

CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission
From: Dana Monson, Community Development Department
Date: April 13, 2021
Re: Case C 2021-14: NSK Corporation (16-19)

Summary:

1. On October 17th, 2016, the Franklin Common Council passed Resolution No. 2016-19, approving a 7-year tax abatement with a 5% economic development fee on personal property for NSK Corporation, located at 3400 Bearing Drive.
2. Actual and estimated benefits, as projected for 2020:

	Estimated on SB-1	Actual in 2020	Difference
Employees Retained	253	270	17
Salaries	\$11,878,189	\$16,647,573.05	\$4,769,384.05
New Employees	1	1	0
Salaries	\$57,200	\$57,200	0
Total Employees	254	270	16
Total Salaries	\$11,935,389	\$16,647,537.05	\$4,712,184
Average Hourly Salaries	\$22.59	\$29.64	\$7.05
Personal Property Improvements	\$6,625,200	\$8,764,646.00	\$2,140,446

3. The company indicated on their original application that \$6,625,200 in equipment would be purchased by May 31st, 2017. Personal property improvements were \$2,561,187 less than estimated. In the letter of noncompliance from Amy Miller dated April 8, 2019, it is stated that NSK hopes to complete the personal property investment. The investment was completed and is greater than estimated
4. In 2017 there were 8 employees fewer than estimated, but the total salaries were \$4,668,896 over the estimate. Average hourly salaries were \$9.86 higher than estimated. In 2018 the company was short only one employee, but the hourly salaries are \$11.94 higher than estimated. In 2019 they were ahead on both employees and wages. In 2020 they are above in employment and wages.
5. The completion date approved on their SB-1 Form was May 31, 2017. The personal property tax abatement is scheduled to expire in tax year 2024 payable 2025. Their last year for compliance review will be 2024.

Staff Recommendation: Approval

NSK Corporation
3400 Bearing Dr
Franklin, IN 46131

April 1, 2021

Mrs. Dana Monson, Community Development Specialist
Dept. of Planning & Economic Development
70 E. Monroe Street
Franklin, IN 46131

Re: Tax Abatement Compliance for NSK Corporation

Dear Mrs. Monson:

Enclosed please find Forms CF-1 (Compliance with Statement of Benefits) regarding compliance with the real and personal property tax abatements which were granted to NSK Corporation in 2010, 2013, and 2016 under Franklin Common Council Resolution numbers 13-02 (formerly 10-19), 13-20, and 16-19.

NSK has been successful in making all of the capital investments and creating the full complement of jobs projected under Resolution number 13-02.

Per our supporting documentation, previous conversations, and previous years' compliance packet letters regarding Resolution 13-20, we did not meet our original capital expenditures target of \$20m. We had a substantially smaller investment, some of which was due to business we did not win, and some of which was canceled due to changes in business plans at global headquarters as a result of the lost business and significant currency fluctuations between the US dollar and the Japanese Yen. But we would like to draw increased attention to the fact that our headcount has exceeded the original estimates and salary amounts are still close to the original estimate.

In regards to Resolution 16-19, NSK is in the process of making all of the capital investments and has created the full complement of jobs projected under Resolution 16-19.

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

Sincerely,



Kyle VanWambeke
Advantax
630-444-2777

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 NSK Corporation						County Johnson		
Address of taxpayer (number and street, city, state, and ZIP code) PO Box 134007, Ann Arbor, MI 48113-4007						DLGF taxing district number		
Name of contact person Amy Miller						Telephone number (734) 913-7597		
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY								
Name of designating body The City of Franklin Common Council					Resolution number 16-19		Estimated start date (month, day, year) 01/01/2017	
Location of property 3400 Bearing Drive, Franklin, IN 46131					Actual start date (month, day, year) 05/01/2017			
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Grinding, machining, assembly, and inspection equipment to produce hub bearings for the automotive passenger market					Estimated completion date (month, day, year) 05/01/2019			
					Actual completion date (month, day, year)			
SECTION 3 EMPLOYEES AND SALARIES								
EMPLOYEES AND SALARIES					AS ESTIMATED ON SB-1		ACTUAL	
Current number of employees					254		270	
Salaries					11,935,389.00		16,647,573.05	
Number of employees retained					12		12	
Salaries					411,840.00		411,840.00	
Number of additional employees					1		1	
Salaries					57,200.00		57,200.00	
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	118,418,041.00	35,525,412.00						
Plus: Values of proposed project	6,625,200.00	1,987,560.00						
Less: Values of any property being replaced	322,034.00	96,610.00						
Net values upon completion of project	124,721,207.00	37,416,362.00						
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project	118,418,041.00	35,525,412.00						
Plus: Values of proposed project	8,764,646.00	2,629,394.00						
Less: Values of any property being replaced	0.00	0.00						
Net values upon completion of project	127,182,687.00	38,154,806.00						
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 Tax Agent		Date signed (month, day, year) 4/1/21		

Company Name	Site Code	Asset #	Description	Acquisition Date	Reported Cost	Asset Category
NSK Corporation	16-19	124683	Okuma LB250 Rebuild 120535 (Addl Cost)	04/16/2018	3,974.07	Machinery & Equipment
NSK Corporation	16-19	124724	HUB 3 Swaging machine APS-831H3 (Addl Cost)	04/16/2018	2,366.48	Machinery & Equipment
NSK Corporation	16-19	125487-1	Bolt Press Machine AZ-833B-E	08/16/2017	42,508.14	Machinery & Equipment
NSK Corporation	16-19	125488-1	Overhead Conveyor HBB-831H3	08/16/2017	74,483.11	Machinery & Equipment
NSK Corporation	16-19	126407	L3 Material Handling TCLB-12679	08/16/2017	74,364.54	Machinery & Equipment
NSK Corporation	16-19	127310-1	Direct Conveyor	08/16/2017	12,671.84	Machinery & Equipment
NSK Corporation	16-19	127311-1	Grinding Machine 1GA-731H	08/16/2017	219,171.76	Machinery & Equipment
NSK Corporation	16-19	127312-1	B2 Super Finish SBS-521 FRH0855	08/16/2017	152,053.31	Machinery & Equipment
NSK Corporation	16-19	127313-1	A Ring Super Finish 1SA-130H FRH0852	08/16/2017	91,837.82	Machinery & Equipment
NSK Corporation	16-19	127314-1	Spindle Raceway Grinding Machine 1GB-734H	08/16/2017	79,704.07	Machinery & Equipment
NSK Corporation	16-19	127315-1	Broaching Machine NBV-5-10A	08/16/2017	152,211.77	Machinery & Equipment
NSK Corporation	16-19	127318	HUB 3 Assembly Machine AA-830H3	08/16/2017	199,262.35	Machinery & Equipment
NSK Corporation	16-19	128274-1	Spindle Washing Equip WWB-2831HS	08/16/2017	32,582.34	Machinery & Equipment
NSK Corporation	16-19	128275	HUB 3 Swaging machine APS-831H3	08/16/2017	515,449.62	Machinery & Equipment
NSK Corporation	16-19	128276	HUB 3 Spline Check Machine MM-831H3-E	08/16/2017	77,398.09	Machinery & Equipment
NSK Corporation	16-19	129216	Chip Blaster	04/16/2017	19,999.65	Machinery & Equipment
NSK Corporation	16-19	129225	B1 Supply Wash & ECT Mach BF-832BWH-E	08/16/2017	81,593.26	Machinery & Equipment
NSK Corporation	16-19	129226	HUB 3 Vibration Check MA-830H3	08/16/2017	141,241.38	Machinery & Equipment
NSK Corporation	16-19	129227	HUB 3 Encoder Seal Press AES-831BKH-E	08/16/2017	144,434.47	Machinery & Equipment
NSK Corporation	16-19	130115-1	Outer Ring Grinding 1GA-131H FRH0851	08/16/2017	216,224.65	Machinery & Equipment
NSK Corporation	16-19	130116-1	Outer Ring Buffer Conveyor A-BUF-CV	08/16/2017	24,966.89	Machinery & Equipment
NSK Corporation	16-19	130119	HUB 3 Ball Filling Machine AB-830H3	08/16/2017	140,015.28	Machinery & Equipment
NSK Corporation	16-19	131009-1	B2 Rough Wash WZ-830H3E	08/16/2017	56,875.96	Machinery & Equipment
NSK Corporation	16-19	131011	HUB 3 Flange and OD Runout Check MF-834BKH-E	08/16/2017	137,403.55	Machinery & Equipment
NSK Corporation	16-19	131012	HUB 3 Rust Prevention and Visual Inspection AR-833	08/16/2017	83,202.92	Machinery & Equipment
NSK Corporation	16-19	131925	HUB 3 Matching Machine AM-830H3	08/16/2017	157,399.17	Machinery & Equipment
NSK Corporation	16-19	131926	Line Monitor Hub 3- QNN-003FR	08/16/2017	5,142.61	Machinery & Equipment
NSK Corporation	16-19	131927-1	Outer Wing washing Equipment WWA-831H3	08/16/2017	80,294.60	Machinery & Equipment
NSK Corporation	16-19	131928	HUB 3 Rigidity Check Machine MP-832H3	08/16/2017	109,225.21	Machinery & Equipment
NSK Corporation	16-19	134588	Hub 3 Honda Lineside Labeling (2016) - H1611	04/16/2018	40,881.58	Machinery & Equipment
NSK Corporation	16-19	134592	TRB G2 Line Loading(RG5A/6A) (2016) - H1671	12/16/2018	84,198.41	Machinery & Equipment
NSK Corporation	16-19	134593	Magnetic Loader H1672	10/16/2019	43,818.88	Machinery & Equipment
NSK Corporation	16-19	134601	Franklin Hub Safety (2017) - H1712	08/16/2018	263,581.07	Machinery & Equipment
NSK Corporation	16-19	134602	Hub 3 Swage Rebuild (2017) - H1713	10/16/2018	84,064.95	Machinery & Equipment
NSK Corporation	16-19	134607	Coolant Chiller Replacement (2017) - H1718	09/16/2018	166,340.53	Machinery & Equipment
NSK Corporation	16-19	134609	Tesla Model 3 - Non Driven 66G (2018) - H1802	05/16/2019	141,135.45	Machinery & Equipment
NSK Corporation	16-19	134614	Hub 3/Green Aisle cameras (2018) - H1806	12/16/2018	53,147.78	Machinery & Equipment
NSK Corporation	16-19	134615	3C3 Swage Machine Overhaul (2018) - H1804	12/16/2018	61,721.22	Machinery & Equipment
NSK Corporation	16-19	134616	High Pressure Coolant (2018) - H1803	12/16/2018	102,601.86	Machinery & Equipment
NSK Corporation	16-19	134991	Noise Reduction - 3C4 High (2018) - H1801	01/16/2019	62,875.90	Machinery & Equipment
NSK Corporation	16-19	135191	RTAC Replacement (2018)	12/16/2018	79,810.38	Machinery & Equipment
NSK Corporation	16-19	140923	FY18 Safety Guarding (2018)	09/16/2019	14,281.32	Machinery & Equipment
NSK Corporation	16-19	142019	High Pressure Coolant (2018) - H1803	04/16/2019	1,051.40	Machinery & Equipment
NSK Corporation	16-19	142042	Trash Compactor (2018)	08/01/2019	54,734.00	Machinery & Equipment
NSK Corporation	16-19	142569	Laser Marker Replacement (2019)	07/16/2019	40,375.40	Machinery & Equipment
NSK Corporation	16-19	142572	Franklin Warehouse Improvements - Rack Safety (201	09/16/2019	44,907.37	Machinery & Equipment
NSK Corporation	16-19	142587	RTAC Replacement (2018)	04/16/2019	1,285.64	Machinery & Equipment
NSK Corporation	16-19	142603	Quality Dojo (2018)	07/16/2019	16,321.42	Machinery & Equipment
NSK Corporation	16-19	142604	Noise Reduction - 3C4 High H1801	07/16/2019	41,816.97	Machinery & Equipment
NSK Corporation	16-19	142605	Air Compressor #1 Replacement (2018)	04/16/2019	201,835.97	Machinery & Equipment
NSK Corporation	16-19	142606	Air Compressor #2 Replacement (2018)	04/16/2019	101,419.52	Machinery & Equipment
NSK Corporation	16-19	142607	Air Compressor #3 Replacement (2018)	04/16/2019	187,410.31	Machinery & Equipment
NSK Corporation	16-19	142781	Franklin Plant Grease Pump for (2017) - H1707	04/16/2019	9,075.00	Machinery & Equipment
NSK Corporation	16-19	142940	Execution Franklin/Liberty Investment - Ford CD6 H	07/16/2019	420,885.70	Machinery & Equipment
NSK Corporation	16-19	142941	Execution Franklin/Liberty Investment - Ford CD6 H	07/16/2019	152,090.65	Machinery & Equipment
NSK Corporation	16-19	142942	Execution Franklin/Liberty Investment - Ford CD6 H	07/16/2019	292,748.00	Machinery & Equipment
NSK Corporation	16-19	143306	Magnetic Loader H1672	10/16/2019	43,818.88	Machinery & Equipment
NSK Corporation	16-19	143357	Air Compressor #2 Replacement (2018) H1808	07/16/2019	111,297.16	Machinery & Equipment
NSK Corporation	16-19	134587	3C3/G2 Aftergauge Upgrade-Two - H1322	10/16/2018	11,316.08	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	134589	Hub 3 Lineside Label (phase 2) (2016) - H1648	09/16/2019	74,809.85	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	134598	Honda XL3B - NAT PTU (2016) - H1645	12/16/2018	318,613.21	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	134599	20MY Corolla - Request for Fra (2017) - H1719	04/16/2019	172,695.11	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	134600	Toyota 19MY RAV4 59BWH15 (2017) - H1710	04/16/2019	81,335.30	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	134603	Ford CD6 Diff case TRB (2017) - H1714	07/16/2019	54,679.35	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	134604	Execution Franklin/Liberty Investment - Ford CD6 H	07/16/2019	6,939.88	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	134608	20MY Corolla - Request for Fra (2017) - H1720	04/16/2019	228,074.27	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	134610	MY18 Camry Supplier Tooling (2016) - N1604	05/16/2018	234,018.47	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	135532	RAV4 Tooling 53BWKHS24Y Assy Line #3C5 (2018)	04/16/2019	206,492.55	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	140458	GC Aftergauge Upgrade-Two - H1322	10/16/2018	11,316.07	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	142438	Toyota 19MY RAV4 59BWKH15	04/16/2019	283,472.65	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	142630	FG1 Spindle Overhaul (2019)	07/16/2019	23,500.00	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	142943	Execution Franklin/Liberty Investment - Ford CD6 H	07/16/2019	14,444.36	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	142944	Execution Franklin/Liberty Investment - Ford CD6 H	07/16/2019	25,860.04	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	142945	Execution Franklin/Liberty Investment - Ford CD6 H	07/16/2019	7,192.36	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	125487-2	Bolt Press Machine AZ-833B-E	08/16/2017	99,185.67	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	125488-2	Overhead Conveyor HBB-831H3	08/16/2017	74,483.11	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	127310-2	Direct Conveyor	08/16/2017	3,167.96	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	127311-2	Grinding Machine 1GA-731H	08/16/2017	24,352.42	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	127312-2	B2 Super Finish SBS-521 FRH0855	08/16/2017	38,013.33	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	127313-2	A Ring Super Finish 1SA-130H FRH0852	08/16/2017	214,288.25	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	127314-2	Spindle Raceway Grinding Machine 1GB-734H	08/16/2017	185,976.15	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	127315-2	Broaching Machine NBV-5-10A	08/16/2017	152,211.77	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	128274-2	Spindle Washing Equip WWB-2831HS	08/16/2017	76,025.45	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	130115-2	Outer Ring Grinding 1GA-131H FRH0851	08/16/2017	54,056.16	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	130116-2	Outer Ring Buffer Conveyor A-BUF-CV	08/16/2017	6,241.72	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	131009-2	B2 Rough Wash WZ-830H3E	08/16/2017	14,218.89	Molds, Dies, Jigs & Tools
NSK Corporation	16-19	131927-2	Outer Wing washing Equipment WWA-831H3	08/16/2017	20,073.65	Molds, Dies, Jigs & Tools
					8,764,645.81	