



# CITY OF FRANKLIN

Community Development Department

## Memorandum

**To:** City of Franklin Economic Development Commission  
**From:** Rhoni Oliver, Community Development Specialist  
**Date:** March 6, 2018  
**Re:** Case C 2018-20: Heartland Machine & Engineering, LLC

### Summary:

1. 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.
2. Actual and estimated benefits, as projected for 2017:

	Estimated on SB-1	Actual in 2017	Difference
Employees Retained	18	18	0
Salaries	\$1,080,144	\$1,312,465	\$232,321
New Employees	7	4	-3
Salaries	\$364,000	\$343,000	-\$21,000
Total Employees	25	22	-3
Total Salaries	\$1,444,144	\$1,655,465	\$211,321
Average Hourly Salaries	\$27.77	\$36.18	\$8.41
Real Property Improvements	\$800,000	\$1,102,251	\$302,251

3. 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.
4. In 2016 Heartland Machine was 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. In 2017 Heartland retained 18 employees and added 4. The average hourly salary is \$8.41 higher than the SB-1 estimate.
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, 2018

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

RE: 2017 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, 2018. 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). Twenty-two employees have been retained at our headquarters location in Franklin. 2017 was a better year for sales and we managed to keep our sales staff at 4. We are anticipating another upturn in the market in the next few months. 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 (R2 / 1-07)

Prescribed by the Department of Local Government Finance

20 17 PAY 20 18

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).

This statement is being completed for real property that qualifies under the following Indiana Code (check one box):

- ☐ Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)  
☐ Eligible vacant building (IC 6-1.1-12.1-4.8)

### INSTRUCTIONS:

1. This form does not apply to property located in a residentially distressed area. (IC 6-1.1-12.1-2 (b))
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 (SB-1 / Real Property).
3. This form must accompany the initial deduction application that is filed with the County Auditor.
4. Property owners whose Statement of Benefits was approved after June 30, 1991, must file an updated form with the County Auditor and the local Designating Body to show the extent to which there has been compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.1)
5. The updated form must be filed annually by May 15, or by the due date for the real property owner's personal property return that is filed in the township where the project is located, whichever is later. (IC 6-1.1-12.1-5.1 (b))
6. With the approval of the Designating Body, compliance information for multiple projects may be consolidated on one (1) compliance form (CF-1 / Real Property).

SECTION 1 TAXPAYER INFORMATION			
Name of taxpayer Heartland Machine & Engineering LLC			
Address of taxpayer (number and street, city, state, and ZIP code) 2848 Graham Road, Franklin, IN 46131			
Name of contact person Sandy Bennett		Telephone number (317) 346-0463	
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY			
Name of designating body The City of Franklin Common Council		Resolution number 13-11	
Location of property 2848 Graham Road, Franklin, IN 46131		County Johnson	DLGF taxing district number 029
Description of real property improvements: Construction of 20,000 square foot building to support machine tool distribution. The building provides office space, showroom facilities and warehousing.		Estimated starting date (month, day, year)  Estimated completion date (month, day, year)	
SECTION 3 EMPLOYEES AND SALARIES			
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		18	22
Salaries		1,080,144	1,655,465
Number of employees retained		18	22
Salaries		1,080,144	1,312,465
Number of additional employees		7	4
Salaries		364,000	343,000
SECTION 4 COST AND VALUES			
COST AND VALUES		REAL ESTATE IMPROVEMENTS	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	
Values before project	63,000	92,600	
Plus: Values of proposed project	800,000	800,000	
Less: Values of any property being replaced			
Net values upon completion of project	863,000	892,600	
ACTUAL	COST	ASSESSED VALUE	
Values before project	63,000	92,600	
Plus: Values of proposed project	1,102,251	1,200,000	
Less: Values of any property being replaced			
Net values upon completion of project	1,162,251	1,292,600	
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 Controller	Date signed (month, day, year) 02/08/18

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 6-1.1-12-5.1)

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. A copy of the notice will be sent to 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.
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 and (2) the County Auditor.

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 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.