

CITY OF FRANKLIN

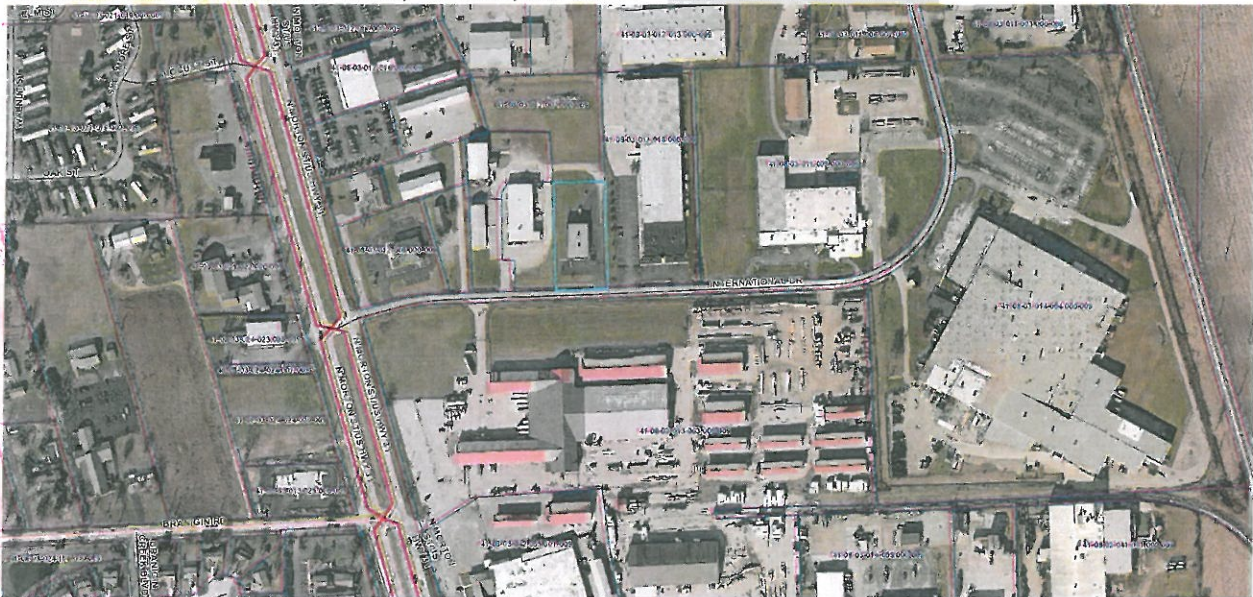
DEPARTMENT OF COMMUNITY DEVELOPMENT

Staff Report

To: Economic Development Commission Members
From: Dana Monson, Community Development Specialist
Date: April 13, 2021
Re: Case EDC 2021-06– Innovative 3D

Case EDC 2021-06 – Innovative 3D: A request for a 5-year tax abatement on \$1,060,000 in personal property investment as part of growth of their company. The company is adding a new machine for metal additive.

Location: 600 International Drive, Franklin, IN. 46131 41-08-03-012-001.000-009



Summary:

- Characteristics of this location:
This is a 6000+ 3D printing and manufacturing facility.
- Characteristics of this petitioner:
Chris Beck started this company in 2017 with just himself and one other employee. He has grown this company from the ground up and now employs 4 full time people.
- Characteristics of this project:
The company is adding a new manufacturing piece to increase the growth of his company. This is continuing the growth Mr. Beck began 3 years ago.

4. Economic Revitalization Area (ERA):

The property is located in a current ERA designated with resolution 2017-03.

5. ERA & Tax Abatements Findings (Personal Property):

Indiana Code Section 6-1.1-12.1-4.5 states that the following findings must be made when considering an ERA designation and the granting of tax abatement for personal property:

- a. Whether the estimate of the cost of new manufacturing equipment is reasonable for equipment of that type;
- b. Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the instillation of new manufacturing equipment;
- c. Whether the estimate of annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new manufacturing equipment;
- d. Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the installation of the new manufacturing equipment; and
- e. Whether the totality of the benefits is sufficient to justify the tax abatement.

6. City of Franklin "Tax Abatement Policy" criteria:

The "Tax Abatement Policy" section of the *City of Franklin Community Investment Incentives Summary* states that the Economic Development Commission shall use certain criteria when considering a request for tax abatement. A comparison of those criteria and this request follows:

- a. *Diversification of Local Occupations:* This project will retain a company that was started in Franklin and the jobs that are located at the current plant. While this does not increase the diversification, it does maintain the current level of diverse jobs in the city.
- b. *Diversification of Local Employment:* The project will add 1 new job as well as retain the current number of employees. This location will also enable the company to increase production which could positively impact the number of new jobs at a later date.
- c. *Increase in Local Salaries:* The average wage for all industries in Johnson County for 2020 was \$19.30. The average hourly wage in Johnson County for Low/moderate wage is \$12.95 per hour. Innovative 3D will pay an average of \$27.00 per hour, above the county average wage.
- d. *Sustainable Land Use:* This project conforms with the intended use of this property.
- e. *Future Community Investment:* The applicant should share with the EDC their plans for future community investment and they have indicated they are agreeable to the Economic Development Fee of 5% for personal.

- f. *Conformance with the Comprehensive Plan:* The Comprehensive Plan - Future Land Use Plan identifies this property as Industrial General. Industrial General zoning permits the following uses: Industrial Uses • agricultural products terminal • dry cleaners (commercial) • food & beverage production • general industrial production • light industrial assembly & distribution • light industrial processing and distribution • power generation facility (commercial) • research and development facility • truck freight terminal • warehouse & distribution facility

The intended use conforms with the comprehensive plan.

7. Tax Abatement Duration:

The *City of Franklin Community Investment Incentives Summary* provides that longer periods of abatement on real and personal property may be considered for requests of an exceptional nature. The Summary states that development examples of an exceptional nature include projects which:

- a. Create a new plant or product line for an existing manufacturer;
- b. Creates substantial employment opportunities with higher than average wages;
- c. Increase substantially property values and the city tax base with minimal impact to city services (police & fire protection, schools, utilities, infrastructure, etc.); and
- d. Utilize existing public infrastructure (sanitary & storm sewer, roads & streets, drainage facilities, and other utilities).

8. Requested Effective Year:

The petitioner has requested that, if approved, the tax abatement be for the first year taxes are assessed at an increased assessment rate.

Staff Comments:

The Mayor's Office has indicated they are supportive of a tax abatement of 5 years for personal property for this project based on the investment amount and the retention of a current Franklin employer.



CITY OF FRANKLIN

Community Development DEPARTMENT

Tax Abatement Application

Organization/Corporation	Requesting	Tax	Abatement
Organization/Corporation Name: <u>Innovative 3D Manufacturing</u>			
Name: <u>Christopher Beck</u>		Primary	Contact
Contact Address: <u>600 International Dr.</u>			
City: <u>Franklin</u>	State: <u>IN</u>	Zip: <u>46131</u>	
Phone Number: <u>317-697-7367</u>			
Email: <u>chris.beck@innovative3dm.com</u>			
Three possible dates before the EDC meeting to conduct a site visit:			
Name of Owner: <u>Christopher Beck</u>			
Parent Company (If Applicable):			

Primary	Contact	for	Yearly	Compliance	Reports
	Name: <u>Sandy Laugle</u>				
	Title: <u>Secretary</u>				
	Address: <u>P.O. Box 476</u>				
	City: <u>Franklin</u>	State: <u>IN</u>			Zip: <u>46131</u>
	Phone Number: <u>317-738-5966</u>				
	Email: <u>sandy@innovative-castings.com</u>				

Description	of	Project
Project Location/Address: <u>600 International Drive, Franklin</u>		
Parcel Number: <u>41-99-18-009-149.000-009</u>		
Brief Description of Project: <u>Renishaw AM500 machine - Metal Additive Manufacturing</u>		

Current Assessed Value (AV) of the Property:

1. Land
2. Building
3. Inventory
4. Equipment 578,550

Have building permits been applied for (if applicable): Yes No
Has equipment been installed (if applicable): Yes No

Required Attachments:

- | | |
|---|--|
| <input type="checkbox"/> Completed SB-1 Form(s) | <input type="checkbox"/> Summary of Benefits (if applicable) |
| <input type="checkbox"/> Legal Description of the Property | <input type="checkbox"/> Employment Phase-In Schedule |
| <input type="checkbox"/> Company Financial Statement | <input type="checkbox"/> Company Investment Timetable |
| <input type="checkbox"/> Job and Wage Description Information Sheet | <input type="checkbox"/> Compliance Affidavit |

Type of Abatement RequestedReal Property ☐Personal Property ☒

Length of Abatement Requested: _____ Years

Project Size (square feet): _____ Size of Site (acres): _____

Type of Building:

Multiple Tenants (leased)

Single Tenant (leased)

Owner Occupied

Corporate Headquarters

Capital Investment

1. Real property capital investment only: _____

2. Personal property capital investment only: _____

3. Total capital investment for proposed project: _____

Jobs Created and/or Retained

1. Estimated number of full time jobs created by the proposed project: _____

2. Estimated number of full time jobs retained as a direct result of the proposed project: _____

3. Total number of full time jobs upon project completion: _____

Wages Created and Retained

1. Average hourly wage rate for new jobs (w/o benefits) _____

2. Average hourly wage rate for jobs retained (w/o benefits) _____

***In addition to answering these questions, please fill out the Job and Wage Description for Tax Abatement Application information sheet and submit it with the application as an attachment.

Please explain why the abatement incentive is necessary to the project: Attach additional sheets as necessary.

Company InformationHow long has the company been in existence? Since 2017

Current address of company headquarters and duration at that address: _____

600 International Dr Franklin, IN

Approximate percentage of employees at current location who live in the City of Franklin and/or Johnson County: _____

Have you ever received tax abatement at your current location? ☒ Yes ☐ No

If yes, when and for what term? _____

What specifically has the company done

to give back to the community: _____

While acting as a strong advocate for using economic incentives to help applicants expand and/or locate in the community, the City of Franklin also strives to enrich the quality of life for its citizens. To that end, the City embraces the use of voluntary economic development fees as allowed under Indiana law (IC 6-1.1-12.1-14). These fees are directed by the City to local nonprofit organizations to bolster their economic development efforts. The fee can be applied on both real and personal property abatements. The fee is collected annually by the County Treasurer as a special assessment on the tax bill and is distributed by the City to the designated economic development nonprofit organization. Typically, 2% is charged on Real Property and 5% is charged on Personal Property. The fee is a percentage of the abatement received. For example, instead of receiving 100% abatement in the first year, the company receives a 95% abatement, with the 5% difference going to support local economic development. More information can be found on the City's website (www.franklin.in.gov) under the Economic Development tab.

Is the company agreeable to the Economic Development Fee? ☒ Yes ☐ No

If yes, at what percent(s)? _____

**JOB AND WAGE DESCRIPTION
FOR TAX ABATEMENT APPLICATION**

Please provide the following job and wage earning information that is associated with this Tax Abatement Petition **(Please specify all wages in an hourly format without benefits):**

- (1) Company NAICS code: 332710.
- (2) The total number of jobs current at the site: 4, the number of those jobs that will be retained as a direct result of the proposed investment 4, and the number of new jobs which will be created as a direct result of the proposed investment 1.
- (3) The total number of full-time employees at the site: 5.
- (4) The total number of temporary and/or contract employees currently at the site: —.
- (5) The average hourly wages for the new jobs: 27.5.
- (6) Will the new jobs being created begin as temporary and/or contract employees? No
If yes, please provide an explanation of the typical transition process to full time:

(7) Number of new and/or retained jobs in:

- (a) Managerial/Professional Specialty Occ.: — Average Hourly Wage: —
- (b) Technical/Sales/Admin. Support Occ.: — Average Hourly Wage: —
- (c) Service Occ.: — Average Hourly Wage: —
- (d) Precision Production/Craft/Repair Occ.: 1 Average Hourly Wage: 27.5
- (e) Operators/Fabricators/Laborers: — Average Hourly Wage: —

Note: The total number of jobs specified above should correspond with the Statement of Benefits Form SB-1.

(8) Attach detailed information on the types of benefits offered for new employees. A description of all possible bonuses and incentives should also be given if provided.

Employment Benefits:

2 weeks vacation

HSA contribution of \$1000/ yr if employee is signed up for Employers Health Insurance

Health Insurance (80% paid by Employer)

\$15,000 Life Insurance

Optional Coverages offered:

Dental

Vision

Additional Life

AFLAC

Long Term Disability

Innovative 3D Manufacturing, LLC

Profit & Loss

January through December 2020

	Jan - Dec 20
Ordinary Income/Expense	
Income	
Sales	1,250,838.00
Scrap	632.43
Shipping and Delivery Income	768.00
Total Income	1,252,238.43
Cost of Goods Sold	
Coating	2,370.00
Cost of Goods Sold	7,004.47
Disposable Tools	146,750.97
Outsourced work	42,180.79
Polishing	337.50
Total COGS	198,643.73
Gross Profit	1,053,594.70
Expense	
Advertisement	1,863.39
Automobile Expense	31.17
Bank Service Charges	1,708.02
Building Repairs	2,779.00
Charitable Contributions	400.00
Commission	3,584.00
Depreciation Expense	208,776.96
Dues and Subscriptions	3,825.12
Employee Additional Life Ins	0.06
Employee Health Insurance	9,358.64
Equipment Repairs	2,016.41
FDA Annual Registration	5,546.00
First National Loan Interest	23,051.54
HSA Contributions	3,000.00
Insurance Expense	12,309.95
Interest Expense	26,337.29
IRA Company Match	8,942.40
Office Supplies	1,848.36
Payroll Expenses	259,435.29
Payroll Tax Expense	822.68
Professional Fees	11,483.28
Property Taxes	26,761.78
Rent Expense	39,000.00
Repairs - Computers	325.00
Repairs and Maintenance	9,439.47
Shipping	6,674.74
Shop Supplies	750.60
Telephone Expense	4,482.12
Travel Expense	995.00
Utilities	21,926.65
Total Expense	697,474.92
Net Ordinary Income	356,119.78
Net Income	356,119.78

Innovative 3D Manufacturing, LLC
Balance Sheet
As of December 31, 2020

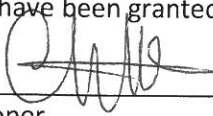
	Dec 31, 20
ASSETS	
Current Assets	
Checking/Savings	
First National- Checking	198,211.20
Total Checking/Savings	198,211.20
Accounts Receivable	
Accounts Receivable	118,326.00
Total Accounts Receivable	118,326.00
Total Current Assets	316,537.20
Fixed Assets	
Accumulated Amortization	-4,999.92
Accumulated Depreciation	-743,400.88
Furniture and Equipment	165,390.00
Lease Hold Improvements	70,192.40
Office Furniture	7,000.00
Organization Costs	5,000.00
Shop Equipment	1,498,001.62
Total Fixed Assets	997,183.22
TOTAL ASSETS	1,313,720.42
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	9,221.13
Total Accounts Payable	9,221.13
Credit Cards	
First National Bank	10,114.92
Total Credit Cards	10,114.92
Other Current Liabilities	
Notes Payable to ICT	-2,461.83
Payroll Liabilities	383.81
State Withholding	802.75
Total Other Current Liabilities	-1,275.27
Total Current Liabilities	18,060.78
Long Term Liabilities	
First Nat'l Equipment Loan	412,237.07
Laugle Property Loan	186,441.03
Loan from Chris Beck	26,789.47
Loan from Jack Laugle	351,510.27
SBA Loan	49,200.00
Total Long Term Liabilities	1,026,177.84
Total Liabilities	1,044,238.62
Equity	
Member 1 Equity -Jack	50,334.00
Member 2 Equity-Chris	48,666.00
Retained Earnings	-185,637.98
Net Income	356,119.78
Total Equity	269,481.80
TOTAL LIABILITIES & EQUITY	1,313,720.42

**ENVIRONMENTAL, LAND USE, AND
PERMITTING COMPLIANCE AFFIDAVIT**

I, CHRISTOPHER BECK, (representative) on behalf of INNOVATIVE 3D MANUFACTURING LLC (company) represent that, except to the extent that the City of Franklin has been given written notice of any environmental, chemical, or waste hazards or violations prior to the date of this affidavit, the petition and project plan of INNOVATIVE 3D MANUFACTURING LLC (company) does not contemplate, contain, nor anticipate:

- (1) any violation(s) of City of Franklin Municipal codes and/or ordinances;
- (2) any violation(s) of applicable zoning ordinances;
- (3) any violation(s) of site plan review and/or building permit requirements;
- (4) any violation(s) of federal or state laws, including but not limited to OSHA and ADA, and all other regulations regarding safety, land use, and access;
- (5) any violation(s) of federal or state laws, including but not limited to the creation, maintenance, utilization, control, handling, existence, and/or disposal of hazardous waste, chemicals, conditions, equipment, materials, entities, or components as defined under federal and/or state law.

Further, INNOVATIVE 3D MANUFACTURING LLC (company) states that the construction and operation of the proposed facility will in no way result in any discharges which will result in interruptions, inconsistencies, or failures in the operation of the Franklin Wastewater Treatment facility. The petitioner understands that the violation of any element of this affidavit may result in the revocation of any tax abatements or other economic incentives which may have been granted by the City of Franklin.



Petitioner

4-1-21
Date

STATE OF Indiana

SS:

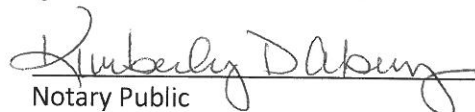
COUNTY OF Johnson



KIMBERLY D ABNEY, Notary Public
Johnson County, State of Indiana
My Commission Expires March 27, 2025

Subscribed and sworn to before me on this 1 Day of April, 2021.

My Commission Expires: March 27, 2025



Notary Public



STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51764 (R / 1-06)

Prescribed by the Department of Local Government Finance

FORM SB-1 I PP

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:

- This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise this statement must be submitted to the designating body BEFORE a person installs the new manufacturing equipment and/or research and development equipment, and/or logistical distribution equipment and/or information technology equipment for which the person wishes to claim a deduction. "Projects" planned or committed to after July 1, 1987, and areas designated after July 1, 1987, require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1)
- Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to installation of the new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment, BEFORE a deduction may be approved
- To obtain a deduction, a person must file a certified deduction schedule with the person's personal property return on a certified deduction schedule (Form 103-ERA) with the township assessor of the township where the property is situated. The 103-ERA must be filed between March 1 and May 15 of the assessment year in which new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment is installed and fully functional, unless a filing extension has been obtained. A person who obtains a filing extension must file the form between March 1 and the extended due date of that year.
- Property owners whose Statement of Benefits was approved after June 30, 1991, must submit Form CF-1 / PP annually to show compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
- The schedules established under IC 6-1.1-12.1-4.5(d) and (e) apply to equipment installed after March 1, 2001. For equipment installed prior to March 2, 2001, the schedules and statutes in effect at the time shall continue to apply. (IC 6-1.1-12.1-4.5(f) and (g))

SECTION 1

TAXPAYER INFORMATION

Name of taxpayer	Innovative 3D Manufacturing, LLC
Address of taxpayer (number and street, city, state, and ZIP code)	600 International Drive, Franklin, IN 46131
Name of contact person	Telephone number ()

SECTION 2

LOCATION AND DESCRIPTION OF PROPOSED PROJECT

Name of designating body	Franklin Common Council	Resolution number (s)
Location of property	600 International Dr. Franklin, IN	County Johnson
Description of manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment. (use additional sheets if necessary)	Renishaw AM500-metal additive manufacturing machine	ESTIMATED START DATE COMPLETION DATE
	Manufacturing Equipment	4-26-21
	R & D Equipment	
	Logist Dist Equipment	
	IT Equipment	

SECTION 3

ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT

Current number	Salaries	Number retained	Salaries	Number additional	Salaries
4	27/hr	4	27/hr	1	27/hr

SECTION 4

ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT

NOTE: Pursuant to IC 6-1.1-12.1-5.1 (d) (2) the COST of the property is confidential.	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Current values	1,670,391	578,550						
Plus estimated values of proposed project	1,060,000							
Less values of any property being replaced								
Net estimated values upon completion of project	2,730,391							

SECTION 5

WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

Estimated solid waste converted (pounds)	Estimated hazardous waste converted (pounds)
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)
	OPERATIONS MGR	4-1-21

FOR USE OF THE DESIGNATING BODY

We have reviewed our prior actions relating to the designation of this economic revitalization area and find that the applicant meets the general standards adopted in the resolution previously approved by this body. Said resolution, passed under IC 6-1.1-12.1-2.5, provides for the following limitations as authorized under IC 6-1.1-12.1-2.

- A. The designated area has been limited to a period of time not to exceed _____ calendar years * (see below). The date this designation expires is _____.
- B. The type of deduction that is allowed in the designated area is limited to:
- | | |
|--|--|
| 1. Installation of new manufacturing equipment; | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. Installation of new research and development equipment; | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 3. Installation of new logistical distribution equipment. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 4. Installation of new information technology equipment; | <input type="checkbox"/> Yes <input type="checkbox"/> No |
- C. The amount of deduction applicable to new manufacturing equipment is limited to \$ _____ cost with an assessed value of \$ _____.
- D. The amount of deduction applicable to new research and development equipment is limited to \$ _____ cost with an assessed value of \$ _____.
- E. The amount of deduction applicable to new logistical distribution equipment is limited to \$ _____ cost with an assessed value of \$ _____.
- F. The amount of deduction applicable to new information technology equipment is limited to \$ _____ cost with an assessed value of \$ _____.
- G. Other limitations or conditions (specify) _____
- H. The deduction for new manufacturing equipment and/or new research and development equipment and/or new logistical distribution equipment and/or new information technology equipment installed and first claimed eligible for deduction on or after July 1, 2000, is allowed for:
- | | | |
|-------------------------------------|--------------------------------------|--|
| <input type="checkbox"/> 1 year | <input type="checkbox"/> 6 years | ** For ERA's established prior to July 1, 2000, <u>only</u> a 5 or 10 year schedule may be deducted. |
| <input type="checkbox"/> 2 years | <input type="checkbox"/> 7 years | |
| <input type="checkbox"/> 3 years | <input type="checkbox"/> 8 years | |
| <input type="checkbox"/> 4 years | <input type="checkbox"/> 9 years | |
| <input type="checkbox"/> 5 years ** | <input type="checkbox"/> 10 years ** | |

Also we have reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

Approved: (signature and title of authorized member)	Telephone number ()	Date signed (month, day, year)
Attested by:	Designated body	

* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC 6-1.1-12.1-4.5

EXHIBIT C
Personal Property Schedule
Resolution 2021-17
Innovative 3D

Year	Abatement
1	100%
2	80%
3	60%
4	40%
5	20%

Indiana Tax Abatement Results

- Johnson County, Franklin City - Franklin Twp
- Tax Rate (2020): 3.3201
- Project Name: Innovative 3D

Personal Property: \$1,060,000.00

	Abatement Percentage	With Abatement			Without Abatement			Estimated Tax Abatement Savings
		Property Taxes	Circuit Breaker Tax Credit	Net Property Taxes	Property Taxes	Circuit Breaker Tax Credit	Net Property Taxes	
Year 1	100%	\$0.00	\$0.00	\$0.00	\$14,077.00	(\$1,357.00)	\$12,720.00	\$12,720.00
Year 2	80%	\$3,942.00	\$0.00	\$3,942.00	\$19,708.00	(\$1,900.00)	\$17,808.00	\$13,866.00
Year 3	60%	\$5,912.00	\$0.00	\$5,912.00	\$14,781.00	(\$1,425.00)	\$13,356.00	\$7,444.00
Year 4	40%	\$6,757.00	\$0.00	\$6,757.00	\$11,262.00	(\$1,086.00)	\$10,176.00	\$3,419.00
Year 5	20%	\$8,446.00	\$0.00	\$8,446.00	\$10,558.00	(\$1,018.00)	\$9,540.00	\$1,094.00
Totals		\$25,057.00	\$0.00	\$25,057.00	\$70,386.00	(\$6,786.00)	\$63,600.00	\$38,543.00