



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Staff Report

To: Economic Development Commission Members

From: Krista Linke, Director

Date: June 6, 2013

Re: Case EDC 2013-08 – NSK Corporation

Case EDC 2013-08 – NSK Corporation: A request for a 10-year tax abatement on \$20,000,000 of personal property investment.

Location: 3400 Bearing Drive

Summary:

1. Characteristics of this location:

Existing Location – 3400 Bearing Drive

2. Characteristics of this petitioner:

The NSK Corporation Bearing Plant sells automotive bearing products for the automotive and industrial markets. This includes wheel hub and taper roller bearings. The Franklin Bearing Plant initially started in 1991 as a machining center. In 1993, it expanded, adding grinding and assembly operations for generation hub I, II, III, and taper roller bearings. The Franklin facility includes a distribution center handling incoming raw materials and shipping of finished goods. Corporate support functions, such as sales, marketing, application engineering, customer service, and administrative/financial functions, are located in Ann Arbor, Michigan. NSK has over 80 years of experience in design, development, and manufacturing of nearly every kind of anti-friction bearing.

3. Characteristics of this project:

The proposed project will give NSK Corporation additional manufacturing capacity for Taper Roller Bearings and current manufacturing expansion/upgrades to allow NSK Franklin to stay competitive in the market and reinforce the current job base.

4. Economic Revitalization Area (ERA):

This property was designated an ERA by Resolution 2004-02 and confirmed by Resolution 2004-03, but it expired in 2011. It needs to be declared an Economic Revitalization Area.

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 installation 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 the proposed request follows:

- a. *Diversification of Local Occupations:* In 2012, 10.8% of all jobs in Johnson County were in the manufacturing sector. There were 4,694 manufacturing employees in Johnson County and 1,017 of them were machine fabricated metal product manufacturing employees. NSK Corporation will retain 258 employees and convert an additional 18 temporary employees to full time.
- b. *Diversification of Local Manufacturing Employment:* According to the U.S. Census Bureau, 2011 County Business Patterns, fabricated metal manufacturing makes up 21.7% of the manufacturing jobs in Johnson County. According to the United States Census Bureau, there were 133 manufacturing establishments in Johnson County in 2012, and 33 of them were fabricated metal product manufacturing establishments.
- c. *Increase in Local Salaries:* The average wage for all industries in Johnson County for the first quarter of 2011 was \$14.98. The average hourly wage in Johnson County for manufacturing in the first quarter of 2011 was \$24.00 per hour. The average hourly wage (without benefits) for the 18 temporary jobs being converted to full time jobs is \$15.38 (\$576,000 divided by 18 jobs, divided by 52 weeks, divided by 40 hours per week). The average hourly wage for the 258 jobs being retained is \$31.03 (\$16,650,000 divided by 258 jobs, divided by 52 weeks, divided by 40 hours per week).
- d. *Sustainable Land Use:* The petitioner proposes to make this investment at their current location.
- e. *Future Community Investment:* The Company has indicated on their applications that they are agreeable to a 5% Economic Development Fee on Personal Property.
- f. *Conformance with the Comprehensive Plan:* The Comprehensive Plan - Future Land Use Plan identifies this property as Manufacturing. Manufacturing areas are intended to accommodate large scale businesses that produce finished products from raw materials. Uses in these areas may include product manufacturers as well as any related warehousing and offices. Manufacturing areas may include facilities that involve emissions or the outdoor storage of materials and finished products. These two factors are the primary distinction between manufacturing areas and light industrial areas.

The property is zoned IG, Industrial: General. The "IG," Industrial: General zoning district is intended to provide locations for general industrial manufacturing, production, assembly, warehousing, research and development facilities, and similar land uses. This district is intended to accommodate a variety of industrial uses in locations and under conditions that minimize land use conflicts. This district should be used to support industrial retention and expansion in Franklin.

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. 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.

9. Requested Effective Year:

The petitioner has requested that, if approved, the tax abatement be effective for the tax year 2014, payable 2015.

Staff Comments:

Making use of an existing facility and strengthening the viability of an existing company within the City of Franklin is critical to Franklin's economy.



CITY OF FRANKLIN

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT

Tax Abatement Application

13-08
13-19

Organization/Corporation Requesting Tax Abatement

Organization/Corporation Name: NSK CORPORATION *Hub*
Primary Contact Name: KEITH WASILENSKI - SR. TAX ACCOUNTANT
Contact Address: 4200 GOSS ROAD
City: ANN ARBOR State: MI Zip: 48105
Phone Number: (734) 913-7588
Email: wasilek@nsk-corp.com
Three possible dates before the EDC meeting to conduct a site visit: _____
Name of Owner: NSK AMERICAS, INC.
Parent Company (If Applicable): _____

Primary Contact for Yearly Compliance Reports

Name: JOE STARK
Title: ACCOUNTING MANAGER
Address: 3400 BEARING DRIVE
City: FRANKLIN State: IN Zip: 46131
Phone Number: (317) 738-5000
Email: starkj@nsk-corp.com

Description of Project

Project Location/Address: 3400 BEARING DRIVE
Parcel Number: 41-99-31-001-112.000-009
Brief Description of Project:
Additional manufacturing capacity for Taper Roller Bearings and current manufacturing expansion/upgrades to allow NSK Franklin to stay competitive in the market and reinforce current job base.

Current Assessed Value (AV) of the Property:

- | | |
|--------------|------------------------|
| 1. Land | _____ |
| 2. Building | <u>\$7,029,300.00</u> |
| 3. Inventory | _____ |
| 4. Equipment | <u>\$21,852,000.00</u> |

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 ☒**Project Details**

Project Size (square feet): 50,000

Size of Site (acres): 34

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: \$20,000,000.00

3. Total capital investment for proposed project: \$20,000,000.00

Jobs Created and/or Retained

1. Estimated number of full time jobs created by the proposed project: 18

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: 258

Wages Created and Retained

1. Average hourly wage rate for new jobs (w/o benefits) \$14.50

2. Average hourly wage rate for jobs retained (w/o benefits) \$19.78

***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:

Global pricing and distribution of our products continue to push for lower prices and higher output, reductions of expenses will allow us to stay competitive in the market and retain jobs in Franklin.

Company Information

How long has the company been in existence? 39 YEARS

Current address of company headquarters and duration at that address: 10 YEAR AT CURRENT LOCATION

NSK CORPORATION, 4200 GOSS RD, ANN ARBOR, MI 48105

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

54%

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

If yes, when and for what term? 10/21/2010 FOR A PERIOD OF 10 YEARS

What specifically has the company done to give back to the community:

Recently donated property adjacent to the Franklin Plant so the City/Twp could build a fire sub station. Employees and NSK are involved in local community organizations and events.

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% for Real Property and 5% for Personal Property covered under abatements.



STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51764 (R2 / 12-11)

Prescribed by the Department of Local Government Finance

FORM SB-1 / 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 or with the county assessor if there is no township assessor for the township. 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, unless an alternative deduction schedule is adopted by the designating body (IC 6-1.1-12.1-17).

SECTION 1		TAXPAYER INFORMATION						
Name of taxpayer NSK CORPORATION								
Address of taxpayer (number and street, city, state, and ZIP code) PO BOX 134007, ANN ARBOR, MI 48113-4007								
Name of contact person ROBERT WOZNIAK				Telephone number (734) 913-7589				
SECTION 2		LOCATION AND DESCRIPTION OF PROPOSED PROJECT						
Name of designating body FRANKLIN CITY COMMON COUNCIL				Resolution number (s)				
Location of property 3400 BEARING DR, FRANKLIN, IN 46131		County JOHNSON		DLGF taxing district number				
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) Expansion of Taper Roller Lines to accommodate new business volumes. We will replace temporary and part time positions with fulltime. Increases in equipment efficiency and quality to increase production output and maintain job base in Franklin.		ESTIMATED						
		START DATE		COMPLETION DATE				
		Manufacturing Equipment		04/01/2013	03/31/2016			
		R & D Equipment						
		Logist Dist Equipment						
IT Equipment								
SECTION 3		ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT						
Current number 258	Salaries 16,650,000.00	Number retained 18	Salaries 576,000.00	Number additional	Salaries			
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	101,625,000.00	21,852,000.00						
Plus estimated 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 estimated values upon completion of project	120,625,000.00	27,252,000.00						
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 PLANT MANAGER		Date signed (month, day, year) 6-4-13				

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 ** | |

I. Did the designating body adopt an alternative deduction schedule per IC 6-1.1-12.1-17? ☐ Yes ☐ No
If yes, attach a copy of the alternative deduction schedule to this form.

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

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:

1. Company NAICS code: 332991.
2. The total number of jobs current at the site is 258 as of March 2013, of that the number of those jobs that will be created as a direct result of the proposed investment will be 18.
3. Total number of full time employees: 211
4. Total number of temporary/contract employees: 47
5. The current average hourly wages for the existing jobs: \$19.78
6. 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.: Average Hourly Wage:
 - e. Operators/Fabricators/Laborers: 18 Average Hourly Wage: \$14.50
7. Will the new jobs being created being as temporary and/or contract employees? Yes.
If Yes, please provide explanation of the typical transition process to full time:
Temporary labor will be brought in through a third party staffing company. Over a 3 month period, employees will be trained and evaluated and discussions will occur on if an employee should be brought on full time based on market and plant conditions.

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

In addition to the above hourly wages, NSK provides the following benefits, bonuses and incentives to its employees.

- | | |
|---|--|
| 1. Vacation: | Based on length of service with company |
| 2. Holidays: | 13 Paid Holidays (3 designated as floating) |
| 3. Health, Dental, AD&D, Life & Disability, Vision Insurance: | Company participates |
| 4. 401k Plan: | Company participates |
| 5. Bonus Plan: | Annual incentive plan for all employees |
| 6. Flexible Spending Accounts: | Health and Dependent Care accounts maintained pre-tax |
| 7. Employee Assistance: | Employees & family assistance for personal issues at no cost |

Time Table for Equipment and Labor				
NSK Corporation				
Calendar Quarter	Equipment \$	Labor Hires	Labor Retained	Notes
2nd Quarter 2013	\$ 2,200,000	4		Expansion of TRB for line 6, TRB efficiencies and changes to stay competitive
3rd Quarter 2013	\$ 2,000,000	4		
4th Quarter 2013	\$ 1,500,000	0		
1st Quarter 2014	\$ 1,500,000	1		
2nd Quarter 2014	\$ 1,500,000	4		M/C refresh and efficiencies to stay competitive
3rd Quarter 2014	\$ 1,500,000	4		
4th Quarter 2014	\$ 1,500,000	-2		
1st Quarter 2015	\$ 1,500,000	0		
2nd Quarter 2015	\$ 1,000,000	3		Expansion of TRB for line 7, M/C efficiencies to stay competitive
3rd Quarter 2015	\$ 2,000,000	2		
4th Quarter 2015	\$ 2,300,000	0		
1st Quarter 2016	\$ 1,500,000	-2		
Total	\$ 20,000,000	18	0	

3 YEAR				
NSK Corporation				
Sample Property Tax on Personal Property (3 Year)				
Personal Property Tax Investment: \$20,000,000				
Tax Rate: 3.0%				
	2014 Payable 2015	2014 Payable 2015	2015 Payable 2016	
Cost of Equipment	\$20,000,000	\$20,000,000	\$20,000,000	
True Cash Percentage Rate	65%	50%	35%	
True Cash Value	\$13,000,000	\$10,000,000	\$7,000,000	
Net Tax Rate	3.0%	3.0%	3.0%	Total
Tax w/o Abatement	\$390,000	\$300,000	\$210,000	\$900,000
Abatement Rate	100%	66%	33%	
Amount Abated	\$390,000	\$198,000	\$69,300	Total
Taxes Paid w/Abatement	\$0	\$102,000	\$140,700	\$242,700
Total Fees Paid				
5% Fee	\$19,500	\$9,900	\$3,465	\$32,865
Total Tax Savings without Economic Development Fee				
				\$657,300
Total Tax Savings with 5% Economic Development Fee				
				\$624,435

5 YEAR						
NSK Corporation						
Sample Property Tax on Personal Property (5 Year Period)						
Personal Property Tax Investment: \$20,000,000						
Tax Rate: 3.0%						
	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	
Cost of Equipment	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	
True Cash Percentage Rate	40%	56%	42%	32%	24%	
True Cash Value	\$8,000,000	\$11,200,000	\$8,400,000	\$6,400,000	\$4,800,000	
Net Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	Total
Tax w/o Abatement	\$240,000	\$336,000	\$252,000	\$192,000	\$144,000	#####
Abatement Rate	100%	80%	60%	40%	20%	
Amount Abated	\$240,000	\$268,800	\$151,200	\$76,800	\$28,800	Total
Taxes Paid w/ Abatement	\$0	\$67,200	\$100,800	\$115,200	\$115,200	\$398,400
5% Fee	\$12,000	\$13,440	\$7,560	\$3,840	\$1,440	Total Fees Paid
						\$38,280
Total Tax Savings without Economic Development Fee						
						\$765,600
Total Tax Savings with 5% Economic Development Fee						
						\$727,320

7 YEAR							
NSK Corporation							
Sample Property Tax on Personal Property (7 Year Period)							
Personal Property Tax Investment: \$20,000,000							
Tax Rate: 3.0%							
	2014 Payable 2015	2015 Payable 2016	2016 Payable 2017	2017 Payable 2018	2018 Payable 2019	2019 Payable 2020	2020 Payable 2021
Cost of Equipment	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000
True Cash Percentage Rat	40%	56%	42%	32%	24%	18%	15%
True Cash Value	\$8,000,000	\$11,200,000	\$8,400,000	\$6,400,000	\$4,800,000	\$3,600,000	\$3,000,000
Net Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Tax w/o Abatement	\$240,000	\$336,000	\$252,000	\$192,000	\$144,000	\$108,000	\$90,000
Total							\$1,362,000
Abatement Rate	100%	85%	71%	57%	43%	29%	14%
Amount Abated	\$240,000	\$285,600	\$178,920	\$109,440	\$61,920	\$31,320	\$12,600
Taxes Paid w/Abatement	\$0	\$50,400	\$73,080	\$82,560	\$82,080	\$76,680	\$77,400
Total							\$442,200
Total Fees Paid							
5% Fee	\$12,000	\$14,280	\$8,946	\$5,472	\$3,096	\$1,566	\$630
Total Fees Paid							
							\$45,990
Total Tax Savings without Economic Development Fee							
							\$919,800
Total Tax Savings with 5% Economic Development Fee							
							\$873,810

10 YEAR

NSK Corporation

Sample Property Tax on Personal Property (10 Year Period)

Personal Property Tax Investment: \$20,000,000

Tax Rate: 3.0%

[illegible]

5% Fee	\$12,000	\$16,200	\$13,200	\$9,450	\$6,660	\$4,500	\$3,000	\$1,800	\$960	\$360	Total Fees Paid	\$68,130
Total Tax Savings without Economic Development Fee												
\$1,362,600												
Total Tax Savings with 5% Economic Development Fee												
\$1,294,470												

TAX ABATEMENT WORKSHEET

EDC Case # 2013-08

Name of Applicant: NSK Corporation

Name of Representative(s) Keith Wasilenski, Sr. Tax Accountant

Dates of EDC Meeting(s) June 11th, 2013

City Council Resolution # 2013-20 & 2013-21

Date of City Council Introduction: June 17th, 2013

Date of City Council Public Hearing: July 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 | <input checked="" type="radio"/> N | legal description |
| 2) All Sections of the Statements of Benefits form SB-1 have been completed with an entry in each section and box. | <input checked="" type="radio"/> Y | N | |
| 3) All tax abatement schedules for all possible tax abatement periods, broken down for each individual year, have been submitted. | <input checked="" type="radio"/> Y | N | |
| 4) All phase in schedules have been broken down into quarterly periods throughout the <i>entire</i> tax abatement periods. | <input checked="" type="radio"/> 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 <i>prior</i> to the installation of new manufacturing equipment BEFORE a deduction may be approved." If not, explain... | <input checked="" type="radio"/> 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 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 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 | <input checked="" type="radio"/> 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 11th day of June, 2013, has been completed and forwarded to the Common Council for further proceedings.

John Ditmars, Economic Development Commission President