



# 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 2019-04: Caterpillar Reman Powertrain Indiana LLC

### Summary:

1. On September 20<sup>th</sup>, 2010, the Franklin Common Council passed Resolution No. 2010-15, approving a 10-year tax abatement with a 5% economic development fee on personal property for Caterpillar Reman Powertrain Indiana, LLC, located at 751 International Drive.
2. Actual and estimated benefits, as projected for 2018:

	Estimated on SB-1	Actual in 2018	Difference
Employees Retained	338	309	-29
Salaries	\$10,278,445	\$11,770,838	\$1,492,393
New Employees	0	0	0
Salaries	\$0	\$0	\$0
Total Employees	338	309	-29
Total Salaries	\$10,278,445	\$11,770,838	\$1,492,393
Average Hourly Salaries	\$14.62	\$18.31	\$3.69
Personal Property Improvements	\$13,568,000	\$10,374,025	-\$3,193,975

3. The company estimated in their original application that they would spend \$4,700,000 on equipment in 2010, \$2,092,000 on equipment in 2011, \$3,276,000 in 2012, and \$3,500,000 in 2013. The total for all four years is \$13,568,000. They reported having spent \$7,762,540 at the end of 2012. They were given until the end of 2013 to purchase all of the equipment. They indicated in their application that they would purchase \$3,276,000 in 2012 but only purchased \$1,907,869. They indicated on their original application they would purchase an additional \$3,500,000 in 2013 but only purchased \$932,163. The completion date for the abatement was the end of 2013. Because the completion date on the SB-1 Form is the end of 2013, they are receiving abatement on \$10,616,923 in personal property. The number decreased in 2017 and 2018.
4. In 2018 the number of employees decreased by 29 due to leaner operations and natural attrition; however, total salaries and average hourly salaries are higher than the SB-1 estimate.
5. The tax abatement is scheduled to expire in tax year 2023 payable 2024. The final compliance review should take place in 2023.

**Staff Recommendation:** Approval



March 7, 2019

Ms. Rhoni Oliver  
Department of Planning & Economic Development  
70 E. Monroe Street  
Franklin, IN 46131

*Re: Tax Abatement Compliance for Caterpillar Reman Powertrain Indiana LLC*

Dear Ms. Oliver:

Enclosed please find Form CF-1 (Compliance with Statement of Benefits) regarding compliance with the personal property tax abatements which were granted to Caterpillar Reman Powertrain Indiana LLC in 2010 under Franklin Common Council Resolution No. 2010-15.

As can be seen from reviewing the enclosed documents, our company has been highly successful in making capital investment for the project. Caterpillar has experienced a decrease in demand over the past couple of years; resulting in a need to shrink our hourly workforce. We have reduced our hourly positions through lean activities and natural attrition. This has resulted in a more efficient labor force which allowed us to increase the hourly pay rate 5% in 2018 as well as awarding more than 7% in quarterly gainsharing bonuses. Although the number of employees retained is lower than estimated on Statement of Benefits (From SB-1) which was approved on October 4, 2010, we believe that the quality of employment is better for the actual employees retained.

Please review the enclosed documents, and if you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script, reading "Lee Anspaugh".

Lee Anspaugh  
Business Resource Manager  
Caterpillar Reman Powertrain Indiana

Enclosures



# 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 <b>Caterpillar Reman Powertrain Indiana LLC</b>						County <b>Johnson</b>			
Address of taxpayer (number and street, city, state, and ZIP code) <b>751 International Drive</b>						DLGF taxing district number <b>41009</b>			
Name of contact person <b>Lee A Anspaugh</b>						Telephone number <b>( 317 ) 346-3211</b>			
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY									
Name of designating body <b>Franklin Common Council</b>					Resolution number <b>2010-15</b>		Estimated start date (month, day, year) <b>06/10/2010</b>		
Location of property <b>same as above</b>							Actual start date (month, day, year) <b>03/04/2011</b>		
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired.							Estimated completion date (month, day, year) <b>12/31/13</b>		
							Actual completion date (month, day, year) <b>01/01/15</b>		
SECTION 3 EMPLOYEES AND SALARIES									
EMPLOYEES AND SALARIES						AS ESTIMATED ON SB-1		ACTUAL	
Current number of employees						338		309	
Salaries						10,278,445		11,770,838	
Number of employees retained						338		309	
Salaries						10,278,445		11,770,838	
Number of additional employees						0			
Salaries						0.00			
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	12,613,870	4,946,825							
Plus: Values of proposed project	13,568,000	5,427,200							
Less: Values of any property being replaced									
Net values upon completion of project	26,181,870	10,374,025							
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	
Values before project	12,613,870	1,892,081							
Plus: Values of proposed project	10,186,050	1,704,608							
Less: Values of any property being replaced									
Net values upon completion of project	22,799,920	3,596,689							
<b>NOTE:</b> 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 <b>Business Manager</b>		Date signed (month, day, year) <b>3/7/19</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 6-1.1-12.1-5.9)

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.