



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Specialist
Date: March 21, 2024
Re: Case C 2024-22: Mitsubishi Heavy Industries Climate Control, Inc. 13-06

Summary:

1. On March 4th, 2013, the Franklin Common Council passed Resolution No. 2013-06, approving a 10-year tax abatement with a 2% economic development fee for real 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 2013-31 amended Resolution 2013-06 and extended the completion date from December 31st, 2013 to July 1st, 2014.
2. Actual and estimated benefits, as projected for 2023: NOTE: Please see data for MTEA for current employees working in the facility.

	Estimated on SB-1	Actual in 2023	Difference
Employees Retained	219	0	219
Salaries	\$8,431,675	0	-\$8,431,675
New Employees	9	0	-9
Salaries	\$353,433	\$0	-\$353,433
Total Employees	228	0	-228
Total Salaries	\$8,785,108	\$0	\$8,785,108
Average Hourly Salaries	\$18.52	\$0	\$18.52
Real Property Improvements	\$913,793	\$900,000	-\$13,793

3. The project start date was delayed and the completion date was extended to 7/1/14. This caused the company to adjust the job creation timetable chart.
4. Real property improvements were -\$13,739 underestimate, which is in substantial compliance and will remain the same throughout the abatement.
5. The company estimated on its original application that it would add nine employees once the improvements were complete. They ended 2015 with 189 employees and nine (9) job openings. In 2017 MCC ended the year with 194 employees and 7 job openings. That is under the SB-1 estimate, and they do not anticipate reaching the estimated number of employees shortly. In 2018 there were 194 employees at an average hourly salary of \$24.29 which is \$5.77 over the SB-1 estimate. In 2019 due to customer order declines the company has reduced headcount to 93 and does not anticipate reaching the projected 228. In 2020 the company announced that

due to a loss of a major contract, the MHICC portion of the business would be closing in 2021. MTEA will remain at the facility. MTEA is now using the facility and has continued the growth from last year, with 114 employees. IN 2022 MTEA continues to be in the facility and continues to be above estimates for wages and employees. In 2023 MTEA continues to use the entire facility with full employment and above estimated wages.

6. The average hourly salaries are over the SB-1 estimates from MTEA
7. The real property tax abatement is scheduled to expire in tax year 2025 payable 2026. Their last year for compliance review will be 2025.

Staff Recommendation: Approval. This abatement was an incentive specifically to bring MTEA to the city of Franklin. This was accomplished and the investment was made. MTEA has 79 employees working at this facility with continued hiring in progress. MTEA continues to grow and the current goal is to bring another line to this facility within 2 years.

February 26, 2024

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

Re: Mitsubishi Heavy Industries America, Inc.
1200 N. Mitsubishi Parkway
City of Franklin Resolution Numbers 2013-06 and 2013-29

Ms. Monson:

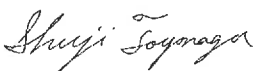
Enclosed please find Indiana Form CF-1 (Compliance with Statement of Benefits for Real Estate Improvements) for Mitsubishi Heavy Industries America, Inc (MHIA). The real property resolutions granting tax abatements for the building expansion at 1200 N. Mitsubishi Parkway (Franklin facility) were originally granted to Mitsubishi Heavy Industries Climate Control, Inc. (MCCA). The Franklin facility was transferred from MCCA to MHIA in 2021 when MCCA ceased manufacturing operations.

MHIA no longer maintains operations at this location. Instead, the expanded portion of the Franklin facility is occupied by Mitsubishi Turbocharger and Engine America, Inc (MTEA) for its turbocharger production lines. MTEA's manufacturing operations and the associated employees utilize the expanded facility, and the continued operations and level of employment satisfies the purpose of the abatement. MTEA separately reports the employment information for compliance with the abatement requirements.

Should you need any additional information or have any questions, please contact:

Deepkiran Dhanjal at 713-427-9352

Sincerely,
Mitsubishi Heavy Industries America, Inc.

By 
Shuji Toyonaga, Treasurer

Enclosures

1. CF-1 Res. 2013-06 24pay25
2. CF-1 Res. 2013-29 24pay25



COMPLIANCE WITH STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51766 (R3 / 2-13)

Prescribed by the Department of Local Government Finance

20 24 PAY 20 25

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).

INSTRUCTIONS:

1. This form does not apply to property located in a residentially distressed area or any deduction for which the Statement of Benefits was approved before July 1, 1991.
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 (Form SB-1/Real Property).
3. This form must accompany the initial deduction application (Form 322/RE) that is filed with the county auditor.
4. This form must also be updated each year in which the deduction is applicable. It is filed with the county auditor and the designating body before May 15, or by the due date of the real property owner's personal property return that is filed in the township where the property is located. (IC 6-1.1-12.1-5.1(b))
5. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance form (Form CF-1/Real Property).

SECTION 1 TAXPAYER INFORMATION			
Name of taxpayer Mitsubishi Heavy Industries America, Inc.		County Johnson	
Address of taxpayer (number and street, city, state, and ZIP code) 1200 N. Mitsubishi Parkway, Franklin, IN 46131		DLGF taxing district number 41-018	
Name of contact person Deepkiran Dhanjal		Telephone number (346) 308-8842	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY			
Name of designating body Franklin Common Council		Resolution number 2013-06	Estimated start date (month, day, year) 4/1/13; amended 12/1/13
Location of property 1200 N. Mitsubishi Parkway, Franklin, IN 46131		Actual start date (month, day, year) 12/1/13	
Description of real property improvements New construction - approx. 10,500 square feet of new building added onto existing building		Estimated completion date (month, day, year) 12/31/13; amended 7/1/14 Actual completion date (month, day, year) 6/6/14	
SECTION 3 EMPLOYEES AND SALARIES			
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		219	0
Salaries		8,431,675	0 to be provided
Number of employees retained		219	0 by MTEA
Salaries		8,431,675	0
Number of additional employees		9	0
Salaries		353,433	0
SECTION 4 COST AND VALUES			
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	
Values before project	5,767,800	5,7567,800	
Plus: Values of proposed project	913,793	913,793	
Less: Values of any property being replaced			
Net values upon completion of project	6,681,593	6,681,593	
ACTUAL	COST	ASSESSED VALUE	
Values before project	5,980,000	4,521,700 (23pay24)	
Plus: Values of proposed project	900,000	616,900 (23pay24)	
Less: Values of any property being replaced			
Net values upon completion of project	6,680,000	5,138,600 (23pay24)	
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		0	0
Amount of hazardous waste converted		0	0
Other benefits:		0	0
SECTION 6 TAXPAYER CERTIFICATION			
I hereby certify that the representations in this statement are true.			
Signature of authorized representative <i>Shirley Soyars</i>		Title Treasurer	Date signed (month, day, year) Feb. 26, 2024

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 6-1.1-12.1-5.1 and IC 6-1.1-12.1-5.9)

1. Not later than 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 (Form SB-1/Real Property).
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 and the date, time and place of a hearing to be conducted by the designating body. The date of this hearing may not be more than thirty (30) days after the date this notice is mailed. A copy of the notice may be sent to the county auditor and the county assessor.
3. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable efforts to substantially comply with the Statement of Benefits (Form SB-1/Real Property) 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 reasonable efforts to comply, then the designating body shall adopt a resolution terminating the property owner's deduction. If the designating body adopts such a resolution, the deduction does not apply to the next installment of property taxes owed by the property owner or to any subsequent installment of property taxes. 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:

☐ the property owner **IS** in substantial compliance

☐ the property owner **IS NOT** in substantial compliance

☐ 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. (Hearing must be held within thirty (30) days of the date of mailing of this notice.)

Time of hearing

☐ AM
☐ PM

Date of hearing (month, day, year)

Location of hearing

HEARING RESULTS (to be completed after the hearing)

☐ Approved

☐ 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.