



# CITY OF FRANKLIN

Community Development Department

## Memorandum

**To:** City of Franklin Economic Development Commission

**From:** Rhoni Oliver, Community Development Specialist

**Date:** March 8, 2019

**Re:** Case C 2019-33: Nitrex (Res. 11-02)

### Summary:

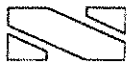
- On June 6<sup>th</sup>, 2011, the Franklin Common Council passed Resolution No. 2011-02, a 10-year tax abatement on \$2,913,050 in personal property with a 5% Economic Development Fee for Nitrex, located at 300 Blue Chip Court. In 2013, through Resolution No. 2013-16, the Franklin Common Council amended the personal property tax abatement to \$6,300,000 in personal property and extended the completion date through the end of 2014 for the project.
- Actual and estimated benefits, as projected for 2018:

	Estimated on SB-1	Actual in 2018	Difference
Employees Retained	13	3	-10
Salaries	\$539,593	\$150,821	-\$388,772
New Employees	12	33	21
Salaries	\$341,974	\$1,131,125	\$789,151
Total Employees	25	36	11
Total Salaries	\$881,567	\$1,281,946	\$400,379
Average Hourly Salaries	\$16.95	\$17.12	\$0.17
Personal Property Improvements	\$6,300,000	\$6,253,343	-\$46,657

- This company exceeded the total number of employees estimated on their SB-1 Form for the first time in 2014, they had 39 employees. As noted in the cover letter from Nitrex President Chris Morawski, they suffered a decline in job creation during 2015, due to a major downturn in manufacturing. They have cautiously begun to hire employees again in 2016. The average hourly wage for the remaining employees has increased from \$15.79 in 2014 to \$16.70 in 2015. In 2016 the total number of employees was 25. In 2017 Nitrex employed 34 at an average hourly wage of \$17.30, both exceed SB-1 estimates. In 2018 Nitrex employed 36 at an average hourly salary of \$17.12, exceeding SB-1 estimates.
- Their original abatement application indicated that they would not purchase any equipment in 2011 but they purchased \$241,525. They estimated purchasing \$1,499,050 in 2012 but they purchased \$1,120,036. \$1,414,000 was purchased in 2013 for a total of \$2,913,050. Their amended application gave them an additional year to purchase additional equipment. They were successful in purchasing \$3,393,300 of equipment in 2014. They do not plan on purchasing any additional equipment through this tax abatement. As of 2017 the actual personal property investment is \$6,253,343, which is just under SB-1 estimates.

5. Their personal property tax abatement (Nitrex) is scheduled to expire in tax year 2023 payable 2024. Their final compliance review will take place in 2024.

**Staff Recommendation:** Approval



## NITREX INC. – INDIANA OPERATIONS

Plant

350 BLUE CHIP COURT, FRANKLIN, IN 46131  
PHONE: 317-346-7700 • FAX: 317-346-7704

Corporate Address

201 E. MAYFLOWER AVE., NORTH LAS VEGAS, NV 89030  
PHONE: 702-399-1554 • FAX: 702-639-3819

**Ms. Krista Linke**  
**Director of Planning & Economic Development**  
**70 E. Monroe Street**  
**Franklin, IN 46131**

---

February 07, 2019

Ref.: (1) 2016 Tax Abatement Compliance Packet for Nitrex Inc.  
(2) Resolutions 2011-02, 2011-03 and 2013-16.

Dear Ms. Linke,

Enclosed please find Form CF-1/PP (Compliance with Statement of Benefits) regarding compliance with the personal property tax abatements which were granted to Nitrex Inc. pursuant to our application made in May 2011, and further expanded pursuant to our amended application in May 2013. As can be seen from reviewing the enclosed documents, in the context of the revised application, our company:

- a) having reached the originally planned investment four years ago, subject to the referenced abatement, has had no change within the scope of that project during the past twelve months;
- b) has generated a small amount of job creation in the past twelve months, by increasing its employee count from 34 to 36 individuals, with a corresponding increase in total payroll.

If you have any questions or concerns regarding this matter, please feel free to contact me at 702-399-1554 x-101.

Cordially yours,

Chris Morawski  
President / Nitrex Inc.

cc.: Bryce Dupere – Controller  
Sam Jackins – Plant Manager

**COMPLIANCE WITH STATEMENT OF BENEFITS  
PERSONAL PROPERTY**

State Form 51785 (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	NITREX INC		County JOHNSON
Address of taxpayer (number and street, city, state, and ZIP code)	350 BLUE CHIP COURT, FRANKLIN, IN 46131 - MAILING ADDRESS: 201 E MAYFLOWER AVE., N. LAS VEGAS, NV 89030		DLGF taxing district number
Name of contact person	BRYCE DUPERE		Telephone number ( 702 ) 399-1554

SECTION 2		LOCATION AND DESCRIPTION OF PROPERTY	
Name of designating body	FRANKLIN CITY COUNCIL	Resolution number	2011-02 & 2013-16
Location of property	PT. OF 2100 - 2100 EARLYWOOD		Estimated start date (month, day, year) 07/01/2011
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired			Actual start date (month, day, year) 07/01/2011
			Estimated completion date (month, day, year) 12/31/2014
			Actual completion date (month, day, year) 12/31/2014

SECTION 3		EMPLOYEES AND SALARIES	
		AS ESTIMATED ON SB-1	ACTUAL
Current number of employees		25	36
Salaries		881,567.00	1,281,946.00
Number of employees retained		25	3
Salaries		881,567.00	150,821.00
Number of additional employees		12.00	33
Salaries		341,974.00	1,131,125.00

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		1,786,059.00	595,353.00						
Plus: Values of proposed project		6,300,000.00	2,100,000.00						
Less: Values of any property being replaced		3,659.00	1,220.00						
Net values upon completion of project		8,082,400.00	2,694,133.00						
ACTUAL		COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project		1,786,059.00	595,353.00						
Plus: Values of proposed project		6,253,343.00	2,084,448.00						
Less: Values of any property being replaced		98,227.00	32,742.00						
Net values upon completion of project		7,941,175.00	2,647,059.00						

**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	
		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) 3/6/19

**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.