

# TAX PHASE-IN ANALYSIS 2017 UPDATE



DEPARTMENT OF PLANNING SERVICES – ECONOMIC DEVELOPMENT  
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# TAX PHASE-IN ANALYSIS UPDATE

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Each year, the Department of Planning Services (DPS) compiles information on the companies receiving property tax phase-in 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 Hometown. The incorporated cities and towns have staff service agreements with DPS to administer the county's tax phase-in 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 phase-in for new or existing companies located within an Economic Revitalization Area (ERA) which invest in the construction of new structures and/or additions 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 (Phase-In) 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 on real and personal property investment. Additionally, the county program offers up to a two year property tax deduction for eligible vacant buildings.

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## THE COMPANIES

In 2017, 12 companies were granted property tax phase-in. Of those 12 companies, there were a total of 13 projects as Lippert Components Manufacturing, Inc. was approved for two separate tax phase-in's. In unincorporated Allen County, five tax phase-in's were approved, six were approved in the City of New Haven, one in the Town of Huntertown and one in the City of Woodburn. Investments by all 12 companies totaled \$130,206,254 for 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.



### **Cedar Oak Venture, LLC/Continental Diamond Tool Corp. (April 2017)**

Continental Diamond Tool Corporation is a producer for superabrasive grinding wheels and custom tooling. They provide 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. Cedar Oak Venture, LLC/Continental Diamond Tool Corp. was granted a property tax phase-in by the City of New Haven to build a new 112,000 square foot facility. The company, established in 1973 on Hartzel Street, purchased an existing building and surrounding vacant ground located along Rose Avenue. The expansion at Rose Avenue, which will result in closure of the Hartzel Street facility, involves an investment of \$6 million in real property and \$6 million in personal property. The company plans to expand its current employment of 69 by adding an additional 77 employees. The New Haven City Council granted a ten year tax phase-in for both real and personal property. Their total projected tax savings over the ten year period is estimated at over \$1.2 million.

### **O'Neal Excavating & Construction, Inc. (May 2017)**

O'Neal Excavating & Construction, Inc. was approved for a five year deduction for an investment in real estate improvements by the Huntertown Town Council. The company is expanding their presence within the Town of Huntertown and relocating from their current location on Lima Road to Plank Street within the Lima-Plank Industrial Park. The company plans to construct a new office and maintenance building. O'Neal Excavating & Construction, Inc. proposed to invest \$1.4 million in real estate improvements and expects to create two new jobs while retaining 22 as a result of their project. Annual salaries currently for the company are approximately \$1 million. The total tax savings are estimated to be \$97,000 over the five year deduction period.



### **Quincy Recycle Paper, Inc. (June 2017)**

The City of New Haven approved a five year property tax phase-in for Quincy Recycle Paper, Inc. for their investment of \$715,000 million in new equipment. The company has locations in Indiana, Illinois, Iowa, Missouri, and Wisconsin. The New Haven facility provides paper and plastic recycling services to customers in Indiana, Michigan and Ohio according to their website. The company will retain its 23 employees and plans to hire two employees as a result of the equipment upgrade. The company first located to the City of New Haven in 2010 and has increased its original projection of 12 employees to the current 23 employees. The equipment upgrade includes a new baler to replace equipment that is now obsolete. Quincy Recycle Paper, Inc. will voluntarily contribute 5% of their tax savings to the Tax Abatement Development Fund. Over the course of the five year deduction period, the company's tax savings is estimated at approximately \$26,000.

### **Superior Aluminum Alloys, LLC (June 2017)**

Superior Aluminum Alloys, LLC, located in New Haven, was founded by OmniSource Corporation in 1997 and in 2007 was acquired by Steel Dynamics, Inc. According to their website, they produce approximately 260 million pounds of certified aluminum alloys in the form of ingots, sows, deox cones, and molten metal per year. The company requested tax phase-in for an investment of \$942,000 in real estate improvements and \$11,900,000 in personal property. New Haven City Council approved a ten year tax phase-in for personal property and a seven year tax phase-in on real property. Superior Aluminum Alloys, LLC will retain 132 employees and will create 12 jobs by the end of 2018. Over the course of the ten and seven year deduction periods, the company will save approximately \$827,537. Additionally, the company has agreed to contribute 5% of their tax savings to the Tax Abatement Development Fund which helps to fund future economic development efforts.

### **Saratoga Potato Chips, LLC (June 2017)**

The Allen County Council approved a five year tax phase-in for real property and a three year tax phase-in for personal property for Saratoga Potato Chips, LLC's expansion of their United States headquarters. The company plans to invest \$2 million in real property improvements and \$500,000 in new personal property. The company established a U.S. headquarters in 2010 and has been growing ever since. The company currently employs 228 people and with this expansion, plans to add 25 more jobs with salaries projected over \$6 million. With this investment, the company is expected to save over \$111,000 in property taxes. The building currently consists of 138,000 square feet and is expected to expand by 43,000 square feet. The potato chip manufacturer's three largest customers are Save-A- Lot, Walmart and Kroger.



**Midwest Weld Source, Inc. (July 2017)**

Midwest Weld Source, Inc. specializes in selling welding wire to production welding operations. The company, located within the City of Woodburn's industrial park, was granted a five year deduction on real property improvements and a three year deduction on personal property. Midwest Weld Source, Inc. plans to expand its building to construct an additional 12,000 square feet for its business operations. The investment in real property is \$370,000 while the investment in equipment is \$70,000. Over the course of the tax phase-in, the company's estimated tax savings is approximately \$28,000. The company currently has three employees and expects to create five jobs.

**Sauder Manufacturing Company/Cedar Oak Venture, LLC (July 2017)**

Sauder Manufacturing Company is a maker of wood and upholstered seating products and case good products for the worship, education, healthcare and human services markets. They currently have manufacturing facilities in Grabill as well as Ohio. The company is consolidating five facilities, one of which included their Grabill facility, giving Sauder Manufacturing Company an opportunity for growth. The company is leasing a building from Cedar Oak Venture, LLC, in the City of New Haven and plans to invest \$120,000 for various repairs such as loading dock canopies and seals, concrete repairs, water leaks, HVAC maintenance as well as other repairs. The company is also investing approximately \$1.6 million in new manufacturing equipment, logistical distribution equipment, and technology equipment. The New Haven City Council granted a five year deduction for its investment in real property and a five year deduction on its investment in personal property. Sauder Manufacturing Company plans to hire 60 new employees at their New Haven facility with salaries over \$1.6 million. With the tax savings of approximately \$50,000, the company has also agreed to contribute 5% of their tax savings to the Tax Abatement Development Fund.



### **Android Ft. Wayne II, LLC (September 2017)**

Android Ft. Wayne II, LLC/Avancez-Fort Wayne is leasing space within the 791,000 square foot NorthPoint Development facility located in Stonebridge Business Park. The company manufactures and assembles specialty equipment and complex modules for the automotive industry. This expansion from one facility to two facilities for Android Industries is intended to support the General Motors assembly plant located in Allen County. The project involves an investment of over \$14 million in manufacturing equipment with approximately \$470,000 in real estate improvements. The Allen County Council approved a three year deduction on real property and a seven year deduction on personal property. The company plans to start production in the summer of 2018, hiring over 300 new employees while maintaining approximately 87 employees located at its Fogwell Parkway location. Over the ten year tax phase-in, the company will save approximately \$430,000.



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Aerial Image – John McGauley



### **Multimatic Indiana, Inc. – New Haven (September 2017)**

Multimatic Indiana Inc., an automotive component manufacturer for Ford Motor Company and Fiat Chrysler Automobiles, announced in June 2017 that it would bring a new manufacturing facility to the City of New Haven. The company is leasing the building that was once home to Vera Bradley, Inc. which closed its doors in 2015. Multimatic Indiana, Inc. – New Haven plans to invest \$39 million in new equipment as well as create 160 new jobs with a total payroll of over \$5 million. The company received a ten year tax phase-in, resulting in an estimated tax savings of \$2.4 million. The company plans to start production by the end of 2017.

### **PB Development, LLC (October 2017)**

PB Development, LLC proposed to build a speculative building located at the corner of Lafayette Center Road and Fogwell Parkway. The speculative building is a partnership between The Allen County Board of Commissioners, the Allen County Council and PB Development, LLC. It is considered the county's first speculative type building. The new building constructed by Michael Kinder & Sons, Inc., is planned to be 100,000 square feet with the possibility to expand to 125,000 square feet. The Allen County Council granted a ten year tax phase-in for the \$5.2 million real property investment. Over the ten year deduction period, the company is estimated to save \$635,879 in property taxes.



### **Ag Plus, Inc./Synergy Feeds, LLC (November 2017)**

Ag Plus, Inc./Synergy Feeds, LLC went before the Allen County Council requesting approval for a Statement of Benefits for its new location located just west of the Ohio/Indiana border on the east side of Allen County. The project is an expansion of an existing livestock feed manufacturing operation that was purchased by the company in the spring of 2017. The company plans to invest over \$6 million in real estate improvements and \$3.8 million in new equipment. The company currently has locations in South Whitley, Churubusco, New Haven, Columbia City, Woodburn, Fort Wayne and Monroeville. Ag Plus, Inc./Synergy Feeds, LLC was approved for a five year deduction for the real property investment and three years for personal property. The company plans to create five new employment positions with salaries totaling \$180,000.



### **Lippert Components Manufacturing, Inc. (December 2017)**

Lippert Components Manufacturing, Inc. is a supplier of components to the recreational vehicle and manufactured housing industries as well as bus, cargo and equestrian trailer, marine and heavy truck industries. In the fall of 2015, the company acquired Signature Seating, a marine furniture maker located off of Nelson Road, in the City of New Haven. At the beginning of 2017, the company announced it would expand by purchasing approximately 52 acres of land from the Allen County Redevelopment Commission to build a new 380,000 square foot manufacturing facility located along Ryan Road. The company planned to invest over \$19 million in real and personal property and increase their workforce presence with 140 new jobs. Lippert Components Manufacturing, Inc. planned to close their facility located on Nelson Road and consolidate to the new facility. The City of New Haven Council granted a ten year property tax phase-in for both real and personal property.

While the company still owns the 52 acres in New Haven, Lippert Components Manufacturing, Inc. decided to pursue another opportunity for their expansion/consolidation by leasing a facility located at 2909 Pleasant Center Road. The company plans to invest \$2 million in real property improvements and \$8,872,000 in personal property. The Allen County Council granted a five year tax phase-in for real property and a ten year tax phase-in for personal property. The company agreed to contribute 5% of its tax savings to the Tax Abatement Development Fund for future economic development efforts within Allen County. Their tax savings are estimated at approximately \$463,000 over the course of the deduction periods.



## 2017 APPLICATION FOR STATEMENT OF BENEFITS

### Economic Revitalization Area Designation

Throughout 2017, Allen County has seen an increase of new investment in companies new to the area as well as 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 phase-in in 2017. The table below details the investments for 2017 along with the term approved by the designating body. The overall estimated savings in property taxes to each company over the length of the tax phase-in is also shown.

### 2017 Economic Revitalization Area (ERA) Designations

Company	Investment in Real Property	Term	Investment in Personal Property	Term	Estimated Savings
Cedar Oak Venture, LLC					
Continental Diamond Tool Corp.	\$6,000,000	10	\$6,000,000	10	\$1,231,700
O'Neal Excavating & Construction, Inc.	\$1,450,000	5	n/a		\$97,753
Quincy Recycle Paper, Inc.	n/a		\$715,000	5	\$26,575
Superior Aluminum Alloys, LLC	\$942,000	7	\$11,900,000	10	\$827,537
Saratoga Potato Chips, LLC	\$2,000,000	5	\$500,000	5	\$111,015
Midwest Weld Source, Inc.	\$370,000	5	\$70,000	3	\$27,491
Sauder Manufacturing Company					
Cedar Oak Venture, LLC	\$120,000	5	\$1,060,000	5	\$51,900
Android Ft. Wayne II, LLC	\$470,188	3	\$14,266,653	7	\$431,063
Multimatic Indiana, Inc. – New Haven	n/a		\$39,132,654	10	\$2,465,033
PB Development, LLC	\$5,200,000	10	n/a		\$635,879
Ag Plus, Inc./Synergy Feeds, LLC	\$6,088,125	5	\$3,874,634	3	\$359,664
Lippert Components Manufacturing, Inc.	\$2,000,000	5	\$8,872,000	10	\$463,540
Totals	\$39,940,313		\$90,265,941		\$10,010,602

## EMPLOYMENT

Each company is required to provide projections of new jobs, jobs that will be retained, as well as wages for their employees on the Statement of Benefits forms. The table below breaks down the employment projections for each individual company in 2017 that received property tax phase-in. As compared to 2016, created jobs within the incorporated and unincorporated areas increased from 361 jobs in 2016 to 803 jobs in 2017.

### 2017 Employment Totals

Company	Retained	Created
Cedar Oak Venture, LLC/Continental Diamond Tool Corp.	69	77
O'Neal Excavating & Construction, Inc.	20	2
Quincy Recycle Paper, Inc.	23	2
Superior Aluminum Alloys, LLC	132	12
Saratoga Potato Chips, LLC	228	25
Midwest Weld Source, Inc.	3	5
Sauder Manufacturing Company/Continental Diamond Tool Corp.	132	60
Android Ft. Wayne II, LLC	0	313
Multimatic Indiana, Inc. – New Haven	13	167
PB Development, LLC	0	0
Ag Plus, Inc./Synergy Feeds LLC	0	5
Lippert Components Manufacturing, Inc.	0	135
<b>Totals</b>	<b>620</b>	<b>803</b>

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 2016 was \$42,940<sup>3</sup> and the national average was \$49,630.<sup>1</sup> The average for Allen County was slightly below the state average and about \$7,000 below the national average at \$42,250.<sup>2</sup> The table on the next page demonstrates how the average annual wages paid by the companies approved for tax phase-in in 2017 compare to the U.S. and county averages that were reported in 2016.

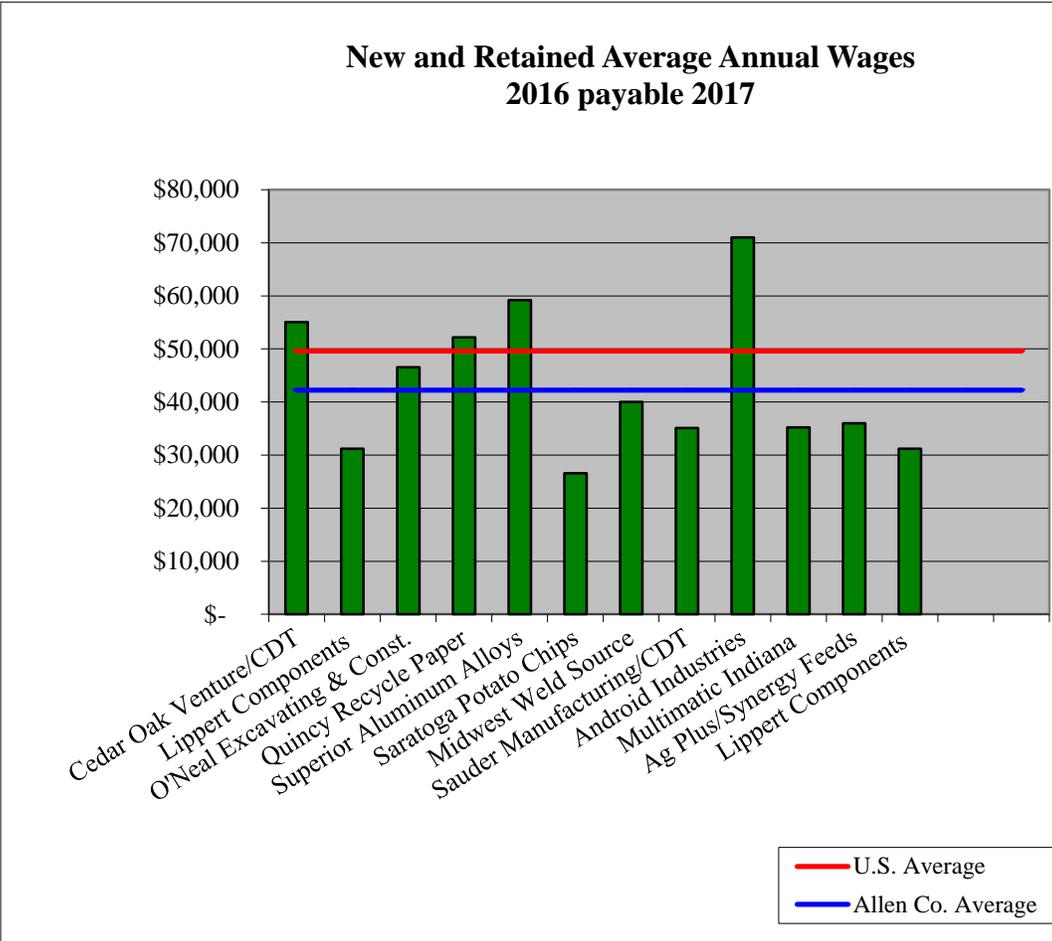
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1 [https://www.bls.gov/oes/current/oes\\_nat.htm](https://www.bls.gov/oes/current/oes_nat.htm)

2 [https://www.bls.gov/oes/current/oes\\_23060.htm](https://www.bls.gov/oes/current/oes_23060.htm)

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





(The U.S. and County averages for 2017 will not be reported until the end of March of 2018 so the average totals on the table are compared only to the 2016 averages.)



**COMPLIANCE WITH STATEMENT OF BENEFITS**

Upon completion of the real and/or personal property improvements, each company is required to file Compliance with Statement of Benefits forms 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 substantial compliance with the Statement of Benefits Form that was approved by council.

By the end of May 2017, 40 companies submitted a Compliance with Statement of Benefits Form (CF-1) for 2016 payable 2017 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 of the total numbers companies submitted regarding investment, jobs, and salary compliance.

**Compliance with Statement of Benefits 2016 payable 2017**

	<b>Real Property</b>	<b>Percentage Met</b>	<b>Personal Property</b>	<b>Percentage Met</b>
<b>Investment</b>	\$610,943,024	104%	\$596,937,189	34%
	<b>Jobs Retained</b>	<b>Percentage Met</b>	<b>Jobs Created</b>	<b>Percentage Met</b>
<b>Jobs</b>	31,056	120%	3,153	105%
	<b>Salaries Retained</b>	<b>Percentage Met</b>	<b>Salaries Created</b>	<b>Percentage Met</b>
<b>Salaries</b>	\$2,434,534,029	141%	\$174,200,872	152%



## **TAX ABATEMENT DEVELOPMENT FUND**

Fund 331 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.

The fund's income sources are only through voluntary contributions from companies receiving tax phase-in 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 those 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 tax phase-in applications for eligibility for tax phase-in.

The most recent expenditures from Fund 331 took place in 2013. These expenditures included \$420,731.22 for payments on the infrastructure to develop Stonebridge Business Park. Prior to that, Fund 331 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 which includes principal and interest as well as accounts for the disbursements. Since 1994 companies have contributed over \$1.3 million.

Out of the 12 companies receiving property tax phase-in during 2017, four committed to contributing to the tax abatement development fund. The table on the next page details the contributions made to the fund for 2016 pay 2017. The total amount received was \$48,040.98.



**Tax Abatement Development Fund Contributions**  
**2016 payable 2017**

Company	Contribution	Company	Contribution
Vera Bradley, Inc.	\$33,238.72	AITF Services, LLC	\$230.60
QuikCut, Inc.	\$446.88	Waterfurnace International	\$875.55
Saratoga Potato Chips, LLC	\$1,498.91	Omnisource Corporation	\$280.23
Parkview Health System, Inc./ Orthopaedics Northeast, P.C.	\$1,302.81	JKBC Properties, LLC/ New Haven Plaza, LLC	DNC
CSC – Indiana, LLC	\$10,167.28	Feenix, LLC/ Fort Wayne Medical Oncology & Hematology	DNC
		Total:	\$ 48,040.98

\*DNC = Did Not Contribute

