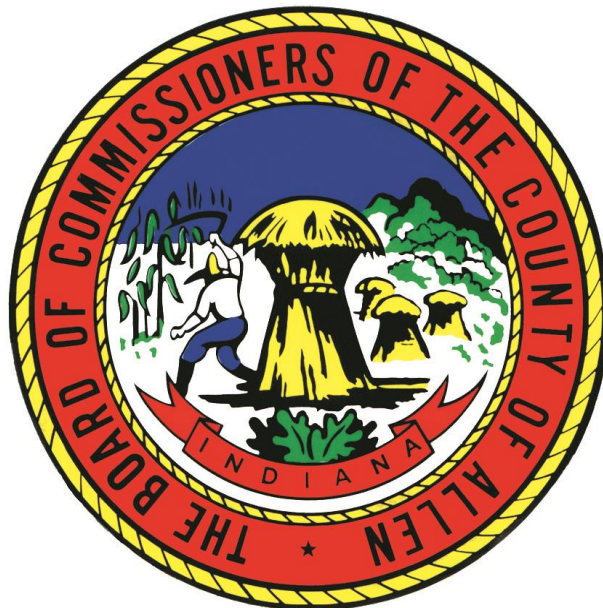


TAX ABATEMENT ANALYSIS 2018 UPDATE



DEPARTMENT OF PLANNING SERVICES – ECONOMIC DEVELOPMENT
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TAX ABATEMENT ANALYSIS UPDATE

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Robert A. Armstrong	At-Large

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Scott W. Harrold - Senior Economic Development Specialist

Rachel S. Black - Associate Economic Development Specialist



Each year, the Department of Planning Services (DPS) compiles information on the companies receiving property tax abatement to gauge their performance in contributing to quality employment and good investments for the community. This report includes data for the companies located in unincorporated Allen County as well as the cities of New Haven and Woodburn and the towns of Grabill, Monroeville, and Huntertown. The incorporated cities and towns have staff service agreements with DPS to administer the county's tax abatement program. The data and information pertaining to the City of Fort Wayne is not included in this analysis.



HISTORY/PROGRAM OVERVIEW

Indiana State Statute allows for property tax abatement for new or existing companies located within an Economic Revitalization Area (ERA) that invest in the construction of new structures and/or additions or repair to existing structures (real estate) as well as personal property (new manufacturing equipment, logistical distribution equipment, information technology equipment and equipment used in research and development). The Allen County Tax Abatement Program was established in 1982 and has offered incentives to over 300 companies since its inception. The tax deductions phase-in the company's property taxes over time, which helps to ease the costs associated with start-up business, expansions and investments in personal property. In Allen County, the phase-in period ranges from three to ten years. Additionally, the county program offers up to a two year property tax deduction for eligible vacant buildings. Allen County uses a point system to evaluate applications to determine the eligible deduction period. The fiscal body ultimately determines the final approval of the ERA deduction period.

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THE COMPANIES

In 2018, 12 companies were granted property tax abatement. In unincorporated Allen County, six tax abatements were approved to which four were approved in the City of New Haven, one in the Town of Grabill and one in the City of Woodburn. Investments by all 12 companies totaled \$115,375,609 for both real and personal property. The following information provides a brief overview of each company, detailing their investments as well as the quality wages and jobs.

Sanko Gosei Technologies USA, Inc. – March

Sanko Gosei Technologies USA, Inc. is an automotive injection molding and assembly facility and is the only production facility currently in the United States for this global company. In 2015 Bhar, Inc. transferred ownership of the business to Sanko Gosei. Bhar, Inc. was established in the City of New Haven in 1976. The expansion this year comprised of an addition to the facility to include additional shipping docs as well as assembly space for finished goods. Additionally, the company planned to install new climate moderation equipment and update electrical, cooling and material handling equipment. The total investment for real and personal property was projected to be over \$5.3 million. Sanko Gosei expected to create 48 new jobs while retaining 169 employees as a result of the project. Annual salaries for both retained and new jobs totaled \$8.3 million. The New Haven City Council granted a five year tax abatement for both real and personal property and Sanko Gosei is expected to save around \$320,000 in property taxes over the deduction period.

B&P Real Estate Holdings LLC/P&B Cold Storage Inc. - May

B&P Real Estate Holdings, LLC/P & B Cold Storage, Inc. is also known as North American Cold Storage. They were granted a ten year tax abatement on real property improvements and a seven year tax abatement on personal property investment. As a result of the project, the company is estimated to save \$2.4 million in property taxes. B&P Real Estate Holdings, LLC/P & B Cold Storage, Inc. located within the Woodburn Industrial Park in 2014 with a \$28 million dollar investment. Since that time, the company has continued to grow and expand, employing 40 at their facility. In April, the company proposed to expand again adding 30 new employees and constructing two new buildings with square footage equalling 192,695 of public refrigerated warehouse space. The investment in new equipment was \$2.75 million and an investment of \$20 million for real property. The company expects to create 30 new positions with additional salaries estimated at \$150,000. Phase I construction was set to begin in May of 2018.



Trelleborg Sealing Solutions US Inc. - June

Trelleborg Sealing Solutions US Inc. was formerly the TI Group – Polymer Sealing Solutions. Located within the city limits of New Haven, the company has 254 employees with annual salaries around \$12 million. The expansion includes an 8,000 square foot addition with new equipment for plastics processing. Additionally, the company plans to create 40 new jobs with salaries around \$1.7 million. Both real and personal property investment totaled around \$3.5 million and the company was granted by the New Haven City Council a ten year tax abatement. Their tax savings over the ten year deduction period will save the company an estimated \$417,000.

Superior Aluminum Alloys, LLC- June

Superior Aluminum Alloys, LLC, located in New Haven, was founded by OmniSource Corporation in 1997 and in 2007 was acquired by Steel Dynamics, Inc. The company requested tax abatement for an investment of \$6 million in real estate improvements and \$7.3 million in personal property. The New Haven City Council approved a seven year tax abatement for both real and personal property. Superior Aluminum Alloys, LLC will retain 140 employees and will create five jobs by the end of 2019. Over the course of the ten year deduction period, the company will save approximately \$1 million in property taxes. Additionally, the company has agreed to contribute five percent of their tax savings to the Tax Abatement Development Fund which helps to fund future economic development efforts.

SAC Properties, LLC/NIA, LLC- July

The Allen County Council approved a seven year tax abatement for both real property and personal property for NIA (Northern Indiana Anodize). NIA is a new start-up company in Allen County that brought two northeast Indiana companies together. The percentage of clients/customers to be served outside of Allen County is ninety percent and the company will offer anodized aluminum extrusions of up to 30 feet in length. The company plans to open in 2019 employing 48 with salaries at \$1.7 million. The real property investment for the project is \$2 million with personal property investments at \$4.6 million. The company was granted a seven year tax abatement for both real and personal property by the Allen County Council. Their projected property tax savings is estimated at \$287,000. NIA also agreed to contribute five percent of their tax savings to the Tax Abatement Development Fund.



Our Country Home Enterprises/ Thomas P. Blake - July

In July, Our Country Home Enterprises, located within the town of Grabill, was granted a five year tax abatement on both real and personal property. The company planned its first phase by constructing a 20,000 square foot building to be used for wood panel cutting, process and banding. The total investment for both real and personal property is over \$6.5 million. Over the course of the five year deduction period, the company's estimated tax savings is approximately \$302,000. Additionally, the company has committed to contribute five percent of their tax savings to the Tax Abatement Development Fund. The company expects to create eight jobs while maintaining four full-time positions with total salaries for both those created and retained at \$460,000.



Master Spas LLC/Lincoln Parkway, LLC -August

Master Spas LLC /Lincoln Parkway LLC., located within Lincoln Industrial Park, purchased the property located at 510 Sumpter Drive which was once Fort Wayne Plastics. The company plans to renovate the 166,000 square foot building as an expansion of their business which includes building out the swim spa production line and the research and development department. The project involves an investment of \$7.8 million for real property improvements and \$7.4 million in personal property investment. The company projected it would create 97 new positions with an annual payroll of approximately \$3 million while retaining 466 positions with salaries over \$18 million. The company was granted a ten year tax abatement for both real and personal property and is expected to save approximately \$896,000 in property taxes. As with many companies approved for tax abatement in 2018, Master Spas LLC promised to contribute five percent of their tax savings to the Tax Abatement Development Fund for future development. Master Spas LLC, headquartered within Allen County, is the largest swim spa manufacturer in the world. They tout that they make all of their hot tubs and swim spas in the United States, giving their product a noticeable difference in quality.

Concrete Plant Properties, LLC - September

The Allen County Council approved a ten year tax abatement in September for Concrete Plant Properties, LLC for their investment in real property. The company, Primco Inc., established in 1968 builds highway corridors with bridges, concrete paving, stone as well as provides project management. The expansion of the business is to accommodate their



growing company with a new two-story, 16,000 square foot building for offices and meeting rooms. The project investment totals over \$1.6 million in real estate improvements and is expected to be completed in the fall of 2019. Based on the point review system Concrete Plant Properties, LLC will save approximately \$161,000 over the ten year deduction period. The company plans to hire 25 new employees with salaries around \$1.8 million. Their current workforce includes 20 employees with salaries at \$1.3 million. Additionally, the company promised to voluntarily contribute ten percent of their savings to the county's Tax Abatement Development Fund. As stated on their webpage, their mission is "to continuously strive to improve our quality and safety in order to provide the best cutting-edge value to our customers and end users, while being responsible to the communities we serve and the professionals we employ and work alongside."

WaterFurnace International, Inc. - September

WaterFurnace International, Inc., headquartered in Allen County, got its start in 1983 selling and manufacturing geothermal heating and cooling systems. The company requested approval of a Statement of Benefits at their location on Conservation Way. The investment in personal property of \$750,000 is to expand and install commercial equipment as a new test lab within their facility. The company was eligible for a five year tax abatement with property tax savings around \$17,000. WaterFurnace plans to maintain their current workforce with 244 employees and adding five new positions with salaries totaling around \$225,000. In response to contributing to the Tax Abatement Development Fund, the company pledged to give five percent of their tax savings. According to their website, their systems have been installed in all 50 states within the US as well as countries all over the world.

Cedar Oak Venture, LLC/Continental Diamond Tool Corp. - October

Continental Diamond Tool Corporation (CDT) provides services and products to a number of industries that include medical, oil and gas, automotive, aerospace, cutting tools, power generation, wood and saw, electronics and others. The company was established in 1973 on Hartzel Street within the City of New Haven and according to their website, "Continental Diamond Tool Corporation is a leading producer in the global market for superabrasive grinding wheels and custom tooling." In 2017, CDT purchased an existing building and the surrounding vacant ground located along Rose Avenue to which they built a new 112,000 square foot building. The expansion at Rose Avenue in 2017, resulted in closure of the Hartzel Street facility. The company looked to expand again in October with a \$1.3 million 15,000 square foot new building addition. The company also plans to invest \$4.2 million in new equipment. With current employment at 135, the company looked to double its workforce and add an additional 150 jobs with salaries estimated at \$6 million. The New Haven City Council granted a ten year tax abatement for both real and personal property. Their total projected tax savings over the ten year period is estimated at over \$459,000.

Sweetwater Sound Holdings, LLC/ Sweetwater Sound, Inc.- November

Sweetwater Sound Holdings, LLC/Sweetwater Sound, Inc. went before the Allen County Council in November requesting approval for a Statement of Benefits at 5501 West US Highway 30. The project is an expansion of the current facility, adding a new 350,000 square foot warehousing facility as well as a new 35,000 square foot conference center. The warehousing facility will offer product storage, gear testing, gear photography, offices, and an area for customer pick up. As the expansion will take place within the City of Fort Wayne boundaries as well as unincorporated Allen County, the city and county worked together to approve an interlocal agreement. The total investment in both the city and the county is over \$82 million with the county portion over \$32.6 million. With this expansion, Sweetwater Sound plans to create 1009 new jobs as a result of this project with salaries at \$55.9 million. The company currently employs 1003 employees also with salaries around \$55.9 million. Their investment of \$23.8 million in real property and \$8.8 million in personal property made them eligible for a ten year tax abatement for their investments in both real and personal property. Sweetwater will save approximately \$2.4 million in property taxes over the ten year deduction period. Construction is to be completed by December of 2022.

QuikCut, Inc. - December

In December, QuikCut, Inc. was approved by the Allen County Council for a seven year tax abatement for their personal property investment. QuikCut, Inc. is a metal fabrication, welding and finishing business. The company currently employs 46 people with salaries at \$2.3 million. With this expansion, ten employees are to be hired with salaries around \$500,000. The \$1.2 million investment in equipment is to be used for laser cutting and forming steel and aluminum parts for their clients. The company has also volunteered to contribute five percent of there tax savings back to the Tax Abatement Development Fund. Over the seven year deduction period, the company is estimated to save \$54,970.

2018 APPLICATION FOR STATEMENT OF BENEFITS

Economic Revitalization Area Designation

Throughout 2018, Allen County continued to see an increase of new investment in companies that have been a stable part of our community for many years. As mentioned previously, 12 companies were approved for property tax abatement in 2018. The table on the following page gives details of the investments made by each company along with the term approved by the designating body within unincorporated Allen County, the City of New Haven, the Town of Grabill or the City of Woodburn . The overall estimated savings in property taxes for each company over the length of the tax abatement is also shown on the table.

2018 Economic Revitalization Area (ERA) Designations

Company	Investment in Real Property	Term	Investment in Personal Property	Term	Estimated Savings
Sanko Gosei Technologies USA, Inc. – <i>New Haven</i>	\$2,200,000	5	\$3,160,000	5	\$320,977
B&P Real Estate Holdings/ P&B Cold Storage - <i>Woodburn</i>	\$20,000,000	10	\$2,750,000	7	\$2,437,050
Trelleborg Sealing Solutions US Inc. – <i>New Haven</i>	\$2,210,000	10	\$1,385,000	10	\$417,807
Superior Aluminum Alloys, LLC – <i>New Haven</i>	\$6,018,406	7	\$7,346,723	7	\$1,070,739
SAC Properties, LLC/NIA, LLC – <i>Allen County</i>	\$2,000,000	7	\$4,670,000	7	\$287,108
Our Country Home Enterprises/Thomas P. Blake - <i>Grabill</i>	\$2,147,535	5	\$4,422,745	5	\$302,228
Master Spas Inc./Lincoln Parkway LLC – <i>Allen County</i>	\$7,887,000	10	\$7,438,200	10	\$896,580
Concrete Plant Properties, LLC – <i>Allen County</i>	\$1,600,000	10	n/a		\$161,425
WaterFurnace International, Inc. – <i>Allen County</i>	n/a		\$750,000	5	\$17,870
Continental Diamond Tool Corp./Cedar Oak Venture, LLC – <i>New Haven</i>	\$1,300,000	10	\$4,200,000	10	\$459,772
Sweetwater Sound, Inc/Sweetwater Holdings, LLC – <i>Allen County</i>	\$23,840,000	10	\$8,850,000	10	\$2,487,621
QuikCut, Inc. – <i>Allen County</i>	n/a		\$1,200,000	10	\$54,970
Totals	\$69,202,941		\$46,172,668		\$8,914,147



EMPLOYMENT

As part of the application process, each company is required to provide projections of jobs to be created and jobs that will be retained, as well as wages for all employees on the Statement of Benefits forms. The table below breaks down the employment projections for each company in 2018 that received tax abatement. Compared to the 2017 numbers, created jobs within the incorporated and unincorporated areas increased from 803 jobs in 2017 to 1475 jobs in 2018, largely due to the expansion at Sweetwater Sound Inc.

2018 Employment Totals

Company	Retained	Created
Sanko Gosei Technologies USA, Inc.	169	48
B&P Real Estate Holdings, LLC/P&B Cold Storage, LLC	40	30
Trelleborg Sealing Solutions US Inc.	254	40
Superior Aluminum Alloys, LLC	140	5
SAC Properties, LLC/NIA, LLC	n/a	48
Our Country Home Enterprises/Thomas P. Blake	4	8
Master Spas Inc/Lincoln Parkway LLC	466	97
Concrete Plant Properteis, LLC	20	25
WaterFurnace International, Inc.	244	5
Continental Diamond Tool Corp./Cedar Oak Venture LLC	135	150
Sweetwater Sound Inc./Sweetwater Holdings, LLC	1003	1009
QuikCut, Inc.	46	10
Totals	2521	1475

Another aspect of employment that is of interest is the quality of the jobs created and retained. An objective of economic development is to increase the average wage paid to workers which is often translated into an increase in the quality of life for citizens. The average annual wage for Indiana in 2017 was \$43,950³ and the national average was \$50,620.¹ The average for Allen County was almost in line with the state average and about \$7,000 below the national average at \$43,590.²

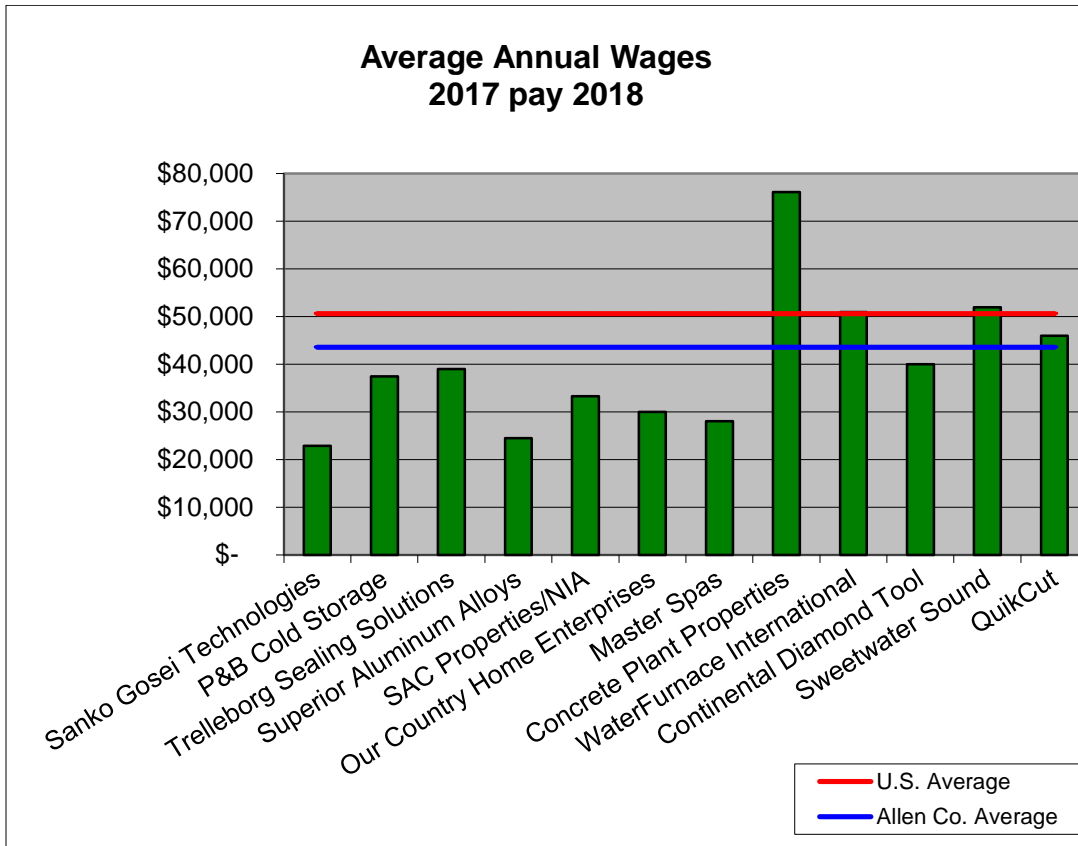
1 https://www.bls.gov/oes/current/oes_nat.htm

2 https://www.bls.gov/oes/current/oes_23060.htm

3 <https://www.bls.gov/oes/current/oesrcrst.htm>



The table below demonstrates how the average annual wages for created jobs paid by the companies approved for tax abatement in 2018 compare to the U.S. and county averages that were reported in 2017.



(The U.S. and County averages for 2018 will not be reported until the end of March of 2019 so the average totals on the table are compared only to the 2017 averages.)



COMPLIANCE WITH STATEMENT OF BENEFITS

Upon completion of the real and/or personal property improvements, each company is required to annually file Compliance with Statement of Benefits forms (Form CF-1) to the appropriate local entities per the Indiana Code (I.C. 6-1.1-12.1-5.1 and I.C. 6-1.1-12.1-5.6). The applicant must show the extent to which there has been compliance with the Statement of Benefits forms that were approved by the designating body. The Economic Development Staff analyzes all of the submitted CF-1 forms for compliance.

By the end of May 2018, 45 companies submitted a Compliance with Statement of Benefits Form (CF-1) for 2017 payable 2018 documenting the extent to which they have followed through with their original investment and employment projections. The current policy for Allen County states that companies must be at least 75% compliant in one of three categories which include created and/or retained jobs, created and/or retained salaries and real and/or personal property investment. The table below shows the percentages met of investment, jobs and salary compliance for the filings.

Compliance with Statement of Benefits 2017 payable 2018

	Real Property Percentage Met	Manuf. Equip. Percentage Met
Investment	122%	133%
	Jobs Retained Percentage Met	Jobs Created Percentage Met
Jobs	161%	165%
	Retained Payroll Percentage Met	New Payroll Percentage Met
Salaries	175%	446%



TAX ABATEMENT DEVELOPMENT FUND

The Tax Abatement Development Fund is a fund dedicated to economic development that was established in 1994 by resolution 94-4-21-3. The purpose of the fund is to provide funds for off-site infrastructure improvements in Allen County and other items related to economic development such as shovel-ready sites and land banking. The economic development staff of the Allen County Department of Planning Services (DPS) administers the non-reverting fund, although technically the fund is controlled by the Allen County Board of Commissioners, subject to appropriation by the Allen County Council.

The fund's income sources are only through voluntary contributions from companies receiving tax abatement through the county and interest income on the funds balance. The fund is non-reverting which means the funds do not revert to the Allen County General Fund at the end of the year. The fund's percentage of savings contributions made by companies that choose to contribute are ten or five percent. This voluntary contribution allows companies to add to their total score on the point system which is used to evaluate applications for eligibility for tax abatement.

The most recent expenditures from the Tax Abatement Development Fund took place in 2013. These expenditures included \$420,731.22 for payments on the infrastructure to develop Stonebridge Business Park. Prior to that, the fund had previously been used in 2003 for a \$200,000 loan to the county's general fund to help cover a short-term cash-flow problem due to delays in receiving property tax revenue following the 2001 reassessment. This loan was repaid on May 3, 2004. In December 2007, an expenditure of \$122,000 was made to write down the cost of land for the Baekgaard project (Great Dane Realty) in Silverado Park. The Allen County Redevelopment Commission paid back these expenses in 2016 through the Zubrick Tax Increment Finance (TIF) allocation area within the Silverado Economic Development Area (EDA). In 2010, \$400,000 was transferred to the Allen County Redevelopment Commission's Capital Fund to assist in funding the land banking program. Lastly, in 2012, \$358,891 was paid to construct drainage improvements for the SDI LaFarga project. Going forward, the fund will likely continue to be used as a resource for controlling land and certifying shovel-ready sites as well as continuing to be a source for supplemental funding of other economic development projects.

The balance of the fund as of December 2017 was \$773,967.79 and has grown to \$839,780.07 by year end of 2018. The balance includes principal and interest as well as accounts for the disbursements.

Out of the 12 companies receiving property tax abatement during 2018, seven committed to contributing to the tax abatement development fund. The table below details the contributions made to the fund for 2017 pay 2018. The total amount received was \$48,399.82.



Tax Abatement Development Fund Contributions
2017 payable 2018

Company	Contribution	Company	Contribution
AITF/Adaptive Technologies	\$211.88	XPO Logistics	\$11,429.61
Parkview - ONE	\$973.15	Summit Foundry	DNC
Feenix LLC/Parkview Health System	\$1,075.74	JKBC/New Haven Plaza	\$104.02
Vera Bradley	\$24,635.06	CSC Indiana, LLC	\$7,562.77
QuikCut	\$236.84	Precision Laser Services	\$311.20
Apollo	\$253.40	Saratoga Potato Chips	\$886.83
WaterFurnace, Inc.	\$719.32		
		Total:	\$48,399.82

*DNC = Did Not Contribute

