



## CITY OF FRANKLIN

Community Development Department

### Memorandum

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

**From:** Rhoni Oliver

**Date:** April 5, 2019

**Re:** Case C 2019-13: Electro-Spec, Inc. (12-07)

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#### Summary:

1. On April 16<sup>th</sup>, 2012, the Franklin Common Council passed Resolution No. 2012-07, approving a 10-year tax abatement on personal property tax abatement for Electro-Spec located at 1800 Commerce Parkway.
2. Actual and estimated benefits, as projected for 2018:

	Estimated on SB-1	Actual in 2018	Difference
Employees Retained	62	62	0
Salaries	\$2,428,138	\$2,428,138	\$0
New Employees	22	20	-2
Salaries	\$600,000	\$1,699,270	\$1,099,270
Total Employees	84	82	-2
Total Salaries	\$3,028,138	\$4,127,408	\$1,099,270
Average Hourly Salaries	\$17.33	\$24.20	\$6.87
Personal Property Improvements	\$2,170,000	\$2,244,219	\$74,219

3. The company has exceeded their personal property investment estimated on their SB-1 Form.
4. The company stated they would create 10 jobs in 2012, 5 to 7 jobs in 2013, and 5 to 8 jobs in 2014. They met the number of jobs retained and created as originally estimated in 2013. That number declined by 4 in 2014. The number of jobs in 2015 exceeds their SB-1 estimate by 4. The total employees in 2016 is 4 fewer than estimated on SB-1; however, the average hourly salary exceeds what was estimated. In 2017 the number of employees is 5 short of the estimate, but total salaries and hourly wages well exceed the SB-1 estimate. In 2018 Electro-Spec was down two employees, but exceeded hourly wages by \$6.87 compared to SB-1 estimates.
5. The personal property tax abatement is scheduled to expire in 2024 pay 2025. The final compliance will take place in 2025.

**Staff Recommendation:** Approval



March 19, 2019

Ms. Rhoni Oliver, Community Development Specialist  
Dept. Of Planning & Economic Development  
70 East Monroe Street  
Franklin, IN 46131

RE: Tax Abatement Compliance for Electro-Spec, Inc.

Dear Ms. Oliver:

Enclosed please find the CF-1 (Compliance with Statement of Benefits) regarding compliance with personal property tax abatements which were granted to Electro-Spec, Inc. under Franklin Common Council Resolution No. 12-07.

As you can see from reviewing the enclosed documents, our company has been successful in (1) exceeding the initial capital investment set for 2012, but fell short on maintaining the number of jobs which had been proposed in the Statement of Benefits (Form SB-1).

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

Sincerely,



Jeffrey D. Smith  
President / CEO  
(317) 738-9199 ext. 924  
jsmith@electro-spec.com

1800 Commerce Parkway  
Franklin, IN 46131  
(317) 738-9199 phone  
(317) 738-9491 fax



# COMPLIANCE WITH STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51765 (R / 1-06)

Prescribed by the Department of Local Government Finance

FORM CF-1 / PP

- 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 March 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 March 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 Electro-Spec, Inc.								
Address of taxpayer (number and street, city, state, and ZIP code) 1800 Commerce Parkway Franklin, IN 46131								
Name of contact person Jeffrey D Smith		Telephone number (317) 738-9199						
SECTION 2		LOCATION AND DESCRIPTION OF PROPERTY						
Name of designating body Franklin City Council		Resolution number 12-07						
Location of property 1800 Commerce Parkway Franklin, IN 46131	County Johnson	DLGF taxing district number 41-009						
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired.  New Manufacturing Equipment		Estimated starting date (month, day, year) 05/01/2012						
		Estimated completion date (month, day, year) 12/31/2014						
SECTION 3		EMPLOYEES AND SALARIES						
EMPLOYEES AND SALARIES		AS ESTIMATED ON SB-1	ACTUAL					
Current number of employees		62.00	82					
Salaries		2,428,138.00	4,127,408.00					
Number of employees retained		62.00	62					
Salaries		2,428,138.00	2,428,138.00					
Number of additional employees		22.00	20					
Salaries		600,000.00	1,699,270.00					
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								
Plus: Values of proposed project	2,170,000.00							
Less: Values of any property being replaced								
Net values upon completion of project								
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	0.00							
Plus: Values of proposed project	2,244,219.00							
Less: Values of any property being replaced								
Net values upon completion of project	2,244,219.00							
NOTE: The COST of the property is confidential pursuant to IC 6-1.1-12.1-5.6 (d).								
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 PRESIDENT	Date signed (month, day, year) 3/22/19					



**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 6-1.1-12-5.9)**

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 Township 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.
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 Township 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 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.

Electro-Spec, Inc.  
1800 Commerce Parkway  
Franklin, IN 46131

Attachment to Form CF-1 (Compliance with Statement of Benefits)  
Employees by Quarter

Number of Employees As 05/01/2012 (Form SB-1)	Proposed Total Number of Employees by 12/31/2014 (Form SB-1)	Actual Number of Employees (By Quarter				Actual Total Number of Employees as of 12/31/18	Difference Between Actual and Proposed Number of Employees
		3/31/2018	6/30/2018	9/30/2018	12/31/2018		
62	84	76	81	79	82	82	(2.00)

Resolution Number 12-07

Electro-Spec, Inc.  
 1800 Commerce Parkway  
 Franklin, IN 46131

Attachment to Form CF-1 (Compliance with Statement of Benefits)  
 Expansion Investment Schedule by Quarter

	Proposed Amount of Total Investment by 12/31/2014 (Form SB-1)	Actual Amount of Investment Added During the Year (By Quarter)				Actual Total Investment as of 12/31/18	Sum of Prior Years Investments + Current Year	Difference Between Actual and Proposed Investment
Machinery & Equipment	\$ 2,170,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,244,219	\$ 74,219
Totals:	\$ 2,170,000							

Resolution Number 12-07

\*\* Sum of Prior Years' Investments 2012 (1,365,196) + 2013 (528,704) + 2014 (350,319)

2018 Quarterly Assets

1st Qtr	\$	-
2nd Qtr	\$	-
3rd Qtr	\$	-
4th Qtr	\$	-
Total		<u>0.00</u>



## CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ENGINEERING  
DEPARTMENT OF COMMUNITY DEVELOPMENT

February 4, 2019

Ms. Nicole Stickford  
Electro-Spec, Inc.  
1800 Commerce Parkway  
Franklin, IN 46131

*Re: Annual Tax Abatement Compliance*

Greetings:

The City of Franklin Economic Development Commission is scheduling annual compliance hearings for companies that have received tax abatements from our community. Each year for which your company is eligible to receive tax abatement, you are required to submit a compliance report verifying the status of the investment and hiring activities which were originally projected in the company's Statement of Benefits. The applicable tax abatement for your company was enacted through Franklin Common Council Resolution 12-07.

Enclosed is a Tax Abatement Compliance packet which describes the information that the Economic Development Commission will require to determine your company's compliance. Please report all of your company's investment and hiring activities, by quarter, for the periods between January 1, 2018 and December 31, 2018. All of the procedures outlined in the Tax Abatement Compliance Packet must be followed when submitting this information.

Also enclosed is the schedule of meeting and filing dates for the Franklin Economic Development Commission. Please return all of the required information to this office by **March 20, 2019** or earlier in order to ensure a timely review by the Franklin Economic Development Commission. If you have any question regarding this matter, please feel free to contact the Community Development Department.

Sincerely,

Rhoni Oliver  
Community Development Specialist