



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission
From: Rhoni Oliver, Community Development Specialist
Date: March 9, 2017
Re: Case C 2017-34: NSK Precision America Inc.

Summary:

1. On June 13th, 2005, the Franklin Common Council passed Resolution No. 2005-10, approving a 10-year tax abatement on real property and a 7-year tax abatement on personal property for NSK Precision America at 3450 Bearing Drive.
2. Actual and estimated benefits, as projected for 2015:

	Estimated on SB-1	Actual in 2016	Difference
Employees Retained	91	91	0
Salaries	\$4,800,000	\$4,800,000	\$0
New Employees	24	59	35
Salaries	\$1,800,000	\$4,262,549	\$2,462,549
Total Employees	115	150	35
Total Salaries	\$6,600,000	\$9,062,549	\$2,462,549
Average Hourly Salaries	\$27.59	\$29.05	\$1.45
Personal Property Improvements	\$572,000	\$672,733	\$100,733

3. The company has exceeded their estimate provided on the SB-1 Form for personal property investment.
4. NSK has exceeded the total number of employees. Their estimated average hourly wage for all employees was \$1.79 higher in 2011 and \$1.96 higher than estimated in 2012. It decreased in 2013 and was \$6.36 lower than originally estimated. It has greatly improved in 2014. The hourly wage was \$1.04 less in 2015 than estimated. In 2016 the average hourly salary was \$1.45 higher than estimated.
5. The last year for the real property tax abatement was 2013.
6. The personal property tax abatement is scheduled to expire in tax year 2016 payable 2017. The final compliance review will take place in 2017.

Staff Recommendation: Approval



February 6, 2017

City of Franklin
Attn: Krista Linke
70 East Monroe Street,
Franklin, IN 46131

Re: 2017 Tax Abatement Compliance Packet for NSK Precision America, Inc.

Dear Ms. Linke,

Please find enclosed Form CF-1/PP (Compliance with Statement of Benefits) regarding compliance with the personal property tax abatements granted to NSK Precision America, Inc. (NPA) in 2005 and 2013, under Franklin Common Council Resolution numbers 05-10 and 13-18, respectively.

As detailed in the enclosed documents, NPA has been successful in making all of the capital investments and far exceeding the full complement of jobs and salaries projected under Resolution 05-10.

The investment period for Resolution 13-18 ended in 2016. Headcount dipped during the year, and as a result, NPA is slightly behind plan on jobs and total salaries. However, we would like to draw increased attention to the capital investment, which exceeded the initial estimate for reconstruction of our manufacturing equipment.

Please contact me at (734) 913-7588 if you have any questions or concerns during your review of the enclosed documents.

Thank you,

A handwritten signature in black ink, appearing to read "Rachel L. Allen".

Rachel L. Allen, CPA
Tax Manager



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 Precision America, Inc.						County Johnson			
Address of taxpayer (number and street, city, state, and ZIP code) P.O. Box 134007, Ann Arbor, MI 48113-4007						DLGF taxing district number			
Name of contact person Rachel L. Allen						Telephone number (734) 913-7588			
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY									
Name of designating body The City of Franklin Common Council				Resolution number 05-10		Estimated start date (month, day, year) 05/15/2005			
Location of property 3450 Bearing Drive, Franklin, IN 46131						Actual start date (month, day, year) 05/15/2005			
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Installation of equipment used in NPA corporate office						Estimated completion date (month, day, year) 12/01/2005			
						Actual completion date (month, day, year) 12/01/2005			
SECTION 3 EMPLOYEES AND SALARIES									
EMPLOYEES AND SALARIES						AS ESTIMATED ON SB-1		ACTUAL	
Current number of employees						91		150	
Salaries						4,800,000.00		9,062,549.00	
Number of employees retained									
Salaries									
Number of additional employees						24		59	
Salaries						1,800,000.00		4,262,549.00	
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	21,936,000.00	6,583,000.00							
Plus: Values of proposed project	672,000.00	242,000.00							
Less: Values of any property being replaced									
Net values upon completion of project	22,508,000.00	6,825,000.00							
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	
Values before project	21,936,000.00	6,583,000.00							
Plus: Values of proposed project	672,733.00	201,820.00							
Less: Values of any property being replaced									
Net values upon completion of project	22,608,733.00	6,784,820.00							
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 				Title Tax Manager		Date signed (month, day, year) 2-6-17			

**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 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.

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 clerk of 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.

Dept.	Asset No	System No	Class	Pool	M&E	Tooling	Tooling %	Assetment	Classification	Description	Acq Value
23100	P1428	18,322	08	2	37,800.00	-	0%	13-18	M&E-General	Pro Water Reclamation	37,800.00
23100	P1508	18,461	08	2	40,125.00	-	0%	13-18	M&E-General	Pneumatic Compacting System for B4	40,125.00
23100	P1512	18,465	08	2	29,575.00	-	0%	13-18	M&E-General	Bus Vertical Machine	29,575.00
23200	P1439	18,820	08	2	84,946.00	-	0%	13-18	M&E-General	Haas Vertical Machine Center-VF-2YT	84,946.00
23500	23000E4402	17,685	08	2	129,089.50	-	0%	13-18	M&E-General	MM920-B5 2M LEAD MEASURING MACHINE	129,089.50
23500	23000E09709	18,230	08	2	61,191.26	-	0%	13-18	M&E-General	Mitutoyo GMM with Scanning Probe	61,191.26
23500	P1417	18,296	08	2	122,522.16	-	0%	13-18	M&E-General	LARGE Line Assembly QA Improvements	122,522.16
235A1	23000E4412	17,643	08	2	77,936.66	-	0%	13-18	M&E-General	Bad Feeding Direction	77,936.66
235A1	23000E4413	17,642	08	2	94,888.00	-	0%	13-18	M&E-General	Used Carts and Vacuum System	94,888.00
235A1	23000E4425	17,409	08	2	104,117.58	-	0%	13-18	M&E-General	Improved Cleaning Equipment	104,117.58
235A1	23000E4426	17,408	08	2	87,465.64	-	0%	13-18	M&E-General	Improved Assembly Ball Screw Build Fixture	87,465.64
235A1	23000C08111	17,408	08	2	106,130.01	-	0%	13-18	M&E-General	Bandet #1	106,130.01
235A1	23000C089707	18,224	08	2	10,832.75	-	0%	13-18	M&E-General	Bandet #2	10,832.75
235A1	23000C089708	18,225	08	2	10,832.75	-	0%	13-18	M&E-General	Vacuum Sealer #1	10,832.75
235A1	C30215-1	18,222	08	2	10,832.75	-	0%	13-18	M&E-General	Vacuum Sealer #2	10,832.75
235A1	C30215-2	18,223	08	2	99,950.00	-	0%	13-18	M&E-General	Hand Lath LR	99,950.00
235A1	P1436	18,295	08	2	59,214.79	-	0%	13-18	M&E-General	ASSEMBLY QUALITY UPGRADE CART	59,214.79
235A9	T803	17,757	08	2	28,790.00	-	0%	13-18	M&E-General	M9 Line #1	28,790.00
235A9	P1501a	18,751	08	2	9,314.90	-	0%	13-18	M&E-General	Shifter and Nut Part Marking #1	9,314.90
235G1	14121887	18,227	08	2	272,252.04	-	0%	13-18	M&E-General	Shifter and Nut Part Marking #2	272,252.04
235G1	14121838	18,228	08	2	305,822.75	-	0%	13-18	M&E-General	SHIGA GN30B1500D Retrofit	305,822.75
235G1	23000E4309	17,405	08	2	556,447.53	-	0%	13-18	M&E-General	2M SWAP MACHINE GSE-200A	556,447.53
235G1	23000E4401	17,663	08	2	543,912.45	-	0%	13-18	M&E-General	STG N MACHINE RETROFIT	543,912.45
235G1	23000E4406	17,897	08	2	542,958.00	-	0%	13-18	M&E-General	NTG G MACHINE RETROFIT	542,958.00
235G1	23000E4407	17,868	08	2	584,228.78	-	0%	13-18	M&E-General	NTG GSN-1801N Machine	584,228.78
235G1	23000E4427	17,645	08	2	35,418.00	-	0%	13-18	M&E-General	MA993N-BC Nut/Shaft Inspection Machine	35,418.00
235G1	23000E4427	17,607	08	2	63,874.32	-	0%	13-18	M&E-General	SHAFTHRD GRIND WAVE INS BNCH	63,874.32
235G1	235G1E4416	17,826	08	2	23,144.24	-	100%	13-18	Tooling	NTG TH Shindles Qty 31	23,144.24
235G1	P1403	18,194	13	2	491,042.40	-	0%	13-18	M&E-General	NTG GSN-1801N H Retrofit	491,042.40
235G1	P1403-1	18,665	08	2	593,461.48	-	0%	13-18	M&E-General	STG BG-921135 P Retrofit Serial:MG55961	593,461.48
235G1	P1414-1	18,660	08	2	35,200.00	-	0%	13-18	M&E-General	NPA AUTOGINDER GN30B SPINDLE	35,200.00
235G1	T802	17,755	08	2	73,326.73	-	0%	13-18	M&E-General	SHAFTHRD GRIND QUALITY	73,326.73
235G2	30031412	18,231	08	2	33,458.50	-	0%	13-18	M&E-General	Mitutoyo LRM #1	33,458.50
235G2	30031411	18,218	08	2	82,534.00	-	0%	13-18	M&E-General	Mitutoyo LRM #2	82,534.00
235G2	30031411	18,218	08	2	250,000.00	-	0%	13-18	M&E-General	M9 Line #2	250,000.00
235G3	P1501c	18,753	08	2	967,000.00	-	0%	13-18	M&E-General	M9 Line #3	967,000.00
235G3	23000E4404	17,664	08	2	49,915.50	-	0%	13-18	M&E-General	Automatic Microwalkers Test Equipment	49,915.50
235G1	3649	18,228	08	2	12,990.61	-	0%	13-18	M&E-General	\$51000 Grinder/Polisher for HTQ	12,990.61
235M1	23000E4310	17,408	08	2	421,531.90	-	0%	13-18	M&E-General	Maxx Interex Machine Replacement	421,531.90
235M1	23000E4411	17,644	08	2	297,009.00	-	0%	13-18	M&E-General	L3/4 LH35-3000 Retrofit Machine	297,009.00
235M1	23000E4418	17,899	08	2	282,752.31	-	0%	13-18	M&E-General	FLANGE MILLING REPLACEMENT	282,752.31
235M1	23000E4419	17,901	08	2	345,782.33	-	0%	13-18	M&E-General	BALL CIRCUIT REPLACEMENT	345,782.33
235M1	23000E4420	17,900	08	2	385,484.49	-	10%	13-18	M&E-General	L3/C MACHINE REPLACEMENT	385,484.49
235M1	54405	17,804	08	2	5,800.81	-	0%	13-18	M&E-General	20" EVERETT WET ABRASIVE PH OSCILLATION CUT OFF MACHINE	5,800.81
235M1	P1405	18,193	08	2	998,598.00	-	0%	13-18	M&E-General	Maxx Interex I200	998,598.00
235M1	P1504	18,710	08	2	393,914.94	-	0%	13-18	M&E-General	Interex I-200 #2	393,914.94
235M1	P1511	18,462	08	2	36,297.00	-	100%	13-18	Tooling	Shaft Turning Collet Replacement	36,297.00
235M2	235M2E4408	17,823	08	2	256,985.69	-	0%	13-18	M&E-General	OKUMA TORNE AS2000MY MACH CTR	256,985.69
235M3	P1404	18,294	08	2	402,200.00	-	0%	13-18	M&E-General	Okuma MB-56VA	402,200.00
235M9	P1501d	18,754	08	2	63,990.00	-	0%	13-18	M&E-General	M9 Line #4	63,990.00
235R1	235R1E4415	17,825	08	2	25,799.00	-	0%	13-18	M&E-General	NPA BS STEEL CUT SAW REPLC	25,799.00
235R9	P1501e	18,755	08	2	500,000.17	-	0%	13-18	M&E-General	M9 Line #5	500,000.17
235T9	P1501f	18,756	08	2	23,371.00	-	0%	13-18	M&E-General	DS-5200 4-Channel FFT Analyzer	23,371.00
23600	P1438	18,321	08	2	41,000.00	-	0%	13-18	M&E-General	LASER MARKING SYSTEM	41,000.00
236A1	23000E4403	17,666	08	2	109,500.00	-	0%	13-18	M&E-General	LINEAR GUIDE RAIL CUT SAW	109,500.00
236R1	236R1E4407	17,824	08	2	22,553.00	-	0%	13-18	M&E-General	Air Compressor Cooling Tower	22,553.00
23760	15-723109	18,229	08	2	91,806.50	-	0%	13-18	M&E-General	3 Machines Creting, Razeing, and Shiping to Jaean	91,806.50
23760	P1427	18,191	08	2	85,077.85	-	0%	13-18	M&E-General	Job-Pack	85,077.85
23760	P1435	18,722	08	2	30,400.79	-	0%	13-18	M&E-General	Vetarmount Raw Steel Rackline	30,400.79
3731	A8575_1	18,221	08	2	11,334.07	-	0%	13-18	M&E-General		11,334.07
					102,273.96	-					11,232,578.03