



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission
From: Rhoni Oliver, Community Development Specialist
Date: April 5, 2019
Re: Case C 2019-28: Mitsubishi Heavy Industries Climate Control, Inc.

Summary:

1. On May 21st, 2012, the Franklin Common Council passed Resolution No. 2012-10, approving a 7-year tax abatement on personal property for Mitsubishi, located at 1200 N. Mitsubishi Parkway.
2. Actual and estimated benefits, as projected for 2018:

	Estimated on SB-1	Actual in 2018	Difference
Current Employees	150	150	0
Salaries	\$8,444,556	\$7,834,326	-\$610,230
Employees Retained	3	44	41
Salaries	\$126,921	\$1,967,334	\$1,840,413
Total Employees	153	194	41
Total Salaries	\$8,571,477	\$9,801,660	\$1,230,183
Average Hourly Salaries	\$26.93	\$24.29	-\$2.64
Personal Property Improvements	\$1,717,647	\$1,511,422	-\$206,225

3. The company originally estimated adding 3 employees in 2012 as a result of purchasing two new scroll finishing machines. They added 64 jobs in 2012. Overall, there are two less jobs in 2013 than 2012. The average hourly salaries increased from \$22.73 in 2012 to \$22.82 in 2013. The average hourly salary increased from \$22.82 in 2013 to \$23.89 in 2014. The total number of employees in 2015 is down from 2014, but it exceeds SB-1 estimates. The average salary is down \$3.49 for 2015, as well. The total number of employees for 2016 is above the SB-1 estimate, but the average hourly salary is \$3.16 lower than the estimate. In 2017 MCCA exceeded SB-1 estimates for number of employees by 41 and was \$1.46 lower than the average hourly wage estimate. In 2018 total employees was 41 higher than estimated, and the average hourly salary was \$2.64 lower than estimated.
4. The two new scroll finishing machines cost less to purchase than estimated on their SB-1 Form for personal property. They have been purchased and this number will remain the same over the length of the abatement.
5. The personal property tax abatement for Mitsubishi is scheduled to expire in tax year 2018 payable 2019. The final compliance review will take place in 2019.

Staff Recommendation: Approval

March 27, 2019

Rhoni Oliver
Community Development Specialist
City of Franklin
70 E. Monroe Street
Franklin, Indiana 46131

RE: Annual Tax Abatement Compliance –Common Council Resolution 12-10

Dear Economic Development Commission Members:

Mitsubishi Heavy Industries Climate Control, Inc. (MCC) requested and was granted tax abatement (Common Council Resolution 12-10) by the City of Franklin on \$1,717,647.00 for personal property (two new scroll finishing machines) to be purchased and installed during the third quarter 2012. This equipment was installed and operational during the third quarter 2012 (see Company Investment Timetable chart). However, the actual value of the two machines is \$1,511,422.00. The tax abatement is to start with 2012 taxes payable 2013.

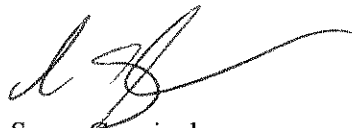
The investment in these two new machines was necessary to maintain production levels of scrolls to manufacture car air conditioning compressors for a new global contract that MCC was awarded with a major U S automobile manufacturer. With this investment we were able to maintain the 150 jobs we listed on Form SB-1 dated 4/12/2012 and add the 3 jobs that we listed during the third quarter 2012. MCC actually added 23 jobs during the third quarter of 2012 - see Job Creation or Retention Schedule. The 2018 year-end total of employees on the payroll was 194.

We would like to thank the City of Franklin for continued support in approving our tax abatement compliance requests for previous projects and we respectfully request that the City of Franklin will continue to look favorably on our growth activities and grant this 2019 compliance request relative to Common Council Resolution 12-10 for the abatement on taxes for 2018 payable 2019.

Respectfully,



Bob Francis
General Manager Administration
Mitsubishi Heavy Industries
Climate Control, Inc. (MCC)



Susan Cunningham
Attorney at Law - Counsel
Mitsubishi Heavy Industries
Climate Control, Inc. (MCC)

**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 Mitsubishi Heavy Industries Climate Control, Inc.	County Johnson
Address of taxpayer (number and street, city, state, and ZIP code) 1200 North Mitsubishi Parkway, Franklin, Indiana 46131	DLGF taxing district number 41-018
Name of contact person Bob Francis or Susan Cunningham	Telephone number (317) 346-5010

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY		
Name of designating body Franklin Common Council	Resolution number 12-10	Estimated start date (month, day, year) 07/09/2012
Location of property 1200 North Mitsubishi Parkway, Franklin, Indiana 46131		Actual start date (month, day, year) 07/09/2012
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 machining equipment in the machining area to machine automotive air compressor parts		Estimated completion date (month, day, year) 09/01/2012
		Actual completion date (month, day, year) 09/01/2012

SECTION 3 EMPLOYEES AND SALARIES		
EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	150	194
Salaries	8,444,556.00	9,801,660.00
Number of employees retained	150	150
Salaries	8,444,556.00	7,834,326.00
Number of additional employees	3	44
Salaries	126,921.00	1,967,334.00

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	1,717,647.00	1,717,647.00						
Less: Values of any property being replaced								
Net values upon completion of project	1,717,647.00	1,717,647.00						
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project								
Plus: Values of proposed project	1,511,422.00	1,511,422.00						
Less: Values of any property being replaced								
Net values upon completion of project	1,511,422.00	1,511,422.00						

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		
WASTE CONVERTED AND OTHER BENEFITS	AS ESTIMATED ON SB-1	ACTUAL
Amount of solid waste converted	0.00	0.00
Amount of hazardous waste converted	0.00	0.00
Other benefits:	0.00	0.00

SECTION 6 TAXPAYER CERTIFICATION		
I hereby certify that the representations in this statement are true.		
Signature of authorized representative <i>Bob Francis</i>	Title General Manager, Administration	Date signed (month, day, year) March 27, 2019

**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.

Company Investment Time Table

Resolution 12-10

Mitsubishi Heavy Industries Climate
Control, Inc. (MCC)
1200 North Mitsubishi Parkway
Franklin, IN 46131

	Buildings	Equip. Type 1	Equip. Type 2	Equip. Type 3	Total
Year of Abatement	2010	2010	2010	2010	2010
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement	2011	2011	2011	2011	2011
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement	2012	2012	2012	2012	2012
1st Quarter				Machining	
2nd Quarter				Equipment	
3rd Quarter				\$1,511,422	\$1,511,422
4th Quarter					
Total					\$1,511,422.00

Job Creation and Retention Schedule

Resolution 12-10

Attachment to Form CF-1 (Compliance with Statement of Benefits) :
Job Creation Schedule by Quarter

Mitsubishi Heavy Industries
Climate Control, Inc. (MCC)
1200 North Mitsubishi Parkway
Franklin, IN 46131

	Retained	New 1st Qtr	New 2nd Qtr	New 3rd Qtr	New 4th Qtr	Year End Total
2012						
Proposed (SB-1)	150	0	0	3	0	153
Actual ->	157	0	27	23	14	221
2018						
Proposed (SB-1)	153	0	0	0	0	153
Actual ->	194	-5	+8	-2	-1	194

NOTE: We had five (5) job openings at the end of 2018 that, when filled, will bring the total employment from 194 to 199.

The 194 number is the actual number of employees on the payroll at the end of 2018.