

TAX ABATEMENT ANALYSIS 2020 UPDATE



(Cedar Oak North and South – New Haven)
DEPARTMENT OF PLANNING SERVICES – ECONOMIC DEVELOPMENT

TAX ABATEMENT ANALYSIS UPDATE

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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, the City of New Haven and the Town of Huntertown. The incorporated cities and towns have staff service agreements with DPS to administer their tax abatement program.



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 2020, the Town of Huntertown and the City of New Haven adopted updates to their tax abatement policies. Indiana State Statute allows 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, the City of Woodburn, the Town of Monroeville, the City of New Haven, the Town of Grabill and the Town of Huntertown all use a point system to evaluate applications to determine the eligible deduction period. The fiscal body ultimately determines the ERA deduction period.



THE COMPANIES

Through the challenges of COVID-19 in 2020, new companies to Allen County as well as expansions by businesses already located in the area continued to grow and invest. Total investments for the year for real and personal property were \$17,807,538. The Allen County Council approved three tax abatements, the City of New Haven approved five 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.

NuTek Industries, LLC – July

NuTek Industries, LLC is a supplier of Diamond Blades to the power tool industry to major brands such as Bosch, RotoZip, and Dremel & Freud. The company chose to relocate their business from Michigan to Lincoln Industrial Park located along Hadley Road. Their \$448,225 investment in personal property will enable the company to create 18 new jobs as a result of the project. The Allen County Council granted the company a three year tax abatement allowing approximately \$6,242 in property tax savings. NuTek Industries, LLC planned to begin the project in July with expected completion in October 2022.

Eversharp Packaging Corporation - July

Eversharp Packaging Corporation is affiliated with NuTek Industries, LLC and planned to locate in the same industrial building within Lincoln Industrial Park. The company is relocating from Des Plaines, Illinois and provides packaging services for major brands in the hardware industry. Additional services consist of product decorative services that include pad printing, screen printing, and 4-color UV printing. The company plans to invest \$468,813 in new equipment and hire 29 employees. The project will be complete in December 2022. Total tax savings over the approved three year deduction period is \$6,528.

Tippmann Industrial Products, Inc./Tippmann Arms Company, LLC - July

Tippmann Industrial Products, Inc./Tippmann Arms Company, LLC manufactures parts for their firearms. Located within the city limits of New Haven, the company has 18 employees with annual salaries around \$786,630. The expansion includes investment in a new reaming machine, rifling machine, gun drill and other ancillary equipment. The company plans to create at least one job as a result of the project. Personal property investment for the project is \$500,000. The New Haven City Council approved a five year tax abatement with tax savings around \$18,814. Additionally, the company promised to voluntarily contribute five percent of their tax savings to the Allen County Tax Abatement Development Fund.



Niche Holdings, LLC – August

Niche Holdings, LLC is located in downtown New Haven within a newly established Economic Development Target Area (EDTA). The project involves a building remodel as it was partially destroyed by fire. The company was granted a five year tax abatement for \$225,000 real property investment with tax savings estimated around \$18,813. Under New Haven's tax abatement policy for projects in EDTAs, the company was not required to provide employee salaries and job numbers. Construction was set to begin in August with completion in December 2020.

Cedar North, LLC & Cedar South, LLC - September

The New Haven City Council designated property along Rose Avenue for Cedar North, LLC and Cedar South, LLC. The two parcels are located east and north of Continental Diamond Tool. The projects included one 145,000 square foot shell building (Cedar North) and one 100,000 square foot shell building (Cedar South). The total investment for both sites is around \$13.3 million. Cedar South is currently under construction and should be completed in the early part of 2021. The company was granted a ten year tax abatement for both projects and will save around \$1.8 million in property taxes while still paying \$1.8 million. No jobs are required to be submitted for shell building tax abatement applications, however, both projects are seeing interest in leasing building space.

R & S Properties, Inc./Hupp Aerospace-Defense - September

Hupp Aerospace-Defense and R & S Properties, Inc. are located within the city limits of New Haven. Hupp Aerospace-Defense/R & S Properties, Inc. planned to expand their presence by adding 3,900 square feet of office space and 9,000 square feet of warehouse space. Hupp Aerospace-Defense provides Tailored Kitting Solutions and supply chain services to customers such as fleet operators, foreign militaries and the Department of Defense. The project involves an investment of \$850,000 in real property improvements. The company was granted a ten year tax abatement with tax savings of approximately \$117,000. Additionally, the company has committed to voluntarily contribute five percent of their tax savings to the Allen County Tax Abatement Development Fund. Hupp Aerospace-Defense employs 37 with salaries at \$1.7 million and they plan to create 18 positions with an annual payroll of \$615,000.



AITF Services, LLC/Adaptive Technologies, Inc. - September

The Huntertown Town Council approved a ten year real property tax abatement and a five year personal property tax abatement to AITF Services, LLC/Adaptive Technologies, Inc. Established in 1989, the company offers custom automated production systems and planned to construct a new 10,000 square foot building with 4,000 square feet of office space and 6,000 square feet for a testing lab, light manufacturing and storage. New equipment includes CNC Machining Centers, printing machines and RFID development equipment. The total project investment is \$925,000 and should be completed by the end of 2021. Their current workforce includes ten employees with salaries at \$600,000. The company plans to hire seven additional employees as a result of this project. Based on the point review system, AITF Services, LLC/Adaptive Technologies, Inc. will save approximately \$64,387.



QuikCut, Inc. - December

In December, QuikCut, Inc. was approved by the Allen County Council a seven year tax abatement for their personal property investment. 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 company currently employs 51 people with salaries at \$2.65 million. With this expansion, 25 employees are to be hired with salaries around \$950,000. The project investment totaled over \$1 million and is expected to be installed by year end 2024. The company also volunteered to contribute five percent of their tax savings back to the Tax Abatement Development Fund. Over the seven year deduction period, the company is estimated to save \$33,393.



2020 APPLICATION FOR STATEMENT OF BENEFITS

Economic Revitalization Area Designation

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.

2020 Economic Revitalization Area (ERA) Designations

| Company | Investment in Real Property | Term | Investment in Personal Property | Term | Estimated Savings |
|--|--------------------------------------|------|---------------------------------------|------|----------------------|
| NuTek Industries, LLC– <i>Allen County</i> | N/A | | \$448,225 | 3 | \$6,242 |
| Eversharp Packaging Corporation– <i>Allen County</i> | N/A | | \$468,813 | 3 | \$6,528 |
| Tippmann Industrial Products, Inc./ Tippmann Arms Company, LLC – <i>New Haven</i> | N/A | | \$500,000 | 5 | \$18,814 |
| Niche Holdings, LLC.– <i>New Haven</i> | \$225,000 | 5 | N/A | | \$18,813 |
| Cedar North, LLC – <i>New Haven</i> | \$6,244,000 | 10 | N/A | | \$861,431 |
| Cedar South, LLC – <i>New Haven</i> | \$7,100,000 | 10 | N/A | | \$979,526 |
| R & S Properties, Inc./Hupe Aerospace- Defense – <i>New Haven</i> | \$850,000 | 10 | N/A | | \$117,267 |
| AITF Services, LLC/Adaptive Technologies, Inc.. – <i>Huntertown</i> | \$650,000 | 10 | \$275,000 | 5 | \$64,387 |
| QuikCut, Inc. – <i>Allen County</i> | N/A | | \$1,046,500 | 7 | \$33,393 |
| | | | | | |
| | | | | | |
| Totals | \$15,069,000 | | \$2,738,538 | | \$2,106,401 |



EMPLOYMENT

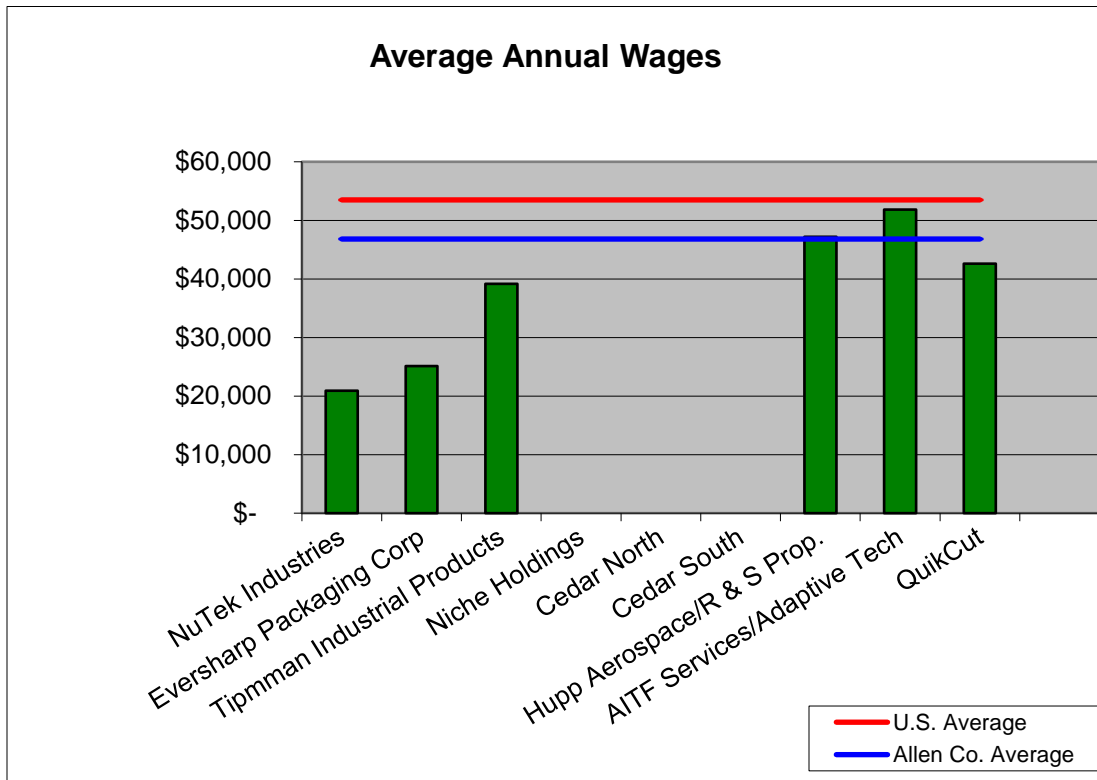
As part of the application process, each company is required to provide projections of jobs to be created, jobs that will be retained, as well as wages for all employees on the Statement of Benefits forms. The table below breaks down the employment projections for each company in 2020 that were approved for tax abatement. Compared to the 2019 numbers, created jobs within the incorporated and unincorporated areas decreased from 204 jobs in 2019 to 98 jobs in 2020. While 2020 saw a decrease in created jobs, two shell buildings (Cedar North and South) were approved within the City of New Haven that do not require job retention and/or creation as part of the application. In time, jobs will be created when the finished buildings are leased or sold.

2020 Employment Totals

| Company | Retained | Created |
|---|------------|-----------|
| NuTek Industries, LLC | 0 | 18 |
| Eversharp Packaging Corporation | 0 | 29 |
| Tippmann Industrial Products, Inc./Tippmann Arms Company, LLC | 18 | 1 |
| Niche Holdings, LLC | 0 | 0 |
| Cedar North, LLC | 0 | 0 |
| Cedar South, LLC | 0 | 0 |
| R & S Properties, Inc./Hupp Aerospace-Defense | 37 | 18 |
| AITF Services, LLC/ Adaptive Technologies, Inc. | 10 | 7 |
| QuikCut, Inc. | 51 | 25 |
| | | |
| Totals | 116 | 98 |



One 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 2019 was \$46,770³ and the national average was \$53,490.¹ The average for Allen County was slightly higher than the state average and \$6,680 below the national average at \$46,810.² The table below illustrates how the average annual wages for created jobs paid by the companies approved for tax abatement in 2020 compared to the U.S. and county averages that were reported in 2019.



(The U.S. and County averages for 2020 will not be reported until the end of March of 2021. The average totals on the above table are compared only to the 2019 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-five companies submitted Compliance with Statement of Benefits Form(s) (CF-1) for 2020 payable 2021 documenting the extent to which they have followed through with their original investment and employment projections. The tax abatement policy 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 | 105% | 99% |
| | | |
| | Jobs Retained Percentage Met | Jobs Created Percentage Met |
| Jobs | 116% | 144% |
| | | |
| | Retained Payroll Percentage Met | New Payroll Percentage Met |
| Salaries | 149% | 688% |



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.

In September 2020, the Huntertown Town Council established by resolution 2020-018 their own Tax Abatement Development Fund for the Town of Huntertown. Companies that committed to voluntarily contribute prior to September 2020 will continue to be allocated to the fund created by the Allen County Board of Commissioners.

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 expenditure from the Tax Abatement Development Fund took place in January of 2020. This expenditure included \$163,501.30 for payment of the reconstruction of a portion of Kroemer Road. This assistance was apart of an incentive package for Sweetwater Sound and their announcement of an \$82 million investment at its US 30 campus.



The balance of the fund as of December 2019 was \$888,067.98 and as of December 17, 2020 the balance totaled \$764,001.84. The balance includes principal and interest as well as accounts for deposits and disbursements.

Out of the nine companies receiving property tax abatement during 2020, three committed to contributing to the tax abatement development fund. The table on the following page details the contributions made to the fund for 2019 pay 2020. The total amount received was \$31,021.66.



Tax Abatement Development Fund Contributions

| Company | Contribution | Company | Contribution |
|----------------------------|---------------------|---|---------------------|
| AITF/Adaptive Technologies | \$88.44 | XPO Logistics Worldwide, Inc. | DNC |
| Parkview - ONE | \$565.74 | SDI LaFarga | \$5,521.92 |
| Sauder Feeds, Inc. | \$1,625.96 | Quincy Recycle Paper, Inc. | \$454.88 |
| Vera Bradley Designs | \$13,009.42 | Precision Laser Services, Inc. | DNC |
| CSC-Indiana, LLC | \$3,358.45 | QuikCut, Inc. | \$457.70 |
| SAC Properties, LLC | \$1,049.09 | WaterFurnace International, Inc. | \$526.22 |
| Master Spas, LLC | \$1,029.01 | Lippert Components Manufacturing, Inc. | \$3,334.83 |
| | | | |
| | | Total: | \$31,021.66 |

*DNC = Did Not Contribute

