14
Personal Property Improvements	\$6,625,200	\$8,764,646.00	\$2,140,446

3. The company indicated on their original application that \$6,625,200 in equipment would be purchased by May 31st, 2017. Personal property improvements were \$2,561,187 less than estimated. In the letter of noncompliance from Amy Miller dated April 8, 2019, it is stated that NSK hopes to complete the personal property investment. The investment was completed and is greater than estimated
4. In 2017 there were 8 employees fewer than estimated, but the total salaries were \$4,668,896 over the estimate. Average hourly salaries were \$9.86 higher than estimated. In 2018 the company was short only one employee, but the hourly salaries are \$11.94 higher than estimated. In 2019 they were ahead on both employees and wages. In 2020, they are above in employment and wages. In 2021, the company continued to be above wages and labor numbers.
5. The completion date approved on their SB-1 Form was May 31, 2017. 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

NSK Corporation
3400 Bearing Dr
Franklin, IN 46131

February 23, 2021

Mrs. Dana Monson, Community Development Specialist
Dept. of Planning & Economic Development
70 E. Monroe Street
Franklin, IN 46131

Re: Tax Abatement Compliance for NSK Corporation

Dear Mrs. Monson:

Enclosed please find Forms CF-1 (Compliance with Statement of Benefits) regarding compliance with the real and personal property tax abatements which were granted to NSK Corporation in 2010, 2013, and 2016 under Franklin Common Council Resolution numbers 13-20 and 16-19.

Per our supporting documentation, previous conversations, and previous years' compliance packet letters regarding Resolution 13-20, we did not meet our original capital expenditures target of \$20m. We had a substantially smaller investment, some of which was due to business we did not win, and some of which was canceled due to changes in business plans at global headquarters as a result of the lost business and significant currency fluctuations between the US dollar and the Japanese Yen. But we would like to draw increased attention to the fact that our headcount has exceeded the original estimates and salary amounts are still close to the original estimate.

In regards to Resolution 16-19, NSK is in the process of making all of the capital investments and has created the full complement of jobs projected under Resolution 16-19.

Please review the enclosed documents, and if you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,



Timothy Ferraro
Advantax
630-444-2743

Enclosures



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 NSK Corporation						County Johnson			
Address of taxpayer (number and street, city, state, and ZIP code) PO Box 134007, Ann Arbor, MI 48113-4007						DLGF taxing district number			
Name of contact person Amy Miller						Telephone number (734) 913-7597			
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY									
Name of designating body The City of Franklin Common Council					Resolution number 16-19		Estimated start date (month, day, year) 01/01/2017		
Location of property 3400 Bearing Drive, Franklin, IN 46131							Actual start date (month, day, year) 05/01/2017		
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Grinding, machining, assembly, and inspection equipment to produce hub bearings for the automotive passenger market							Estimated completion date (month, day, year) 05/01/2019		
							Actual completion date (month, day, year)		
SECTION 3 EMPLOYEES AND SALARIES									
EMPLOYEES AND SALARIES						AS ESTIMATED ON SB-1		ACTUAL	
Current number of employees						254		270	
Salaries						11,935,389.00		17,260,265.30	
Number of employees retained						12		12	
Salaries						411,840.00		411,840.00	
Number of additional employees						1		1	
Salaries						57,200.00		57,200.00	
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		118,418,041.00	35,525,412.00						
Plus: Values of proposed project		6,625,200.00	1,987,560.00						
Less: Values of any property being replaced		322,034.00	98,610.00						
Net values upon completion of project		124,721,207.00	37,416,362.00						
ACTUAL		COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project		118,418,041.00	35,525,412.00						
Plus: Values of proposed project		6,623,696.00	1,987,109.00						
Less: Values of any property being replaced		0.00	0.00						
Net values upon completion of project		125,041,737.00	37,512,521.00						
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									
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 <i>Mindy R. Furman</i>				Title Tax Agent		Date signed (month, day, year) 2/23/2022			