



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission

From: Dana Monson, Community Development Specialist

Date: March 12, 2024

Re: Case C 2024-06: Dualtech 23-11

Summary:

1. On November 15, 2023, the Franklin Common Council passed Resolution No. 2023-11 approving a 10-year tax abatement on \$6,267,635 in personal property with a 5% Economic Development Fee, for Dualtech located at 2075 Earlywood Drive.

2. Actual and estimated benefits, as projected for 2023:

	Estimated on SB-1	Actual in 2023	Difference
Employees Retained	50	50	0
Salaries	\$2,704,000	\$4,930,651	\$2,226,651
New Employees	11	5	-6
Salaries	\$617,760	\$227,903	-\$389,857
Total Employees	61	55	-6
Total Salaries	\$3,321,760	\$5,158,554	\$1,836,794.00
Average Hourly Salaries	\$26.29	\$45.09	\$18.80
Personal Property Improvements	\$5,267,635	\$2,194,436	-\$3,073,199

3. Dualtech and facility owner Laugle Properties had stated on their SB-1 form that construction would begin in 2023. The company did start construction on the new building with an estimated completion date of November 2024.

4. The personal property continues to be installed as the facility is ready and employees are being hired now to train on the new equipment.

5. The personal property tax abatement is scheduled to expire in tax year 2024 payable in 2034. The final compliance review will take place in 2034.

Staff Recommendation: Approval

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February 23, 2024

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

**Re: Tax Abatement Compliance for Laugle Properties, LLC and
Dualtech, Inc.**

Dear Mrs. Monson:

Enclosed please find the Compliance with Statement of Benefits Real Estate Improvements (Form CF-1 / Real Property) regarding compliance with the real property tax abatement which was granted to Laugle Properties in 2023 under Franklin Common Council Resolution No. 2023-10. The deed to the real estate named the grantee as Laugle Properties, but the actual owner is Laugle Properties, LLC. The owner will file a Quitclaim Deed to correct the name on the deed.

The new foundry has recently been assigned a new address of 2075 Earlywood Drive. When the applications for tax abatements were filed in March 2023, the property had an address of 2035 Earlywood Drive.

As can be seen from reviewing the enclosed documents, Laugle Properties, LLC has been highly successful in making capital investments that had been projected for 2023 that had been proposed in the Statement of Benefits (Form SB-1 / Real Property). The building is still under construction. The estimated completion date is March 31, 2024.

Enclosed also find the Compliance with Statement of Benefits Personal Property (Form CF-1 / PP) regarding compliance with the personal property tax abatement which was granted to Dualtech, Inc., in 2023 under Franklin Common Council Resolution 2023-11.

The Statement of Benefits (Form SB-1 / PP) for Dualtech indicated that the estimated start date for the manufacturing equipment would be April 1, 2024 and the estimated completion date would be November 30, 2024.

The jobs that had been proposed by Laugle Properties, LLC and Dualtech Inc., in their respective Statement of Benefits (Form SB-1 / Real Property and Form SB-1 / PP) will be realized when Laugle Properties, LLC completes the building construction and the new equipment has been installed by Dualtech, Inc.

Please note that the salaries for the 50 current/retained employees reported on the SB-1 / Real Property and SB-1 / PP at \$2,704,000 was calculated as follows:

Average hourly wage \$26.00 x 40 hours per week = \$1,040 per week (without benefits)
\$1,040 per week x 52 weeks = \$54,080 per year
\$54,080 per year x 50 employees = \$2,704,000 (without benefits).

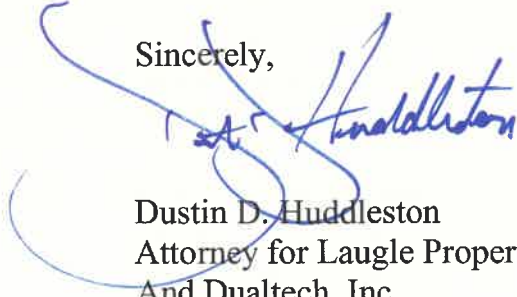
Dualtech's actual payroll for 2022 was \$4,691,061. Dualtech's actual 2023 payroll for its 55 employees totaled \$5,158,554. The 2023 payroll already exceeds the amounts estimated for the 50 retained employees and 11 additional employees shown on the SB-1 / Real Property and SB-1 /PP (\$2,704,000 + \$617,760 = \$3,321,760). Dualtech has proven that it creates and retains good paying jobs for its employees.

The abatement of real property taxes was granted for a period of ten (10) years which will begin when Laugle Properties, LLC files its certified deduction application under I.C. 6-1.1-12.1-5(a) with the county auditor. The certified deduction application must be filed before May 10 of the year in which the addition to assessed valuation is made. If notice of the addition to assessed valuation or new assessment for any year is not given by April 10 of that year, the deduction application may be filed no later than thirty (30) days after the date such a notice is mailed to the property owner.

The abatement of personal property tax was granted for a period of ten (10) years which will begin when Dualtech, Inc., files a certified deduction schedule with its personal property return, pursuant to I.C. 6-1.1-12.1-5.4. The deduction schedule must be filed under I.C. 6-1.1-12.1-5.4(d) in the year in which the new manufacturing equipment is installed, as defined by 50 I.A.C. 10-1-2.

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

Sincerely,



Dustin D. Huddleston
Attorney for Laugle Properties, LLC
And Dualtech, Inc.

Enclosures



COMPLIANCE WITH STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51765 (R7 / 12-22)

Prescribed by the Department of Local Government Finance

PRIVACY NOTICE
This form contains confidential
information pursuant to
IC 6-1.1-35-9 and IC 6-1.1-12.1-5.6.

FORM CF-1 / PP

20 24 Pay 20 25

- 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, 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 form (CF-1).

SECTION 1 TAXPAYER INFORMATION								
Name of Taxpayer Dualtech, Inc.						County Johnson		
Address of Taxpayer (number and street, city, state, and ZIP code) 351 Blue Chip Court, Franklin, IN 46131						DLGF Taxing District Number 009		
Name of Contact Person Dustin D. Huddleston, attorney				Telephone Number (317) 736-5121		Email Address Dustin@Huddlestonlaw.com		
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY								
Name of Designating Body City of Franklin Common Council				Resolution Number 2023-11		Estimated State Date (month, day, year) 04/01/2024		
Location of Property 2075 Earlywood Drive, Franklin, IN 46131						Actual Start Date (month, day, year)		
Description of new manufacturing equipment, new research and development equipment, new information technology equipment, or new logistical distribution equipment to be acquired. See attached.						Estimated Completion Date (month, day, year) 11/30/2024		
						Actual Completion Date (month, day, year)		
SECTION 3 EMPLOYEES AND SALARIES								
EMPLOYEES AND SALARIES				AS ESTIMATED ON SB-1			ACTUAL	
Current Number of Employees				50			50	
Salaries				\$2,704,000			\$4,930,651	
Number of Employees Retained				50			50	
Salaries				\$2,704,000			\$4,930,651	
Number of Additional Employees				11			5	
Salaries				\$ 617,760			\$227,903	
SECTION 4 COST AND VALUES								
	MANUFACTURING EQUIPMENT		RESEARCH & DEVELOPMENT EQUIPMENT		LOGISTICAL DISTRIBUTION EQUIPMENT		IT EQUIPMENT	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values Before Project	\$ 0	\$	\$	\$	\$	\$	\$	\$
Plus: Values of Proposed Project	\$ 5,267,635	\$ 2,107,054	\$	\$	\$	\$	\$	\$
Less: Values of Any Property Being Replaced	\$	\$	\$	\$	\$	\$	\$	\$
Net Values Upon Completion of Project	\$ 5,267,635	\$ 2,107,054	\$	\$	\$	\$	\$	\$
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values Before Project	\$ 0	\$ 0	\$	\$	\$	\$	\$	\$
Plus: Values of Proposed Project	\$ 2,194,436	\$ 0	\$	\$	\$	\$	\$	\$
Less: Values of Any Property Being Replaced	\$	\$	\$	\$	\$	\$	\$	\$
Net Values Upon Completion of Project	\$	\$	\$	\$	\$	\$	\$	\$
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: Much of the raw product, iron, and aluminum used by Dualtech, Inc., is reclaimed. Almost 100% of the sand is reclaimed. No sand leaves the foundry for landfill.								
SECTION 6 TAXPAYER CERTIFICATION								
I hereby certify that the representations in this statement are true.								
Signature of Authorized Representative <i>Sandy Laugel</i>				Title Secretary			Date Signed (month, day, year) 2-23-24	

INSTRUCTIONS: (IC 6-1.1-12.1-5.9)

1. 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.
2. 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, including 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.
3. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made a 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.
4. If the designating body determines that the property owner has **NOT** made a reasonable effort to comply, 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 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 clerk 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.			

Laugle Properties, LLC
2035 Earlywood Drive
Franklin, IN 46131

Dualtech, Inc.
351 Blue Chip Court
Franklin, IN 46131

Expansion Investment Schedule

*Attachment to Form CF-1 (Compliance with Statement of Benefits):
Expansion Investment Schedule by Quarter*

	Actual Amount of Investments as of 12/31/23	Proposed Amount of Total Investment by 12/31/23 (From SB-1)	Actual amount of investment added during quarter 3/31/23	Actual amount of investment added during quarter 6/30/23	Actual amount of investment added during quarter 9/30/23	Actual amount of investment added during quarter 12/31/23	Actual Total Amount of Investment as of 12/31/23	Difference between amount of actual and proposed amount of investment
Buildings and Improvements: Laugle Properties, LLC	\$2,687,997 to general contractor + \$186,115 to electrician = \$2,874,112	Building estimated completion date was March 31, 2024	\$33,000.00	\$750,000 to general contractor + \$32,436 to electrician for building	\$380,000 to general contractor + \$44,187 to electrician for building preparation	\$1,524,997 to general contractor + \$109,492 to electrician for building preparation	\$2,687,997 to general contractor + \$186,115 to electrician = \$2,874,112	Not applicable
Machinery and Equipment: Dualtech, Inc.*	\$2,194,435	Estimated start date was April 1, 2024	\$50,500	\$504,276	\$679,636	\$960,022	\$2,194,435	Not applicable
Totals:								

*Amounts represent down payments that Dualtech, Inc., has made for machinery and equipment. Machinery and equipment cannot be installed until the building is completed.

Job Creation or Retention Schedule

Laugle Properties, LLC
2035 Earlywood Drive
Franklin, IN 46131

Dualtech, Inc.
351 Blue Chip Court
Franklin, IN 46131

*Attachment to Form CF-1 (Compliance with Statement of Benefits):
Job Creation Schedule by Quarter*

Actual Number of Employees as of 12/31/23	Proposed Total Number of Employees by 12/31/23 (From SB-1)	Actual Number of Employees Added During Year (by Quarter)	3/31/23	6/30/23	9/30/23	12/31/23	Actual Total Number of Employees as of 12/31/23	Difference Between Actual and Proposed Number of Employees
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In the application, Laugle Properties, LLC and Dualtech filed an Employment Phase-In Schedule Job Creation/Retention table showing that Dualtech anticipated hiring six (6) employees in 2023 and five (5) employees in 2024 for a total of eleven (11) new employees.

The SB-1s reflect the total number of employees to be hired as a result of the project. As the SB-1 Real Property reflects, the building's anticipated completion date is March 31, 2024. The SB-1 /PP reflects that the anticipated start date for installation of the equipment is April 1, 2024.