



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission

From: Dana Monson, Community Development Specialist

Date: March 10, 2020

Re: Case C 2020-08: Electro-Spec, Inc. (12-07)

Summary:

1. On April 16th, 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 2019:

	Estimated on SB-1	Actual in 2019	Difference
Employees Retained	62	62	0
Salaries	\$2,428,138	\$2,428,138	\$0
New Employees	22	4	-18
Salaries	\$600,000	\$1,049,544	\$1,099,270
Total Employees	84	66	-18
Total Salaries	\$3,028,138	\$3,477,682	\$449,544
Average Hourly Salaries	\$17.33	\$25.33	\$8.00
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. In 2019 they are down by 18, however, their wages are above estimates by \$8.00.
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



January 28, 2020

Ms. Dana Monson, 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. Monson:

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. However, we did fall short on maintaining the number of jobs which had been proposed in the Statement of Benefits (Form SB-1) but had been successful in 2013 and 2015.

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,

A handwritten signature in black ink, appearing to read "Jeffrey D. Smith", is written over the word "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 (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 Electro-Spec, Inc.						County Johnson			
Address of taxpayer (number and street, city, state, and ZIP code) 1800 Commerce Parkway Franklin, IN 46131						DLGF taxing district number 41-009			
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		Estimated start date (month, day, year) 05-01-2012		
Location of property 1800 Commerce Parkway Franklin, IN 46131					Actual start date (month, day, year) 05-01-2012				
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 Manufacturing Equipment					Estimated completion date (month, day, year) 12-31-2014				
					Actual completion date (month, day, year) 12-31-2014				
41-99-31-002-116L.000-009									
SECTION 3 EMPLOYEES AND SALARIES									
EMPLOYEES AND SALARIES						AS ESTIMATED ON SB-1		ACTUAL	
Current number of employees						62		66	
Salaries						2,428,138.00		3,477,682.04	
Number of employees retained						62		62	
Salaries						2,428,138.00		2,428,138.00	
Number of additional employees						22		4	
Salaries						600,000.00		1,049,544.04	
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(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 PRESIDENT		Date signed (month, day, year) 2/7/20			

**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.

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 12/31/19	Difference Between Actual and Proposed Number of Employees (18.00)
		3/31/2019	6/30/2019	9/30/2019	12/31/2019		
62	84	72	66	68	66	66	

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 12/31/19	Sum of Prior Years Investments + Current Year	Difference Between Actual and Proposed Investment
		3/31/2019	6/30/2019	9/30/2019	12/31/2019			
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)

2019 Quarterly Assets

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