



## CITY OF FRANKLIN

Community Development Department

### Memorandum

**To:** City of Franklin Economic Development Commission  
**From:** Rhoni Oliver, Community Development Specialist  
**Date:** March 8, 2017  
**Re:** Case C 2017-18: Heartland Machine & Engineering, LLC

#### Summary:

- On March 18<sup>th</sup>, 2013, the Franklin Common Council passed Resolution No. 2013-11, approving a 10-year tax abatement on real property with a 2% Economic Development Fee for Heartland Machine & Engineering, located at 2848 N. Graham Road.
- Actual and estimated benefits, as projected for 2016:

	Estimated on SB-1	Actual in 2016	Difference
Employees Retained	18	20	2
Salaries	\$1,080,144	\$1,425,767	\$345,623
New Employees	7	0	-7
Salaries	\$364,000	\$0	-\$364,000
Total Employees	25	20	-5
Total Salaries	\$1,444,144	\$1,425,767	-\$18,377
Average Hourly Salaries	\$27.77	\$34.27	\$6.50
Real Property Improvements	\$800,000	\$1,102,251	\$302,251

- Heartland Machine & Engineer planned to construct this building in 2013. It was not finished in 2013, but it was finished in 2014. They have exceeded their estimated real property improvement value by \$302,251.
- Heartland Machine is down five employees from the estimate on the SB-1 form; however, Sandy Bennett, Controller for Heartland Machine, explains in her letter dated February 8<sup>th</sup> that the company has been successful in retaining the 18 jobs estimated on their SB-1 Form, and they plan to add another sales person in 2017. The average hourly wage is higher than estimated. The numbers reported on the CF-1 form for employees retained and new employees included turnover, therefore the total current employees number and salaries was used.

5. The real property tax abatement for Heartland Machine & Engineering, LLC, is scheduled to expire in tax year 2024 payable 2025. The final compliance review will take place in 2025.

**Staff Recommendation:** Approval

February 8, 2017

City of Franklin  
Krista Linke, Community Development Director  
70 E. Monroe Street  
Franklin, IN 46131

RE: 2016 Tax Abatement Compliance Reports

Dear Ms. Linke:

Enclosed please find Form CF-1/RE and other required documents per your instructions listed in your letter dated January 26, 2017. The enclosed documentation pertains to our compliance with the real property tax abatements which were granted to Heartland Machine & Engineering, LLC (HME) in 2013 under Franklin Common Council Resolution number 2013-11. The tax abatement deduction was granted for the redevelopment or rehabilitation of real estate improvements for the construction of a 20,000 square foot facility located at 2848 Graham Road in Franklin, Indiana. The facility will provide office space, showroom facilities and warehousing for machine tools (whole goods) and spare parts for aftermarket/warranty fulfillment.

Our company has been successful in creating the full complement of jobs which had been proposed in the Statement of Benefits (Form SB-1). Eighteen employees have been retained at our headquarters location in Franklin. 2016 was a very difficult year for sales, but we managed to keep our sales staff at 4. We are anticipating an upturn in the market in the next few months and will possibly add a new employees to our sales. As the year progresses, we anticipate a growing need for more employees to strengthen our sales force.

Please do not hesitate to contact me if you have any questions or concerns regarding this matter.

Sincerely,



Sandy Bennett  
Controller

**COMPLIANCE WITH STATEMENT OF BENEFITS  
REAL ESTATE IMPROVEMENTS**

State Form 51766 (R3 / 2-13)

Prescribed by the Department of Local Government Finance

20 16 PAY 20 17

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 <b>Heartland Machine &amp; Engineering LLC</b>		County <b>Johnson</b>	
Address of taxpayer (number and street, city, state, and ZIP code) <b>2850 Graham Road, Franklin, IN 46131</b>		DLGF taxing district number	
Name of contact person <b>Sandy Bennett</b>		Telephone number <b>( 317 ) 346-0463</b>	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY			
Name of designating body <b>The City of Franklin Common Council</b>		Resolution number <b>13-11</b>	Estimated start date (month, day, year)
Location of property <b>2848 Graham Road, Franklin, IN 46131</b>		Actual start date (month, day, year)	
Description of real property improvements Construction of 20k square foot building to support machine tool distribution. The building provides office space, showroom facilities, and warehousing.		Estimated completion date (month, day, year)	
		Actual completion date (month, day, year)	
SECTION 3 EMPLOYEES AND SALARIES			
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		18	20
Salaries		1,080,144.00	1,425,767.00
Number of employees retained		18	20
Salaries		1,080,144.00	1,425,767.00
Number of additional employees		7	0
Salaries		364,000.00	0.00
SECTION 4 COST AND VALUES			
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	
Values before project	63,000.00	92,600.00	
Plus: Values of proposed project	800,000.00	800,000.00	
Less: Values of any property being replaced			
Net values upon completion of project	863,000.00	892,600.00	
ACTUAL	COST	ASSESSED VALUE	
Values before project	63,000.00	92,600.00	
Plus: Values of proposed project	1,102,251.00	1,200,000.00	
Less: Values of any property being replaced			
Net values upon completion of project	1,162,251.00	1,292,600.00	
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 		Title <b>Controller</b>	Date signed (month, day, year) <b>02/08/2017</b>

**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 4 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.