



CITY OF FRANKLIN

Community Development Department

Memorandum

To: City of Franklin Economic Development Commission

From: Dana Monson, Community Development Specialist

Date: April 9, 2024

Re: Case C 2024-10: Essex Furukawa (Res. 23-07)

Summary:

1. On May 1, 2023, the Franklin Common Council passed Resolution No. 2023-07 approving a 10-year tax abatement on \$30,000,000 in personal property with a 5% Economic Development Fee, for Essex Furukawa located at 3200 Essex Drive.

2. Actual and estimated benefits, as projected for 2023:

	Estimated on SB-1	Actual in 2023	Difference
Employees Retained	88	88	0
Salaries	\$4,209,920	\$3,660,800	-\$549,120
New Employees	15	2	-13
Salaries	\$717,600	\$83,200	-\$634,400
Total Employees	103	90	-13
Total Salaries	\$4,927,520	\$4,209,920	-\$717,600
Average Hourly Salaries	\$23.00	\$20.00	-\$3.00
Personal Property Improvements	\$30,000,000	\$8,363,642.36	-\$21,636,358

3. The company has hired two new employees and will continue to hire as the building is completed. Wages are down but expected to rise as experience grows.

4. The personal property investment is below the SB-1 estimate but the investment is expected to be met or exceeded by the completion of the project.

5. The real property tax abatement is scheduled to expire in tax year 2033 payable in 2034. The final compliance review will take place in 2033.

Staff Recommendation: Approval



3200 Essex Drive, Franklin, IN 46131

March 27, 2024

Mrs. Dana Morson, Community Development Specialist
Department of Community Development
70 E. Monroe Street
Franklin, IN 46131

Re: Tax Abatement Compliance for Essex Furukawa LLC

Dear Mrs. Morson,

Enclosed please find form CF-1 (Compliance with Statement of Benefits) regarding compliance with the real and personal property tax abatements which were granted to Essex Furukawa in 2021 under Franklin Common Council Resolution N° 21-15 & 21-16.

The current projects of expansion including building and machinery are still under development, with estimated closing between July and August 2025. During the prior years we were able to create new manufacturing areas (building and equipment), but not all the projects are closed yet.

As stated in the forms CF-1 on December 31, 2023 we had 90 employees, including 20 salaries, and 3 temporaries labor. At that time, we had 10 open positions that we were trying to fill either through agency or direct hire. Regarding temporary labor, our internal policy is to hire them after 3 months.

Sincerely,

A handwritten signature in black ink, appearing to read 'Camila Higa'.

Camila Higa
Plant Accounting Manager
Essex Furukawa LLC



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 Essex Furukawa LLC						County Johnson		
Address of taxpayer (number and street, city, state, and ZIP code) 3200 Essex Drive, Franklin, IN 46131						DLGF taxing district number		
Name of contact person Camila Hlga						Telephone number (317) 738.4365 ext 7713		
SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY								
Name of designating body					Resolution number 23-07		Estimated start date (month, day, year)	
Location of property 3200 Essex Drive, Franklin					Actual start date (month, day, year) Aug-2019			
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired.					Estimated completion date (month, day, year) Aug-2025			
					Actual completion date (month, day, year) Aug-2025			
SECTION 3 EMPLOYEES AND SALARIES								
EMPLOYEES AND SALARIES						AS ESTIMATED ON SB-1		ACTUAL
Current number of employees						88		90
Salaries						23.00		20.00
Number of employees retained						88		90
Salaries						23.00		20.00
Number of additional employees						10-15		
Salaries						23.00		
SECTION 4 COST AND VALUES								
	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
AS ESTIMATED ON SB-1	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project								
Plus: Values of proposed project	13,000,000.00							
Less: Values of any property being replaced								
Net values upon completion of project	13,000,000.00							
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project								
Plus: Values of proposed project	8,363,641.49							
Less: Values of any property being replaced								
Net values upon completion of project	8,363,641.49							
NOTE: The COST of the property is confidential pursuant to IC 6-1.1-12.1-5.6(c).								
SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER								
WASTE CONVERTED AND OTHER BENEFITS						AS ESTIMATED ON SB-1		ACTUAL
Amount of solid waste converted								
Amount of hazardous waste converted								
Other benefits:								
SECTION 6 TAXPAYER CERTIFICATION								
I hereby certify that the representations in this statement are true.								
Signature of authorized representative				Title			Date signed (month, day, year)	

OPTIONAL: FOR USE BY A DESIGNATING BODY WHO ELECTS TO REVIEW THE COMPLIANCE WITH STATEMENT OF BENEFITS (FORM CF-1)
THAT WAS APPROVED AFTER JUNE 30, 1991.

INSTRUCTIONS: (IC 6-1.1-12.1-5.9)

1. This page does not apply to a Statement of Benefits filed before July 1, 1991; that deduction may not be terminated for a failure to comply with the Statement of Benefits.
2. Within forty-five (45) days after receipt of this form, the designating body may determine whether or not the property owner has substantially complied with the Statement of Benefits.
3. If the property owner is found **NOT** to be in substantial compliance, the designating body shall send the property owner written notice. The notice must include the reasons for the determination and the date, time and place of a hearing to be conducted by the designating body. If a notice is mailed to a property owner, a copy of the written notice will be sent to the County Assessor and the County Auditor.
4. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable effort to substantially comply with the Statement of Benefits and whether any failure to substantially comply was caused by factors beyond the control of the property owner.
5. If the designating body determines that the property owner has **NOT** made reasonable effort to comply, then the designating body shall adopt a resolution terminating the deduction. The designating body shall immediately mail a certified copy of the resolution to: (1) the property owner; (2) the County Auditor; and (3) the County Assessor.

We have reviewed the CF-1 and find that:

- ☐ the property owner **IS** in substantial compliance
- ☐ the property owner **IS NOT** in substantial compliance
- ☐ other (specify) _____

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member

Date signed (month, day, year)

Attested by:

Designating body

If the property owner is found not to be in substantial compliance, the property owner shall receive the opportunity for a hearing. The following date and time has been set aside for the purpose of considering compliance.

Time of hearing

- ☐ AM
☐ PM

Date of hearing (month, day, year)

Location of hearing

HEARING RESULTS (to be completed after the hearing)

☐ Approved

☐ Denied (see instruction 5 above)

Reasons for the determination (attach additional sheets if necessary)

Signature of authorized member

Date signed (month, day, year)

Attested by:

Designating body

APPEAL RIGHTS [IC 6-1.1-12.1-5.9(e)]

A property owner whose deduction is denied by the designating body may appeal the designating body's decision by filing a complaint in the office of the clerk of Circuit or Superior Court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner.

From December 2023 CIP report

	Total Spending	Total Real Estate (from CIP detail Bldg tab)	Total Personal Property
19-129	6,155,487.87	351,870.00	5,803,617.87
21-107	9,116,063.68	3,180,359.34	5,935,704.34
22-075	-	-	-
22-141	8,430,769.79	7,280,230.84	1,150,538.95
22-118	27,432.00	-	27,432.00
23-006	863,451.00	860,417.00	3,034.00
23-044	419,797.40	-	419,797.40
23-046	827,134.80	-	827,134.80
	25,840,136.54	11,672,877.18	14,167,259.36

Location	AR #	AR Approved Amount	Total Spend	Closed to
303	15-066	29,233.00	-	
303	19-129/S/S2	6,102,981.00	6,155,487.87	25,8
303	21-029/21-029S	1,701,262.00	1,655,286.69	
303	21-086	148,382.00	151,505.33	151,5
303	21-107	8,400,311.00	9,116,063.68	
303	21-125	94,447.00	105,079.28	105,0
303	22-086	13,300.00	12,796.21	12,7
303	22-118/22-118S	29,472.00	27,432.00	27,4
303	22-123/22-123S	68,031.00	34,870.50	34,8
303	22-141	17,240,474.00	8,430,769.79	
303	23-006	6,740,443.00	863,451.00	
303	23-031	15,563,730.00	-	
303	23-062	12,052.00	11,237.00	11,2
303	23-044 (3044E112)	6,604,428.00	419,797.40	
303	23-046 (3046E112)	12,605,126.00	827,134.80	
303	23-084A	1,871,018.00	408,568.23	
303	23-088	180,195.00	-	
303	23-156	8,184,160.00	437,187.82	
303 Total				
304	20-120	275,000.00	104,006.31	104,0

o Date	Amount in CIP (w/o Cap Int)	Va
-	-	
354.00	6,129,633.87	
-	1,655,286.69	
505.33	-	
-	9,116,063.68	
079.28	-	
796.21	-	
432.00	-	
370.50	-	
-	8,430,769.79	
-	863,451.00	
-	-	
237.00	-	
-	419,797.40	
-	827,134.80	
-	408,568.23	
-	-	
-	437,187.82	
	28,287,893.28	
306.31	-	

From December 2023 CIP report

	Total Spending	Total Real Estate (from CIP detail Bldg tab)	Total Personal Property
19-129	6,155,487.87	351,870.00	5,803,617.87
21-107	9,116,063.68	3,180,359.34	5,935,704.34
22-075	-	-	-
22-141	8,430,769.79	7,280,230.84	1,150,538.95
22-118	27,432.00	-	27,432.00
23-006	863,451.00	860,417.00	3,034.00
23-044	419,797.40	-	419,797.40
23-046	827,134.80	-	827,134.80
	25,840,136.54	11,672,877.18	14,167,259.36

Location	AR #	AR Approved Amount	Total Spend	Closed to
303	15-066	29,233.00	-	
303	19-129/S/S2	6,102,981.00	6,155,487.87	25,8
303	21-029/21-029S	1,701,262.00	1,655,286.69	
303	21-086	148,382.00	151,505.33	151,5
303	21-107	8,400,311.00	9,116,063.68	
303	21-125	94,447.00	105,079.28	105,0
303	22-086	13,300.00	12,796.21	12,7
303	22-118/22-118S	29,472.00	27,432.00	27,4
303	22-123/22-123S	68,031.00	34,870.50	34,8
303	22-141	17,240,474.00	8,430,769.79	
303	23-006	6,740,443.00	863,451.00	
303	23-031	15,563,730.00	-	
303	23-062	12,052.00	11,237.00	11,2
303	23-044 (3044E112)	6,604,428.00	419,797.40	
303	23-046 (3046E112)	12,605,126.00	827,134.80	
303	23-084A	1,871,018.00	408,568.23	
303	23-088	180,195.00	-	
303	23-156	8,184,160.00	437,187.82	
303 Total				
304	20-120	275,000.00	104,806.31	104,8

o Date	Amount in CIP (w/o Cap Int)	Va
-	-	
54.00	6,129,633.87	
-	1,655,286.69	
505.33	-	
-	9,116,063.68	
079.28	-	
796.21	-	
132.00	-	
370.50	-	
-	8,430,769.79	
-	863,451.00	
-	-	
237.00	-	
-	419,797.40	
-	827,134.80	
-	408,568.23	
-	-	
-	437,187.82	
	26,287,893.28	
206 31	-	