CITY OF FRANKLIN

DEPARTMENT OF COMMUNITY DEVELOPMENT

Staff Report

To: Economic Development Commission Members

From: Krista Linke, Director

Date: March 4, 2013

Re: Case EDC 2013-05 – Heartland Machine and Engineering LLC

Case EDC 2013-05 – Heartland Machine and Engineering LLC: A request for a tax abatement on a 20,000 square foot building valued at $800,000.

Location: 2848 Graham Road

1 inch = 100 feet

Created: Franklin Planning Dept. - 3/13
K. Tolloty

70 E. Monroe Street | Franklin, Indiana 46131 | 877.736.3631 | FAX 317.736.5310 | www.franklin.in.gov

Summary:

1. Characteristics of this location:
   The Legal Description is: Lot 3 Replat of Block B Miller Flex Space Section Two. The property is a vacant lot located immediately south of Heartland Machine (2850 N. Graham Road). Originally platted to allow multiple buildings on one property, an address range of 2842-2848 N. Graham Road was assigned.

   Characteristics of this petitioner:
   Heartland Machine & Engineering (HME) provides machine tool sales, service, engineering, and applied automation. The HME team has the capability of supporting its customers with simple machinery installation to complex and fully automated manufacturing.

   Heartland Machine does not currently have any active tax abatements with the City of Franklin.

2. Characteristics of this project:
   Heartland Machine and Engineering is planning to build a 20,000 square foot building to support machine tool distribution. The building will provide office space for 6-8 employees, showroom facilities and warehousing for crated machines to be distributed.

3. Economic Revitalization Area (ERA):
   This property has not been designated an ERA.

4. ERA & Tax Abatements Findings (Real Property):

   Indiana Code Section 6-1.1-12.1-3 states that the following findings must be made when considering an ERA designation and the granting of a tax abatement for real property:

   a. Whether the estimate of the value of the development or rehabilitation is reasonable for projects of that nature;

   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 proposed redevelopment or rehabilitation;

   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 proposed redevelopment or rehabilitation;

   d. Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed redevelopment or rehabilitation; and

   e. Whether the totality of the benefits is sufficient to justify the tax abatement.

5. City of Franklin "Tax Abatement Policy" criteria:
   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*: The total number of jobs at the current site is 18. With the proposed expansion, all 18 jobs will be retained and 7 new jobs will be added. The average hourly wage rate for jobs retained is $28.85 (without benefits). The average hourly wage for new jobs is $25.00 (without benefits). According to the U.S. Census Bureau, 2010 County Business Patterns, there were 12 industrial machinery and equipment merchant wholesalers in Johnson County in 2010.

b. *Diversification of Local Manufacturing Employment*: According to www.stats.indiana.edu, there were 92 Merchant Wholesalers, Durable Goods Establishments and 725 jobs in Johnson County in the first quarter of 2012.

c. *Increase in Local Salaries*: The average wage for all industries in Johnson County for the first quarter of 2012 was $16.45. The average hourly wage in Johnson County for wholesale trade in the first quarter of 2012 was $25.05 per hour. The average hourly wage in Johnson County for Merchant Wholesalers, Durable Goods, in the first quarter of 2012 was $25.05.

d. *Sustainable Land Use*: The petitioner proposes to build the new building on the empty lot next to their current location.

e. *Future Community Investment*: The proposed new building will utilize a vacant industrial lot next to Heartland Machine's existing location.

f. *Conformance with the Comprehensive Plan*: The Comprehensive Plan - Future Land Use Plan, identifies this property as a Business Development Area. Business development areas are intended to serve as both the permanent home of small scale businesses and incubators of new local companies. Land uses in business development areas include manufacturing, light industrial operations, contractor's offices, and products suppliers. In many instances the types of businesses in these areas are those that have both commercial and industrial qualities. The business development areas provide these uses the ability to serve customers in a setting that allows outdoor storage and the operation of heavy equipment and machinery that often are involved.

   The property is zoned IBD, Industrial: Business Development. The "IBD," Industrial: Business Development zoning district is intended to provide locations for small scale manufacturing, construction, production, and assembly uses, as well as other light industrial uses. This district is specifically intended to provide appropriate setbacks and standards for small-scale businesses, entrepreneurial operations, start-up businesses, and similar operations.

6. 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).

7. Tax Abatement Worksheet:
   A copy of the Tax Abatement Worksheet from the *City of Franklin Community Investment Incentives Summary* is enclosed with the staff report. This document is recommended as an outline for considering and documenting these tax abatement requests for this meeting.

8. Requested Effective Year:
   The abatement, if approved, would be effective for the tax year 2013, payable 2014.

Staff Comments:

This is an existing Franklin company that is considering making further investment in the community. Their company growth will create an additional 7 jobs with average hourly wages similar to the Johnson County average in that industry sector.

CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

RECEIVED
MAR - 1 2013
CITY OF FRANKLIN
DEPT. OF PLANNING
13-05

Tax Abatement Application

Organization/Corporation Requesting Tax Abatement

Organization/Corporation Name: Heartland Machine & Engineering LLC

Primary Contact Name: Tom Goin

Contact Address: 2850 N Graham Road

City: Franklin State: IN Zip: 46131

Phone Number: (317) 346-0463

Email: Tom.Goin@heartlandme.com

Three possible dates before the EDC meeting to conduct a site visit:

Name of Owner: Tom Goin

Parent Company (If Applicable):

Primary Contact for Yearly Compliance Reports

Name: Tom Goin

Title: Owner

Address: 2850 Graham Road

City: Franklin State: IN Zip: 46131

Phone Number: (317) 346-0463

Email: Tom.Goin@heartlandme.com

Description of Project

Project Location/Address: ~~2850~~ Graham Road, Franklin, IN 46131 2842-2848 N. Graham Rd.

Parcel Number: 41-08-02-024-003.000-009

Brief Description of Project:

Build a 20,000 square ft. building to support machine tool distribution. This building will provide office space for 6-8 employees, showroom facilities and warehousing for crated machines to be distributed.

Current Assessed Value (AV) of the Property:

1. Land $92,600.00
2. Building
3. Inventory
4. Equipment

Have building permits been applied for (if applicable): Yes ○ No ⦿

Has equipment been installed (if applicable): Yes ○ No ⦿

Required Attachments:

- ☑ Completed SB-1 Form(s)
- ☑ Legal Description of the Property
- ☑ Company Financial Statement
- ☑ Job and Wage Description Information Sheet
- ☑ Summary of Benefits (if applicable)
- ☑ Employment Phase-In Schedule
- ☑ Company Investment Timetable
- ☑ Compliance Affidavit

Type of Abatement Requested

Real Property ☑ Personal Property ☐

Project Details

Project Size (square feet): 20,000 Size of Site (acres): 3.88

Type of Building:

Multiple Tenants (leased) ☐ Single Tenant (leased) ☐ Owner Occupied ☑ Corporate Headquarters ☐

Capital Investment

1. Real property capital investment only: $800,000.00
2. Personal property capital investment only:
3. Total capital investment for proposed project: $800,000.00

Jobs Created and/or Retained

1. Estimated number of full time jobs created by the proposed project: 7
2. Estimated number of full time jobs retained as a direct result of the proposed project: 18
3. Total number of full time jobs upon project completion: 25

Wages Created and Retained

1. Average hourly wage rate for new jobs (w/o benefits) $25.00
2. Average hourly wage rate for jobs retained (w/o benefits) $28.85

***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:

The tax abatement from the city allows for our small company to continue to grow, add new jobs, and continue to provide a benefit to the community.

Company Information

How long has the company been in existence? since 9/2010

Current address of company headquarters and duration at that address: 2850 Graham Road, Franklin, Indiana Since March, 2012

Approximate percentage of employees at current location who live in the City of Franklin and/or Johnson County: 28%

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: job creation with above average pay, promotion of local businesses, donations to charitable organizations and the local fool pantry

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, paid by the applicant, 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. 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)? 2%

STATEMENT OF BENEFITS
REAL ESTATE IMPROVEMENTS **Exhibit B**
State Form 51767 (R2 / 1-07)
Prescribed by the Department of Local Government Finance

20 13 PAY 20 14

FORM SB-1 / Real Property

This statement is being completed for real property that qualifies under the following Indiana Code (*check one box*):

- ☑ Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)
- ☐ Eligible vacant building (IC 6-1.1-12.1-4.8)

INSTRUCTIONS:

1. *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*** *the redevelopment or rehabilitation of real property 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)*
2. *Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to initiation of the redevelopment or rehabilitation,* ***BEFORE*** *a deduction may be approved.*
3. *To obtain a deduction, application Form 322 ERA/RE or Form 322 ERA/VBD, Whichever is applicable, must be filed with the County Auditor by the later of: (1) May 10; or (2) thirty (30) days after the notice of addition to assessed valuation or new assessment is mailed to the property owner at the address shown on the records of the township assessor.*
4. *Property owners whose Statement of Benefits was approved after June 30, 1991, must attach a Form CF-1/Real Property annually to the application to show compliance with the Statement of Benefits. [IC 6-1.1-12.1-5.1(b) and IC 6-1.1-12.1-5.3(j)]*
5. *The schedules established under IC 6-1.1-12.1-4(d) for rehabilitated property and under IC 6-1.1-12.1-4.8(1) for vacant buildings apply to any statement of benefits approved on or after July 1, 2000. The schedules effective prior to July 1, 2000, shall continue to apply to a statement of benefits filed before July 1, 2000.*

SECTION 1 — TAXPAYER INFORMATION

Name of taxpayer
Heartland Machine & Engineering, LLC

Address of taxpayer (*number and street, city, state, and ZIP code*)
2850 Graham Road, Franklin, IN 46131

Name of contact person	Telephone number	E-mail address
Tom Goin	(317) 346-0463	Tom.Goin@heartlandme.com

SECTION 2 — LOCATION AND DESCRIPTION OF PROPOSED PROJECT

Name of designating body		Resolution number
City of Franklin		13 - 11
Location of property: 2860 Graham Road, Franklin, IN	County: Johnson	DLGF taxing district number:

Description of real property improvements, redevelopment, or rehabilitation (*use additional sheets if necessary*)
Build a 20,000 Sq. ft. Bldg. to support machine tools distribution. Building will provide office space, showroom facilities & warehouse space for craded machines to be distributed.

Estimated start date (*month, day, year*): 5/8/2013
Estimated completion date (*month, day, year*): 10/01/2013

SECTION 3 — ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT

Current number	Salaries	Number retained	Salaries	Number additional	Salaries
18	$1,080,144	18	$1,080,144	7	$364,000.00

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.	REAL ESTATE IMPROVEMENTS COST	REAL ESTATE IMPROVEMENTS ASSESSED VALUE
Current values	63,000.00	$92,600.00
Plus estimated values of proposed project	$800,000.00	$800,000.00
Less values of any property being replaced		
Net estimated values upon completion of project	$863,000.00	$892,600.00

SECTION 5 — WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

Estimated solid waste converted (*pounds*) 0.00

Estimated hazardous waste converted (*pounds*) 0.00

Other benefits

The addition of this facility will bring new residents to the Franklin area from Korea, providing oportunities to the city for housing growth and added property tax revenues. The growing company will continue to promote the use of local businesses and provide jobs with above average pay. The company will represent the City of Franklin to several nations throughout the world. We will continue to contribute to the good of the community through local charities and organizations.

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*)
Tom Goin	Owner	02/28/2013

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, provides for the following limitations:

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. Redevelopment or rehabilitation of real estate improvements ☐ Yes ☐ No
2. Residentially distressed areas ☐ Yes ☐ No
3. Occupancy of a vacant building ☐ Yes ☐ No

C. The amount of the deduction applicable is limited to $ _________________.

D. Other limitations or conditions *(specify)*____

E. The deduction is allowed for ______________________________ years* *(see below)*.

We have also 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 of designating body*)	Telephone number	Date signed *(month, day, year)*
Steve Barnett President	317-736-3631	3-18-13
Attested by (*signature and title of attester*)	**Designated body**	
Krista Linke Director	Common Council	

* 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 6-1.12-12.1-4.

A. For residentially distressed areas, the deduction period may not exceed five (5) years.
B. For redevelopment and rehabilitation or real estate improvements:
   1. If the Economic Revitalization Area was designated prior to July 1, 2000, the deduction period is limited to three (3), six (6), or ten (10) years.
   2. If the Economic Revitalization Area was designated after June 20, 2000, the deduction period may not exceed ten (10) years.
C. For vacant buildings, the deduction period may not exceed two (2) years.

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: 423830.

(2) The total number of jobs current at the site: 18, the number of those jobs that will be retained as a direct result of the proposed investment 18, and the number of new jobs which will be created as a direct result of the proposed investment 7.

(3) The total number of full-time employees at the site: 25.

(4) The total number of temporary and/or contract employees currently at the site: 0.

(5) The average hourly wages for the new jobs: $25.00.

(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.: 2 Average Hourly Wage: $25.00

(b) Technical/Sales/Admin. Support Occ.: 3 Average Hourly Wage: $25.00

(c) Service Occ.: 2 Average Hourly Wage: $25.00

(d) Precision Production/Craft/Repair Occ.: 0 Average Hourly Wage: ________

(e) Operators/Fabricators/Laborers: 0 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 PHASE-IN SCHEDULE
SAMPLE JOB CREATION/RETENTION TIMETABLE

	Job Type 1	Job Type 2	Job Type 3	Job Type 4	**Total**
Year of Abatement	2012	2012			
1st Quarter					
2nd Quarter					
3rd Quarter	2	3	2		7
4th Quarter					
Year of Abatement	2013	2013	2013		
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement	2014	2014	2014		
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
TOTAL	2	3	2		7

SAMPLE COMPANY INVESTMENT TIMETABLE

	Buildings	Equip. Type 1	Equip. Type 2	Equip. Type 3	**Total**
Year of Abatement	2012				
1st Quarter					
2nd Quarter	600,000				
3rd Quarter	200,000				600,000
4th Quarter					200,000
Year of Abatement					
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
Year of Abatement					
1st Quarter					
2nd Quarter					
3rd Quarter					
4th Quarter					
TOTAL	800,000				800,000

TAX ABATEMENT APPLICATION

SUMMARY OF BENEFITS

- Anthem HDHP Health Plan Employee Coverage paid 100% by Heartland Machine
- Anthem HDHP Health Plan Dependent Premiums payable through Section 125 Plan
- Select Account Health Savings Account contributions payable through Section 125 Plan
- Best Life Dental Plan, Employee Coverage paid 100% by Heartland Machine
- Best Life Dental Plan Dependent Premiums payable through Section 125 Plan
- 401(k) Plan with Safe Harbor Contributions up to 4% of eligible pay
- Mutual of Omaha Short-Term Disability Insurance paid 100% by Heartland Machine
- Mutual of Omaha Long-Term Disability Insurance paid 100% by Heartland Machine
- Paid Vacation Time

TAX ABATEMENT WORKSHEET

EDC Case # *2013-05*

Name of Applicant: *Heartland Machine and Engineering LLC*

Name of Representative(s) *Tom Goin*

Dates of EDC Meeting(s) *March 12th, 2013*

City Council Resolution # *2013-11*

Date of City Council Introduction: *March 18th, 2013*

Date of City Council Public Hearing: *April 1st, 2013*

I. Application to EDC	**Circle One**	
1) All respective forms, plats, schedules, filing fees, etc. which are outlined in the EDC Procedures and Requirements have been filed in a timely manner with the EDC.	Y	N
2) All Sections of the Statements of Benefits form SB-1 have been completed with an entry in each section and box.	Y	N
3) All tax abatement schedules for all possible tax abatement periods, broken down for each individual year, have been submitted.	Y	N
4) All phase in schedules have been broken down into quarterly periods throughout the *entire* tax abatement periods.	Y	N
5) A representative from the company requesting the tax abatement is present at the EDC meeting.	Y	N
6) Petitioner has thus far complied with and shall continue to comply with the "prior approval" requirement of the statement of Benefits from SB-1, which states that "Approval of the Common Council must be obtained prior to initiation of the redevelopment or rehabilitation (of real property) or *prior* to the installation of new manufacturing equipment BEFORE a deduction may be approved." If not, explain...	Y	N

____

II. Economic Revitalization Area (ERA)

1) The project area of the present request is currently designated as either an economic revitalization area (ERA) or an economic development target area (EDTA). If so, complete items A, B, and C and go to Section III. — Y N

   a) The project area has been designated as an ERA or EDTA (circle one).

   b) The designation was made under Resolution No: ________

   c) The designation is due to expire in (year) ______

2) If the project area is not presently designated as either an ERA or an EDTA, list the condition(s) which exist that make the project area undesirable for or impossible of normal development.

   ____

   ____

   ____

3) Based upon these findings, the EDC recommends that the project area be designated as an ERA or EDTA. — Y N

III. Economic Inducement and Employment

1) If approved, granting the present tax abatement serves as an economic inducement for one of the following economic development activities: development of a new facility; expansion of an existing facility or retention of an exiting facility. — Y N

2) If approved, granting the present tax abatement serves as an employment mechanism to either create or retain jobs. — Y N

IV. Tax Abatement Periods

1) *Real Property Improvements*

   a) Applicant is seeking tax abatement on real property improvements. — Y N

b) If so, the tax abatement period being requested is for 10 years.

c) Based upon all of the information provided by the applicant concerning these Guidelines and all of the criteria shown in the Tax Abatement Policy of Franklin, Indiana, the EDC recommends granting the following tax Abatement period for real property improvements: ______ years.

2) *New Machinery and Equipment*

a) Applicant is seeking tax abatement on new machinery and equipment. Y N

b) If so, the tax abatement period being requested is for ______ years.

c) Based upon all of the information provided by the applicant concerning these Guidelines and all of the criteria shown in the Tax Abatement Policy of Franklin, Indiana, the EDC recommends granting the following tax Abatement period for new machinery and equipment for ______ years.

V. Termination of ERA Designation and Tax Abatement Periods

1) The EDC recommends that the ERA designation for the project area (a) runs concurrently with the longer of the two tax abatement periods show above in Section IV, and (b) terminates upon the same termination date as the termination date of the longer of the two tax abatement periods shown in Section IV above. Y N

2) The EDC further recommends that the tax abatement periods for both real property improvements and new machinery and equipment automatically expire upon the predetermined termination date set for each respective tax abatement. Y N

3) The EDC further recommends that the termination date for the purchase and installation of the new machinery and equipment shall be ______________________________.

VI. Additional Information for the Common Council

1) A representative from the company requesting the tax abatement is present at the Common Council meetings. Y N

2) Applicant has submitted:

   a) Company's financial statement as of the end of the last fiscal year. Y N

   b) A notarized statement attesting to the fact that (1) the project will pose no environmental hazards to the community, and (2) the company will comply with all of the following municipal codes and ordinances, including zoning, site plan reviews and permitting requirements. Y N

VII. Certification

A copy of this worksheet, completed by the EDC at a public meeting held on the 12th day of March, 2013, has been completed and forwarded to the Common Council for further proceedings.

____

John Ditmars, Economic Development Commission President

3 YEAR

Heartland Machine & Engineering LLC

Sample Property Tax on Real Property (3 Year) with 2% Economic Development Fee

Real Property Tax Investment: $800,000

Tax Rate: 3.6195%

	2013 Payable 2014	*2014 Payable 2015*	*2015 Payable 2016*	
True Cash Value	$800,000	$800,000	$800,000	
Assessed Value	$800,000	$800,000	$800,000	
Net Tax Rate	3.6195%	3.6195%	3.6195%	*Total*
Tax w/o Abatement	$28,956	$28,956	$28,956	*$86,868*
Abatement Rate	100%	66%	33%	
Amount Abated	$28,956	$19,111	$9,555	*Total*
Taxes Paid w/Abatement	$0	$9,845	$19,401	*$29,246*
				Total Fees Paid
2% Fee	$579	$382	$191	*$1,152*
Total Tax Saving without Economic Development Fee				
				$57,622
Total Tax Savings with 2% Economic Development Fee				
				$56,470

5 YEAR

Heartland Machine & Engineering LLC

Sample Property Tax on Real Property (5 Year Period) with 2% Economic Development Fee

Real Property Tax Investment: $800,000

Tax Rate: 3.6195%

	2013 Payable 2014	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	
True Cash Value	$800,000	$800,000	$800,000	$800,000	$800,000	
Assessed Value	$800,000	$800,000	$800,000	$800,000	$800,000	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	***Total***
Tax w/o Abatement	$28,956	$28,956	$28,956	$28,956	$28,956	***$144,780***
Abatement Rate	100%	80%	60%	40%	20%	
Amount Abated	$28,956	$23,165	$17,374	$11,582	$5,791	***Total***
Taxes Paid w/Abatement	$0	$5,791	$11,582	$17,374	$23,165	***$57,912***
						Total Fees Paid
2% Fee	$579	$463	$347	$232	$116	***$1,737***
		Total Tax Saving without Economic Development Fee				
						$86,868
		Total Tax Savings with 2% Economic Development Fee				
						$85,131

7 YEAR

Heartland Machine & Engineering LLC

Sample Property Tax on Real Property (7 Year) with 2% Economic Development Fee

Real Property Tax Investment: $800,000

Tax Rate: 3.6195%

	2013 Payable 2014	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	2019 Payable 2020	
True Cash Value	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	
Assessed Value	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	*Total*
Tax w/o Abatement	$28,956	$28,956	$28,956	$28,956	$28,956	$28,956	$28,956	*$202,692*
Abatement Rate	100%	85%	71%	57%	43%	29%	14%	
Amount Abated	$28,956	$24,613	$20,559	$16,505	$12,451	$8,397	$4,054	*Total*
Taxes Paid w/Abatement	$0	$4,343	$8,397	$12,451	$16,505	$20,559	$24,902	*$87,158*
								Total Fees Paid
2% Fee	$579	$492	$411	$330	$249	$168	$81	*$2,311*

Total Tax Saving without Economic Development Fee

$115,534

Total Tax Savings with 2% Economic Development Fee

$113,224

10 YEAR

Heartland Machine & Engineering LLC

Sample Property Tax on Real Property (10 Year Period) Schedule with 2% Fee

Real Property Tax Investment: $800,000

Tax Rate: 3.6195%

	2013 Payable 2014	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	2019 Payable 2020	2020 Payable 2021	2021 Payable 2022	2021 Payable 2022	
True Cash Value	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	
Assessed Value	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	
Net Tax Rate	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	3.6195%	*Total*
Tax w/o Abatement	$28,956	$28,956	$28,956	$28,956	$28,956	$28,956	$28,956	$28,956	$28,956	$28,956	*$289,560*
Abatement Rate	100%	95%	80%	65%	50%	40%	30%	20%	10%	5%	
Amount Abated	$28,956	$27,508	$23,165	$18,821	$14,478	$11,582	$8,687	$5,791	$2,896	$1,448	*Total*
Taxes Paid w/Abatement	$0	$1,448	$5,791	$10,135	$14,478	$17,374	$20,269	$23,165	$26,060	$27,508	*$146,228*
											Total Fees Paid
2% Fee	$579	$550	$463	$376	$290	$232	$174	$116	$58	$29	*$2,867*

Total Tax Saving without Economic Development Fee

$143,332

Total Tax Savings with 2% Economic Development Fee

$140,466

TAX ABATEMENT WORKSHEET

EDC Case # *2013-05*

Name of Applicant: *Heartland Machine and Engineering LLC*

Name of Representative(s) *Tom Goin*

Dates of EDC Meeting(s) *March 12th, 2013*

City Council Resolution # *2013-11*

Date of City Council Introduction: *March 18th, 2013*

Date of City Council Public Hearing: *April 1st, 2013*

I. Application to EDC	**Circle One**	
1) All respective forms, plats, schedules, filing fees, etc. which are outlined in the EDC Procedures and Requirements have been filed in a timely manner with the EDC.	Y	N
2) All Sections of the Statements of Benefits form SB-1 have been completed with an entry in each section and box.	Y	N
3) All tax abatement schedules for all possible tax abatement periods, broken down for each individual year, have been submitted.	Y	N
4) All phase in schedules have been broken down into quarterly periods throughout the *entire* tax abatement periods.	Y	N
5) A representative from the company requesting the tax abatement is present at the EDC meeting.	Y	N
6) Petitioner has thus far complied with and shall continue to comply with the "prior approval" requirement of the statement of Benefits from SB-1, which states that "Approval of the Common Council must be obtained prior to initiation of the redevelopment or rehabilitation (of real property) or *prior* to the installation of new manufacturing equipment BEFORE a deduction may be approved." If not, explain… ____	Y	N

____

II. Economic Revitalization Area (ERA)

1) The project area of the present request is currently designated as either an economic revitalization area (ERA) or an economic development target area (EDTA). If so, complete items A, B, and C and go to Section III. Y N

a) The project area has been designated as an ERA or EDTA (circle one).

b) The designation was made under Resolution No: ________

c) The designation is due to expire in (year) ______

2) If the project area is not presently designated as either an ERA or an EDTA, list the condition(s) which exist that make the project area undesirable for or impossible of normal development.

____

____

____

3) Based upon these findings, the EDC recommends that the project area be designated as an ERA or EDTA. Y N

III. Economic Inducement and Employment

1) If approved, granting the present tax abatement serves as an economic inducement for one of the following economic development activities: development of a new facility; expansion of an existing facility or retention of an exiting facility. Y N

2) If approved, granting the present tax abatement serves as an employment mechanism to either create or retain jobs. Y N

IV. Tax Abatement Periods

1) *Real Property Improvements*

a) Applicant is seeking tax abatement on real property improvements. Y N

b) If so, the tax abatement period being requested is for _____ years.

c) Based upon all of the information provided by the applicant concerning these Guidelines and all of the criteria shown in the Tax Abatement Policy of Franklin, Indiana, the EDC recommends granting the following tax Abatement period for real property improvements: ______ years.

2) *New Machinery and Equipment*

a) Applicant is seeking tax abatement on new machinery and equipment. Y N

b) If so, the tax abatement period being requested is for _____ years.

c) Based upon all of the information provided by the applicant concerning these Guidelines and all of the criteria shown in the Tax Abatement Policy of Franklin, Indiana, the EDC recommends granting the following tax Abatement period for new machinery and equipment for ______ years.

V. Termination of ERA Designation and Tax Abatement Periods

1) The EDC recommends that the ERA designation for the project area (a) runs concurrently with the longer of the two tax abatement periods show above in Section IV, and (b) terminates upon the same termination date as the termination date of the longer of the two tax abatement periods shown in Section IV above. Y N

2) The EDC further recommends that the tax abatement periods for both real property improvements and new machinery and equipment automatically expire upon the predetermined termination date set for each respective tax abatement. Y N

3) The EDC further recommends that the termination date for the purchase and installation of the new machinery and equipment shall be ______________________________.

VI. Additional Information for the Common Council

1) A representative from the company requesting the tax abatement is present at the Common Council meetings. Y N

2) Applicant has submitted:

   a) Company's financial statement as of the end of the last fiscal year. Y N

   b) A notarized statement attesting to the fact that (1) the project will pose no environmental hazards to the community, and (2) the company will comply with all of the following municipal codes and ordinances, including zoning, site plan reviews and permitting requirements. Y N

VII. Certification

A copy of this worksheet, completed by the EDC at a public meeting held on the _______ day of ___________________________, __________, has been completed and forwarded to the Common Council for further proceedings.

____

John Ditmars, Economic Development Commission President