CASE STUDY

COMPREHENSIVE PLAN ADDRESSES RISING PROPERTY TAX AND HIRING COSTS

Japanese automotive supplier enjoys the road to profitability

Background

A Tier 1 Japanese automotive component manufacturer operates several business units in the Midwest. Each unit maintained decentralized responsibilities for filing their property tax compliance, securing expansion incentives, and reviewing annual property tax assessments. The inconsistent management of each of these decentralized functions was less than ideal. As a result, the company incurred substantial opportunity costs due to sub-optimal incentive benefits and property tax overpayments, both of which were affecting this company's bottom line profitability.

Providing the Solution

JM Tax Advocates (JMTA) started by coordinating a collaborative effort for feedback with company leadership in finance, engineering, and human resources to learn more about ongoing processes in each area. Using knowledge gained during the meetings, JMTA was able to perform an initial study of the company's historical incentive agreements, real property tax assessment levels, and personal property tax return filings across all operating units. Post review, JM Tax Advocates developed a tailored, integrated plan to recover historical personal property overpayments, reduce ongoing real property tax assessments, and an improved economic incentive negotiation process.

Timing for implementation was key which started by fixing historical property tax overpayments through amendments and appeals. Once the dust settled after fixing the assessments and lowering the ongoing property tax payment amounts, there was a focus on future capital investment and job growth which were important fundamentals for future economic incentive requests across all business units. JMTA then assisted with connecting the dots to help build a competitive offer from city and state economic development leaders which led to the best possible results through attaining maximum level incentive agreements on behalf of the company.

In summary, the company was then able to achieve a more ideal state by:

1. Reducing historical property tax payment levels by successfully appealing/amending real and personal property tax assessments ahead of subsequent economic incentive requests, and
2. Improving economic incentive procurement processes across all company operating units to achieve maximum level incentive benefits across the board.

Our plan ultimately helped the company achieve the best possible result in the shortest time possible.

Secured Results

Because our client fully embraced JMTA's recommendations for best practice improvements, their company realized an economic benefit of **$7.1 million** along with an ongoing, annual savings of **$310,000**.

Our plan successfully accelerated this automotive company's road to profitability!

© 2020 Copyright/JM Tax Advocates

13300 Olio Road, Suite 360, Fishers, IN 46037
317.674.8390 | jmtaxadvocates.com

JM TAX ADVOCATES