Memorandum

To: City of Franklin Economic Development Commission

From: Dana Monson, Community Development Specialist

Date: April 11, 2023

Re: Case C 2023-19: Mitsubishi Turbocharger & Engine America – MTEA (formerly Mitsubishi Engine

North America-MENA) 13-07

Summary:

On March 4th, 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 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 2022:

	Estimated on SB-1	Actual in 2022	Difference
New Employees	73	79	5
Salaries	\$3,114,238	\$5,778,040	\$2,663,802
Average Hourly Wage	\$20.51	\$35.16	\$14.65
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 ages.2022 continued to see growth in employment and much higher 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.
- 6. Staff Recommendation: Approval

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MITSUBISHI TURBOCHARGER AND ENGINE AMERICA, INC.

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

February 13, 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
- 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,

J. / Wiohayani Yoshiyuki Hirobayashi

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.

SECTION 1		TAXPAYER IN	IFORMATI	ON					
Name of taxpayer						County			
Mitsubishi Turbocharger and Engine America, Inc. (MTEA)							Johnson		
Address of taxpayer (number and street, city, state, and Z	,					DLGF taxing distric			
1200 N. Mitsubishi Parkway, Franklin, II	N 46131						41-018		
Name of contact person	Telephone number								
Linda Brown						(317) 346	5-5028		
SECTION 2	LOCATIO	N AND DESCR	RIPTION O	F PROPERTY		E EN LES	38,00	5.1 A 1	
Name of designating body				tion number		Estimated start date (month, day, year)			
City of Franklin Common Council			13-	07 amended		6-1-2014			
Location of property						Actual start date (n		ear)	
1200 N. Mitsubishi Parkway; Franklin, I							-1-2014		
Description of new manufacturing equipment, or new rese	earch and devel	opment equipmer	nt, or new int	formation technol	ogy	Estimated complet	•	nth, day, year)	
equipment, or new logistical distribution equipment to be Equipment and machinery for manufacturing turbo	ochargers)-1-2015		
						Actual completion		day, year)	
						10)-1-2015		
SECTION 3		EMPLOYEES A	AND SALA	RIES	0.71.34		B. 5111	7.50	
	S AND SALA	RIES			AS EST	IMATED ON SB	-1 A0	CTUAL	
Current number of employees						73		79	
Salaries						3,114,238.00 5,778,040.32		78,040.32	
Number of employees retained									
Salaries									
Number of additional employees									
Salaries									
SECTION 4		COST AND	O VALUES	2 02 F					
	MANUFA EQUIF	MENT	R&DE	QUIPMENT	LOGI: EQUI	ST DIST PMENT	IT EQU	PMENT	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	
Values before project						440 770 00	40.400.00	40 400 0	
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		ASSESSED	418,750.00	418,750.00 ASSESSED	18,436.00	18,436.00 ASSESSED	
ACTUAL	COST	ASSESSED VALUE	COST	VALUE	COST	VALUE	COST	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	18,436.0	
Less: Values of any property being replaced									
Net values upon completion of project	7,321,240.00	7,321,240.00			566,283.9	566,283.91	194,297.29	194,297.2	
NOTE: The COST of the property is confidential	nursuant to IC	6-1 1-12 1-5 6	(c)						
		ND OTHER BEI		POMISED BY	THE TAYDAY	/ED	40.00		
			NEFIIS FI	COMISED BT			4.0	THAI	
WASTE CONVERTED	AND OTHER	BENEFIIS			AS ESTIMA	ATED ON SB-1	AC	TUAL	
Amount of solid waste converted									
Amount of hazardous waste converted Other benefits:									
MTEA produces turbochargers that consen	ve fuel for m	ore fuel efficie	ent car en	gines.					
SECTION 6	Se 45 87	TAXPAYER CE	ERTIFICAT	TION		May Value 1			
I hereby certify that the representations in this s	statement are	true.				Date signed (mont			

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 a	nd find that:			
the property owner IS in	substantial compliance			
the property owner IS NO	OT in substantial compliance			
other (specify)				
Reasons for the determination (atta	ch additional sheets if necessary)			
	• *			
Signature of authorized member				Date signed (month, day, year)
Attested by:			Designating body	
Attested by.			Boolg.ica.n.g booy	
If the property owner is found time has been set aside for t	d not to be in substantial compliance he purpose of considering compliar	e, the proper	rty owner shall receive the opportunity f	for a hearing. The following date and
Time of hearing AM		Location of	hearing	
NOTE: COMM	HEARING RESU	JLTS (to be	completed after the hearing)	
	Approved		Denied (see instruction 5 above)	
Reasons for the determination (atta	ch additional sheets if necessary)			
				15
Signature of authorized member				Date signed (month, day, year)
Attested by:			Designating body	
	APPEA	L RIGHTS	[IC 6-1.1-12.1-5.9(e)]	
A property owner whose dec	luction is denied by the designating	body may a	appeal the designating body's decision ne costs of the appeal if the appeal is d	by filing a complaint in the office of the letermined against the property owner.

Amended Job Creation / Retention TimeTable MTEA

	l Manager	Technical/ Administration	Engineer Production related	Operator	Total
Year of Abatement	2013	-;			
1st Quarter		1			0
2nd Quarter	1(1)				1 (1)
3rd Quarter	1 (1) 1 (1) 1 (1)				1 (1) 1 (1)
4th Quarter	1(1)	-i	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		-1	1	<u>2 (2)</u> 4 (4)	2(2)
4th Quarter	†	1(1)	j	4 (4)	5 (5)
-til Quarter		6 (6)	1(1)	6 (6)	13 (13)
Year of Abatement	2015	0 (0)	+ (+)	8747	40 (40)
1st Quarter	(1)	2 (2)			2 (3)
		-i+		(2)	2 (3) 5 (7)
2nd Quarter	1(1)	4 (4)			<u>8 (9)</u>
3rd Quarter	(2)	-} -	1 (1)	7 (6)	
4th Quarter	7 327	2 (3)		18 (13)	20 (16)
	1.(4)	8 (9)	1(1)	25 (21)	35 (35)
Year of Abatement	2016	ii			
1st Quarter		1(3)	i	(11)	1 (14)
2nd Quarter		(2)	(1)	7 (9)	7 (12)
3rd Quarter		(1)	. 	7 (12)	7 (13)
4th Quarter	T	(1)		6 (11)	6 (12)
	(0)	i 1(7) i	(1)	20 (43)	21 (51)
Year of Abatement	2017				
1st Quarter	 		(2)	(6)	(8)
2nd Quarter	+			(-3)	(-4)
3rd Quarter		(-1)	1	(2)	(1)
4th Quarter	+	-i (-1) †	(1)	(2)	(2)
-til Quarter	(0)	(-3)	(3)	(7)	(7)
Total		(19)	(7)	(77)	(110)
	(7)	(13)	(7)	(///	(110)
Year of Abatement					
1st Quarter	(-1)	-ii	(-1)	(-5)	
2nd Quarter	 (1)	(2)			
3rd Quarter		(3)	(<u>1)</u> ((-10)	
4th Quarter	(-1)	(3)		(-7)	_
Total	(-1)	(9)	0	(-15)	
Grand Total	(6)	(28)	(7)	(62)	103
Year of Abatement	2019			-22	
1st Quarter	-			(1)	
2nd Quarter	<u>-</u>	-ŗŢ	(1)	3 (14)	
3rd Quarter		-i - i	ii	(14)	
4th Quarter		7	·	1	
Total	1 1	0	(1)	(11)	(11)
Grand Total	(5)	(28)	(8)	(73)	(114)
	2020	(40)	(0)	(10)	7-4-1/
Year of Abatement 1st Quarter			·i	4	
	†	-;	i		
2nd Quarter	-				
3rd Quarter		<u> </u>		(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 1 1 1		6	
2nd Quarter		(7)	0	(6) 0	
3rd Quarter	 	(2)	(2) j	0	
4th Quarter	(2)	0		4	
Total	(3)	(8)	(2)	4	(9)
Grand Total	(8)	(33)	(10)	(63)	(114)
		(33)	(10)	(00/	(==T)
Year of Abatement	2022		·		
1st Quarter	T (1)	_[3	
2nd Quarter	_ (<u>1)</u>			44	
3rd Quarter		_Ļ1	J	25	
4th Quarter	(1)	1		1	A.P.
Total	(3)	3	2	33	35
Grand Total	(11)	(30)	(8)	(30)	(79)

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

Average hourly wages	\$47.31	\$38.33	\$30.14	\$19.88	
Wages + Benefits	\$56.77	\$46.00	\$36.17	\$23.86	
TOTAL WAGES	(\$1,199,024.64)	(\$2,649,369,60)	(\$555,540.48)	(\$1,374,105.60)	(\$5,778,040.32)

COMPANY INVESTMENT TIMETABLE

4th Quarter Total	3rd Quarter 4th Quarter Total Year of Abatement 1st Quarter 2nd Quarter 3rd Quarter	3rd Quarter 4th Quarter Total Year of Abatement 1st Quarter 2nd Quarter	3rd Quarter 4th Quarter Total Year of Abatement 1st Quarter	4th Quarter Total Year of Abatement 1st Quarter 2nd Quarter	Year of Abatement 1st Quarter 2nd 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 1st Quarter 2nd Quarter 3rd Quarter 4th Quarter	Year of Abatement 1st Quarter 2nd Quarter 3rd Quarter 4th Quarter	Vear of Abatement 1st Quarter 2nd Quarter 3rd Quarter 4th Quarter
\$0.00	\$0.00 2022	\$0.00 2021	\$0.00 2020	\$0.00 2019	2018	2017	2016	2015	2014	New Building construction 2013
\$0.00	2022	\$0.00 2021	\$0.00 2020	\$0.00 2019	2018	2017	2016	2015	2014	Existing Building Improvement 2013
\$7,321,240.08	\$7,321,240.08 2022	\$7,321,240.08 2021	\$7,321,240.08 2020	2019	<u>2018</u> <u>\$207,374.00</u>	\$81,150.00	2016 363,825.54 \$1,211,587.74 \$18,543.10 \$1,146,159.78	2015 \$85,983.68 \$17,068.71 \$1,167,799.10	\$1,307,215.38 \$2,014,533.05	Existing Building, New Machinery Improvement and Equipment 2013 2013
\$25,718.89	\$25,718.89	\$25,718.89	\$25,718.89 2020	2019	2018	2017	2016	2015 \$2,169.90 \$16,548.99	2014	Special Toolling/ Retooling 2013
\$566,283.91	\$566,283.91 2022	\$566,283.91	\$566,283.91	2019	2018	\$24,036,60 \$35,902.00	\$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
\$113,143.12	\$113,143.12	\$113,143.12 2021	\$113,143.12	2019	2018	\$2,194.12 \$65,601.00 \$898.98 \$14,000.00	2016 \$25,970.00 \$4,479.02	2015	2014	Other Furniture
\$23,386.29	\$23,386.29	\$23,386.29	\$23,386.29 2020	2019	2018	2017 \$4,949.90	2016	2015	2014 \$18,436.39	MIEA New Computer/ IT Hardware 2013
\$170,911.00	\$170,911.00	\$170,911.00	\$170,911.00	2019	2018	2017 \$170,911.00	2016	2015	2014	New Software
\$0.00	\$0.00 \$0.00 \$8,220,683.29 \$0.00 \$0.00 \$0.00	\$0.00 \$0.00 \$8,220,683.29 \$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 \$82,282.32 \$1,271,521.78	\$94,172.68 \$155,799.20 \$1,200,639.44 \$69,731.67	\$1,307,215.38 \$1,307,215.38 \$0,00 \$2,048,252.72	Total \$0.00