

TAX ABATEMENT ANALYSIS 2019 UPDATE



(North American Cold Storage - Woodburn)
DEPARTMENT OF PLANNING SERVICES – ECONOMIC DEVELOPMENT

TAX ABATEMENT ANALYSIS UPDATE

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Elissa M. McGauley, AICP - Director of Redevelopment

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 positive 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 their tax abatement program. The data and information pertaining to the City of Fort Wayne is not included in this analysis.



Stonebridge Business Park

HISTORY/PROGRAM OVERVIEW

The Allen County Tax Abatement Program was established in 1982 and has offered incentives to over 300 companies since its inception. In 2019, the Allen County Council, the City of Woodburn and the Town of Huntertown adopted updates to their tax abatement policies. 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 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 ERA deduction period.

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THE COMPANIES

Over the last three years, the number of businesses choosing to expand, build new facilities, and/or invest in new personal property has stayed consistent. Investments by 11 companies totaled \$72,135,169 for real and personal property. The Allen County Council approved three tax abatements, the City of New Haven approved seven and the Town of Huntertown approved one. The following information provides a brief overview of each company, detailing their investments as well as the quality wages and jobs.

RMI Properties, LLC/Riverside Manufacturing, LLC – January

RMI Properties, LLC/Riverside Manufacturing, LLC is located within Huntertown. The company specializes in custom product development, industrial labels and graphics, contract manufacturing as well as electronics manufacturing. Their investment of \$2.75 million in personal property will enable the company to create 24 jobs while retaining 138 employees as a result of the project. Annual salaries for retained and created jobs totaled \$7.2 million. The Huntertown Town Council granted a seven year tax abatement and the company is expected to save around \$87,000 in property taxes. The company planned to begin the project in January 2019 with expected completion in December 2020.

CSC-Indiana, LLC - March

In March, CSC-Indiana, LLC was granted a ten year tax abatement on their personal property investment of \$2.4 million. As a result of the project, the company is estimated to save around \$149,000 in property taxes. CSC is located within the City of New Haven and has been in the community since 2005. Since that time, the company has continued to grow and expand, starting out with 52 employees and now employing 86 at their facility. The company proposed to add six employees with total salaries over \$6 million. The project was to be completed in May 2019. As the company continues to grow and provide well paying jobs, CSC agreed to contribute five percent of their tax savings to the Economic Development Fund to help fund future economic development projects within Allen County.



Multimatic Indiana, Inc. - April

Multimatic Indiana, Inc. manufactures automotive structural assemblies. Located within the city limits of New Haven, the company has 217 employees with annual salaries around \$10.7 million. The expansion is a two phase project to include 111,100 additional square feet. Phase one will include a 42,600 square foot addition and phase two will include a 68,500 square foot addition. Additionally, the company is adding new equipment. Multimatic plans to create 75 jobs due to the expansion with salaries around \$3.8 million. Real and personal property investment for the project totaled \$24.9 million. The New Haven City Council approved a ten year tax abatement. Their tax savings over the ten year deduction period is estimated to be \$2,266,648.

Trelleborg Sealing Solutions US, Inc. – June

Trelleborg Sealing Solutions US, Inc. was formerly the TI Group – Polymer Sealing Solutions. In June, the company went before the New Haven City Council for tax abatement to support the expansion of their operations. The business leased property located at 627 Hartzell Road to allow for additional warehouse space to hold inventory. The company has two employees at this location with annual salaries around \$138,000 and plans to add four employees with salaries at \$180,000. Investment totaled around \$765,000 for real and personal property. The company was granted a five year tax abatement. Their tax savings over the five year deduction period will save the company an estimated \$51,000. According to their website, they tout being the world leader in engineered polymer solutions.

Kady Gene Cove - July

The New Haven City Council designated property with 23.899 acres as a residentially distressed area for real property for the Kady Gene Cove development. The company was granted a ten year tax abatement for real property. The projected tax savings over the ten year deduction period is estimated at \$1.3 million. The property was once apart of a master plan for single family modular homes for seniors. The original developer built ten homes of the 162 that were planned for the development. Kady Gene Cove plans to invest \$9,095,000 to construct 100 affordable rental duplex units, one community/leasing building and a maintenance garage. Two employees will be hired as a result of this project with salaries estimated at \$49,920.



Auto Truck Group, LLC - August

In the fall, the Allen County Council granted tax abatement to Auto Truck Group. The company planned to move and expand its presence from their Lower Huntington Road location to property located within Stonebridge III. New construction includes a 72,865 square foot production facility as well as a large parking lot for the vehicles that the company will upfit for their customers. The total investment for real and personal property was stated to be over \$5.8 million. A ten year tax abatement was granted for real property investment and a seven year tax abatement was granted on their personal property investment. The company will save approximately \$434,000 in property taxes. Auto Truck Group expects to create 50 jobs while maintaining 76 full-time positions. Salaries for both current and created jobs totaled over \$5.1 million.



Redmon Properties, LLC/Accutemp Products, Inc. - November

Accutemp Products, Inc., located within the City of New Haven, planned to expand their presence by constructing a new 38,500 square foot sales and engineering building. Housed within the new building will be 16,000 square feet of office space as well as 22,500 square feet of storage capability for future growth. Accutemp has been in Allen County for 25 years. They produce commercial cooking products for healthcare facilities, schools, military and chain restaurants around the United States. The project involves an investment of \$3.5 million in real property improvements and \$1 million in personal property investment. The company was granted a ten year tax abatement on real property and a five year tax abatement for personal property with tax savings at approximately \$537,000. Accutemp Products employs 63 with salaries at \$5 million and they plan to create three positions with an annual payroll of \$230,000.



QuikCut, Inc. - November

The Allen County Council approved a seven year tax abatement to QuikCut, Inc. for their investment in personal property. The company offers advanced metal fabrication and proudly touts to “Test Our Metal”. The expansion of the business is to accommodate their growing company with new metal fabrication equipment. The project investment totaled over \$1.1 million in personal property and is expected to be installed by year end 2023. Based on the point review system, QuikCut, Inc. will save approximately \$40,000 over the seven year deduction period. The company plans to hire ten employees with salaries around \$475,000. Their current workforce includes 45 employees with salaries at \$2.3 million. Additionally, the company promised to voluntarily contribute five percent of their savings to the county’s Tax Abatement Development Fund.

Valicor Environmental Services, LLC - November

Towards the end of 2019, Valicor Environmental Services sought approval for tax abatement at their location in New Haven. The company provides wastewater treatment services and the equipment to be installed would allow them to increase the treatment volume of oily wastewater (coolant, oily mop water) and to treat organic wastewater. The investment in personal property of \$686,393 will allow the company to upgrade their plant with tanks, mixers, pumps and transducers for industrial wastewater treatment and disposal. The company was eligible for a seven year tax abatement with property tax savings around \$32,000. Valicor planned to maintain their workforce of 13 employees and add two positions with salaries totaling approximately \$1 million. 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, the company continues to diversify and expand with 25 locations around the United States.



SDI LaFarga, LLC - December

SDI LaFarga, LLC is a joint venture between Barcelona, Spain based LaFarga and the American company, Steel Dynamics. SDI LaFarga, a copper reclamation and production company, is located within the City of New Haven where production began in 2012. The investment will allow the company to install a second furnace giving the the company the capability to run the facility 24 hours a day. Total investment for real and personal property is over \$15.9 million. SDI LaFarga looks to increase its workforce by 25 jobs and maintain their 80 employees with salaries estimated over \$8 million. The New Haven City Council granted a ten year tax abatement for real and personal property. Their total projected tax savings over the ten year period is estimated at over \$1.4 million. Construction was set to begin in December 2019, completing the project in September 2020. As with a few other companies located within Allen County, SDI LaFarga pledged to contribute five percent of their tax savings to the Tax Abatement Development Fund.



Keller Development, Inc. - December

Keller Development, Inc. went before the Allen County Council in December requesting approval for a Statement of Benefits at 2455 West Till Road. Keller Development, Inc. is a multi-family residential housing developer and general contractor. New Generation Management, Inc. is a multi-family property management company that manages all of the Keller Development, Inc. properties. Both companies will be housed within the new headquarters. Construction is set to begin in May 2020 with an estimated completion date in March 2021. Keller Development and New Generation Management employ 88 people and they plan to hire three more. Salaries for both created and retained employees is approximately \$3.8 million. The Allen County Council granted a five year tax abatement for real property and a three year tax abatement for personal property as the investment is over \$2 million. The company will save around \$104,000 in property taxes over the five and three year deduction period.



2019 APPLICATION FOR STATEMENT OF BENEFITS

Economic Revitalization Area Designation

Throughout 2019, Allen County continued to see an increase of new investment in companies that have been a stable part of the community for many years. The table below 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 and the Town of Huntertown . The overall estimated savings in property taxes for each company over the length of the tax abatement is also shown on the table.

2019 Economic Revitalization Area (ERA) Designations

Company	Investment in Real Property	Term	Investment in Personal Property	Term	Estimated Savings
RMI Properties, LLC/Riverside Manufacturing, LLC – <i>Huntertown</i>	N/A		\$2,800,000	7	\$87,805
CSC- Indiana, LLC – <i>New Haven</i>	N/A		\$2,400,000	10	\$149,994
Multimatic Indiana, Inc. – <i>New Haven</i>	\$8,900,000	10	\$16,013,724	10	\$2,266,648
Trelleborg Sealing Solutions US, Inc.– <i>New Haven</i>	\$465,000	5	\$300,000	5	\$52,042
Kady Gene Cove – <i>New Haven</i>	\$9,095,000	10	N/A		\$1,315,222
Auto Truck Group, LLC – <i>Allen County</i>	\$5,123,500	10	\$700,000	7	\$434,700
Redmon Properties, LLC/Accutemp Products, Inc. – <i>New Haven</i>	\$3,500,000	10	\$1,000,000	5	\$537,749
QuikCut, Inc. – <i>Allen County</i>	N/A		\$1,182,000	7	\$40,373
Valicor Environmental Services, LLC – <i>New Haven</i>	N/A		\$686,393	7	\$32,376
SDI LaFarga, LLC – <i>New Haven</i>	\$6,350,207	10	\$9,592,201	10	\$1,488,453
Keller Development, Inc – <i>Allen County</i>	\$2,000,000	5	\$26,644	3	\$104,652
Totals	\$37,433,707		\$34,701,462		\$6,510,014



EMPLOYMENT

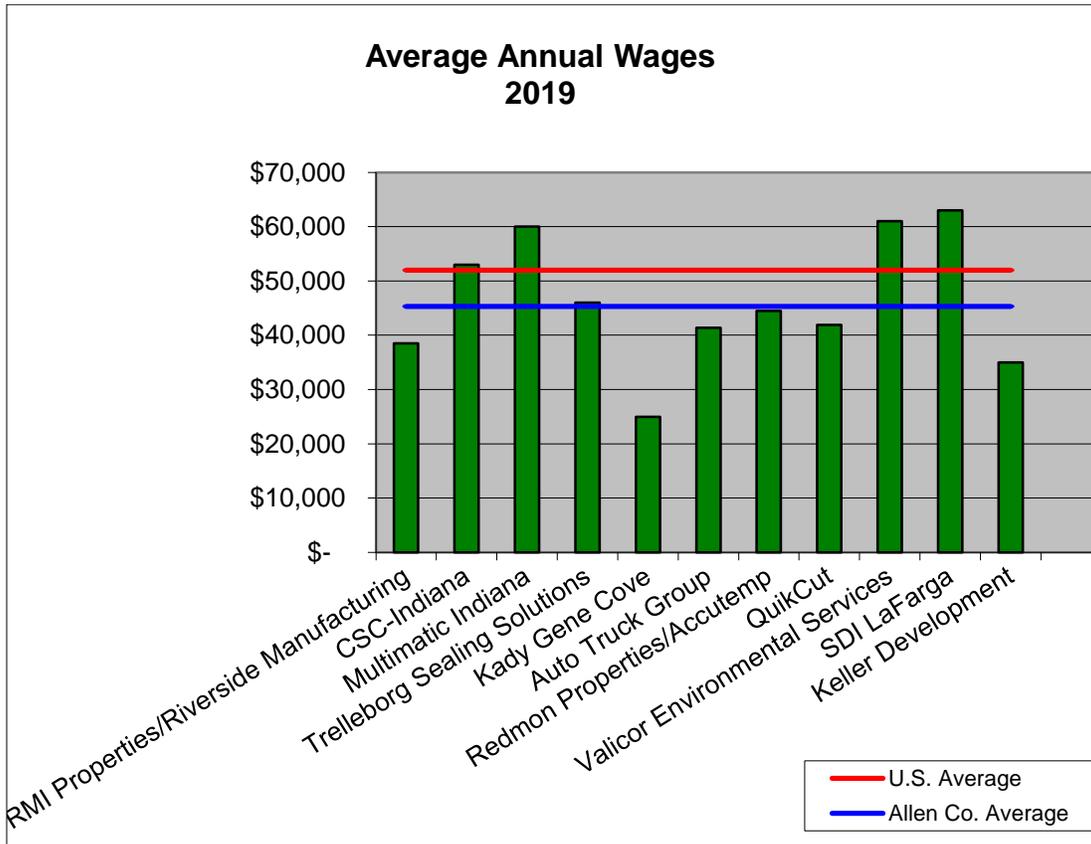
As part of the application process, each company is required to provide projections of jobs to be created and jobs that will be retained, as well as wages for all employees on the Statement of Benefits forms. The table below breaks down the employment projections for each company in 2019 that received tax abatement. Compared to the 2018 numbers, created jobs within the incorporated and unincorporated areas decreased from 1475 jobs in 2018 to 204 jobs in 2019, largely due to the expansion at Sweetwater Sound Inc. in 2018.

2019 Employment Totals

Company	Retained	Created
RMI Properties, LLC/Riverside Manufacturing, LLC	138	24
CSC-Indiana, LLC	86	6
Multimatic Indiana, Inc.	217	75
Trelleborg Sealing Solutions US, Inc.	2	4
Kady Gene Cove	n/a	2
Auto Truck Group, LLC	76	50
Redmon Properties, LLC/Accutemp Products, Inc.	63	3
QuikCut, Inc.	45	10
Valicor Environmental Services, LLC	13	2
SDI LaFarga, LLC	80	25
Keller Development, Inc.	88	3
Totals	808	204



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 2018 was \$45,290³ and the national average was \$51,960.¹ The average for Allen County was almost in line with the state average and \$6,680 below the national average at \$45,280.² The table below illustrates how the average annual wages for created jobs paid by the companies approved for tax abatement in 2019 compared to the U.S. and county averages that were reported in 2018.



(The U.S. and County averages for 2019 will not be reported until the end of March of 2020. The average totals on the above table are compared only to the 2018 averages.)

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/oesrcst.htm>



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 Indiana Code (I.C. 6-1.1-12.1-5.1 and I.C. 6-1.1-12.1-5.6). The company 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.

Forty four companies submitted Compliance with Statement of Benefits Form(s) (CF-1) for 2019 payable 2020 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

	Real Property Percentage Met	Personal Property Percentage Met
Investment	107%	101%
	Jobs Retained Percentage Met	Jobs Created Percentage Met
Jobs	117%	130%
	Retained Payroll Percentage Met	New Payroll Percentage Met
Salaries	151%	148%



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 2018 was \$839,780.07 and has grown to \$888,067.98 by year end of 2019. The balance includes principal and interest as well as accounts for deposits and disbursements.

Out of the 11 companies receiving property tax abatement during 2019, four committed to contributing to the tax abatement development fund. The table on the following page details the contributions made to the fund for 2018 pay 2019. The total amount received was \$25,623.24.

Tax Abatement Development Fund Contributions

Company	Contribution	Company	Contribution
AITF/Adaptive Technologies	\$142.30	XPO Logistics	DNC
Parkview - ONE	\$738.63	Saratoga Potato Chips	\$284.34
Sauder Feeds	\$655.40	Quincy Recycle	\$434.67
Vera Bradley	\$17,673.01	Precision Laser Services	DNC
CSC-Indiana	\$5,170.30	QuikCut	\$79.08
Apollo	\$29.53	WaterFurnace	\$415.98
		Total:	\$25,623.24

*DNC = Did Not Contribute

