



# 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 2019-18: 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 2018:

	Estimated on SB-1	Actual in 2018	Difference
Employees Retained	11	13	2
Salaries	\$716,144	\$974,395	\$258,251
New Employees	7	3	-4
Salaries	\$364,000	\$232,414	-\$131,586
Total Employees	18	16	-2
Total Salaries	\$1,080,144	\$1,206,809	\$126,665
Average Hourly Salaries	\$28.85	\$36.26	\$7.41
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 2018 Heartland Machine was down two employees from the estimate on the SB-1 form; however, the average hourly salary is \$7.41 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

March 7, 2019

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

RE: 2018 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 February 4, 2019. 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 13-11. 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). Nine employees have been retained at our headquarters location in Franklin. 2018 was a slim year for sales, however we managed to keep our sales staff at 4. 2019 has started out very successful so far and are anticipating sales to be 40% higher than the previous year. 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 18 PAY 20 19

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	Heartland Machine & Engineering LLC	County	Johnson
Address of taxpayer (number and street, city, state, and ZIP code)	2848 Graham Road	DLGF taxing district number	
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	Estimated start date (month, day, year)	
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.	Actual start date (month, day, year)	
		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	16
Salaries		1,080,144	1,206,809
Number of employees retained		11	13
Salaries		716,144	974,395
Number of additional employees		7	3
Salaries		364,000	232,414

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	Date signed (month, day, year)	
	Controller	03/07/2020	