



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Specialist
Date: March 9, 2021
Re: Case C 2021-10: Heartland Machine & Engineering, LLC

Summary:

1. On March 18th, 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 2020:

	Estimated on SB-1	Actual in 2020	Difference
Employees Retained	11	5	-6
Salaries	\$716,144	\$456,751	-\$259,393
New Employees	7	15	8
Salaries	\$364,000	\$880,488	\$516,488
Total Employees	18	20	2
Total Salaries	\$1,080,144	\$1,337,238	\$257,094
Average Hourly Salaries	\$28.85	\$32.15	\$3.30
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 2020 Heartland Machine was up two employees from the estimate on the SB-1 form; and the average hourly salary is \$3.30 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 2024.

Staff Recommendation: Approval

February 4, 2021

Mrs. Dana Monson, Comm Development Specialist
Dept. of Comm Development
70 E. Monroe Street
Franklin, IN 46131

RE: Tax Abatement Compliance for Heartland Machine & Engineering LLC

Dear Mrs. Monson:

Enclosed please find Form CF-1 (Compliance with Statement of Benefits) regarding compliance with the real and personal property tax abatements which were granted to Heartland Machine & Engineering LLC (HME) in 2013 under Franklin Common Council Resolution No. 13-11.

Our company has been successful in creating the full complement of jobs which had been proposed in the Statement of Benefits (Form SB-1). Five employees have still been retained from the original proposal.

As you are aware, 2020 was devastating to the economy due to the Covid and our business, along with many others, has suffered through this. Sales were down considerably from the previous year, but we managed to stay within 2 million.

2021 has already started out better than we expected. We are anticipating this growth to continue and eventually will need to hire more employees to strengthen both our sales and service 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 20 PAY 20 21

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) 494-3864
SECTION 2		LOCATION AND DESCRIPTION OF PROPERTY	
Name of designating body	Resolution number	Estimated start date (month, day, year)	
The City of Franklin Common Council	13-11		
Location of property	Actual start date (month, day, year)		
2848 Graham Road, Franklin, IN 46131			
Description of real property improvements	Estimated completion date (month, day, year)		
Construction of 20,000 square food building to support machine tool distribution. The building provides office space, showroom facilities and warehousing.			
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	20
Salaries		1,080,144	1,337,238
Number of employees retained		18	5
Salaries		1,080,144	456,750
Number of additional employees		7	15
Salaries		364,000	880,488
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	02/01/21	

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 6-1.1-12.1-5.1 and IC 6-1.1-12.1-5.9)

1. Not later than 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 (Form SB-1/Real Property).
2. 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. The date of this hearing may not be more than thirty (30) days after the date this notice is mailed. A copy of the notice may be sent to the county auditor and the county assessor.
3. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable efforts to substantially comply with the Statement of Benefits (Form SB-1/Real Property) and whether any failure to substantially comply was caused by factors beyond the control of the property owner.
4. If the designating body determines that the property owner has **NOT** made reasonable efforts to comply, then the designating body shall adopt a resolution terminating the property owner's deduction. If the designating body adopts such a resolution, the deduction does not apply to the next installment of property taxes owed by the property owner or to any subsequent installment of property taxes. 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. (Hearing must be held within thirty (30) days of the date of mailing of this notice.)

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.