



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Memorandum

To: City of Franklin Economic Development Commission

From: Dana Monson, Community Development Specialist

Date: March 8, 2022

Re: Case C 2022-24: NSK Corporation (13-20)

Summary:

1. On July 15th, 2013, the Franklin Common Council passed Resolution No. 2013-20, approving a 10-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 2021:

	Estimated on SB-1	Actual in 2021	Difference
Employees Retained	18	18	0
Salaries	\$576,000	\$1,150,686	\$574,686
New Employees	240	252	12
Salaries	\$16,074,000	\$16,109,604	\$35,604
Total Employees	258	270	12
Total Salaries	\$16,650,000	\$17,260,265.30	\$610,265
Average Hourly Salaries	\$31.03	\$30.73	-\$0.30
Personal Property Improvements	\$20,000,000	\$9,485,767	-\$10,514,233

3. The company indicated on their original application that \$5,500,000 in equipment would be purchased in 2013; \$6,000,000 in 2014; \$6,800,000 in 2015; and \$1,500,000 in 2016. The company reported that they exceeded their estimate provided on the SB-1 Form for personal property investment in 2013. They reported that they spent \$5,727,496 in 2013. However, after further clarification, the total spent in 2013 and 2014 combined was actually \$4,330,819. The company is still considerably behind schedule for investment, though they reported investment of another \$1,912,707 in 2015. NSK did not meet their \$20 million capital expenditure target due to a number of factors including business lost and considerable currency fluctuations between the US dollar and the Japanese Yen. The personal property improvement shortfall is \$11,424,866. In 2017 NSK came to the EDC to amend their SB-1, and the EDC determined not to set a precedent for such action. It was determined that this abatement would go through the compliance process each year as is.
4. In 2015 they are down nine employees from the estimate; however, the hourly wage has increased by \$2.45 per hour. In 2016 the number of employees is 3 less than the SB-1 estimate; however, the average hourly salary is \$3.86 higher than estimated. In 2017 the total number of employees was 12 less than estimated, and the total salaries were under the estimate. In 2018 the number of employees was five short, but the average hourly salary was \$3.50 over the SB-1 estimate. In 2019 they were above in wages and employees. They continue above employees in

2020 and just slightly below in salaries. In 2021 they continue to be above estimates for employees and at wage estimates.

5. The completion date approved on their SB-1 Form was March 31, 2016. The personal property tax abatement will be scheduled to expire in tax year 2025 payable 2026. Their last year for compliance review will be 2026.

Staff Recommendation: Approval

NSK Corporation
3400 Bearing Dr
Franklin, IN 46131

February 23, 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 13-20 and 16-19.

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,



Timothy Ferraro
Advantax
630-444-2743

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						MI GF 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 13-20		Estimated start date (month, day, year) 04/01/2013		
Location of property 3400 Bearing Drive, Franklin, IN 46131					Actual start date (month, day, year) 04/01/2013				
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. Machinery reconstruction and replacement to increase output and maintain quality, creation of existing space for additional product to supply increased demand overseas					Estimated completion date (month, day, year) 03/31/2016				
					Actual completion date (month, day, year) 09/16/2016				
SECTION 3 EMPLOYEES AND SALARIES									
EMPLOYEES AND SALARIES						AS ESTIMATED ON SB-1		ACTUAL	
Current number of employees						258		270	
Salaries						18,850,000.00		17,260,265.30	
Number of employees retained						18		18	
Salaries						576,000.00		576,000.00	
Number of additional employees									
Salaries									
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		101,625,000.00	21,852,000.00						
Plus: Values of proposed project		20,000,000.00	6,000,000.00						
Less: Values of any property being replaced		1,000,000.00	300,000.00						
Net values upon completion of project		120,625,000.00	27,552,000.00						
ACTUAL		COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project		101,625,000.00	21,852,000.00						
Plus: Values of proposed project		8,536,437.00	2,560,931.00						
Less: Values of any property being replaced		910,632.00	273,190.00						
Net values upon completion of project		109,250,805.00	24,139,741.00						
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 <i>[Signature]</i>				Title Tax Agent			Date signed (month, day, year) 2/23/2022		