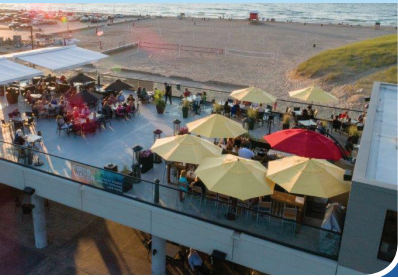


LAKE MICHIGAN'S PREMIER BUSINESS ADDRESS

MICHIGAN CITY, INDIANA



CREATE



GROW

DEVELOP



BUILD



INNOVATE



THRIVE

PROGRESS



ESTABLISH



Real Estate Property Tax Rates

INDIANA

Tax Caps (Part of Indiana's Constitution):

- 1% Residential
- 2% Rental/Farmland
- 3% Commercial

ILLINOIS

- Property tax rates average approximately 9.11% of actual value statewide.

SOURCE: Department of Commerce & Economic Opportunity

Real Estate Tax Calculation

ASSUMPTIONS

1. \$5,000,000 Building Investment (\$100 cost sq. ft. and 50,000 sq. ft. building).
2. 75% cost is assessed and Pay 2018 tax rate of \$3.8923 with applicable circuit breaker and exempt debt through Pay 2020.
 - **WITHOUT** tax abatement — over 10 years — \$1,234,307 taxes or \$123,431 average per year.
 - **WITH** 10-year tax abatement pay \$740,682 over 10 years in taxes (\$74,068 average/year) and **SAVE** \$493,625 in taxes. Overall 40% property tax savings.

INDIVIDUAL INCOME TAX

- Taxation of incomes of: Partnerships, "S" Corporations, LLC's & LLP's
- 1.5% Lake County (IN) Tax Rate
- 0.5% Porter County (IN) Tax Rate
- 0.70% LaPorte County (IN) Tax Rate
- **3.23% Indiana Individual Income Tax Rate***
- **4.95% Illinois Individual Income Tax Rate**

(*) SOURCE: State Individual Income Tax Rates & Brackets for 2018. Fiscal Fact No. 576 March 2018. Tax Foundation.

CORPORATE INCOME TAX

- Corporate Income Tax Due Per Net Taxable Income of **\$1,000,000:**
- **Indiana**

2016: 6.25%	\$62,500
2017: 6.25%	\$62,500
2018: 6.00%	\$60,000
- **Illinois**

2016: 7.75% (with 2.5% - \$25,000 to PPRT)	\$77,500
2017: 7.75% (with 2.5% - \$25,000 to PPRT)	\$77,500
2018: 9.50% (with 2.5% - \$25,000 to PPRT)	\$95,000

WORKERS COMPENSATION

- Workers Compensation Annual Premium Based on 100 Employees (2017)*
- **Indiana**
\$57,750
\$1.05 (Average Workers Compensation Rate)
- **Illinois**
\$122,650
\$2.23 (Average Workers Compensation Rate)

(*) SOURCE: U.S. Bureau of Labor Statistics/U.S. Department of Labor/Bureau of Economic Analysis.

UNEMPLOYMENT INSURANCE

Average Unemployment Insurance Based on 100 Employees (2016)

- **\$27,500 Indiana**
Indiana state unemployment to cover the first \$9,500 of employees wages in 2011 up from \$7,000. Rates range from 0.5% to 7.4%. In 2017, Employer Contribution Rate of Total Wages was 0.50.
- **\$41,800 Illinois**
Illinois state unemployment covers the first \$12,960 of employees wages - 0.55% to 6.8%. In 2017, Employer Contribution Rate of Total Wages was 0.76.

CONSTRUCTION COST FACTORS

	NW INDIANA	CHICAGO AREA
MATERIALS	98.3	99.8
INSTALLATION	110.4	139.7
TOTAL	103.6	117.2

SOURCE: RS Means Building Construction Cost Data, 2015

Personal Property Taxes

INDIANA

- Taxes personal property (i.e. equipment) at same tax rate as real property.
- Taxes on inventory eliminated in 2006.
- Floor amount that machinery & equipment is assessed (after applying depreciation by life pool) is typically 30% of original cost.
- Personal property taxes are also subject to 3% tax cap.

ILLINOIS

- Does not tax personal property directly.

(*) 2.5% of the Illinois Corporate Tax of 9.5% is a personal property tax replacement appointment in order to replace the elimination of personal property tax by the Illinois legislature in 1970.)

Wage Benefit Comparison

\$50.44 NW Indiana

\$57.36 Chicago Area

Average Hourly Rate for 18 Skilled Trade Classifications.
SOURCE: NWI Building Trades Council & the Chicago Building Trades Council.



TAX ABATEMENTS

SUMMARY OF MICHIGAN CITY ANNUAL COST SAVINGS FROM ILLUSTRATED EXAMPLES — NO ABATEMENT

COMPARISON	MICHIGAN CITY	ILLINOIS	DIFFERENCE
REAL PROPERTY TAXES	\$112,882	\$270,019	\$(156,205)
PERSONAL PROPERTY TAXES	\$10,548	0	\$10,548
INDIVIDUAL INCOME TAX	\$39,300	\$50,000	\$(10,200)
CORPORATE INCOME TAX	\$60,000	\$77,500	\$(35,000)
WORKERS COMPENSATION	\$57,750	\$122,650	\$(64,900)
UNEMPLOYMENT INSURANCE	\$27,500	\$46,750	\$(14,300)
TOTAL			\$(270,057)

SUMMARY OF MICHIGAN CITY ANNUAL COST SAVINGS FROM ILLUSTRATED EXAMPLES — 10 YEAR ABATEMENT

COMPARISON	MICHIGAN CITY	ILLINOIS	DIFFERENCE
REAL PROPERTY TAXES	\$68,781	\$107,635	\$(38,854)
PERSONAL PROPERTY TAXES	\$5,287	0	\$5,287
INDIVIDUAL INCOME TAX	\$39,300	\$49,500	\$(10,200)
CORPORATE INCOME TAX	\$60,000	\$95,000	\$(35,000)
WORKERS COMPENSATION	\$57,750	\$122,650	\$(64,900)
UNEMPLOYMENT INSURANCE	\$27,500	\$41,800	\$(14,300)
TOTAL			\$(157,967)

PROPERTY TAX COMPARISON EXAMPLES

WITHOUT ABATEMENT

EXAMPLE	ANNUAL TAX	ANNUAL TAX SAVINGS
COMPANY XYZ / MICHIGAN CITY, IN	\$123,431	\$145,656 (54%)
COMPANY XYZ / COOK COUNTY, IL	\$269,087**	—

10 YEARS WITH 10-YEAR ABATEMENT

COMPANY XYZ / MICHIGAN CITY, IN	\$74,068 (59% SAVINGS)	\$33,567 (31%)
COMPANY XYZ / COOK COUNTY, IL	\$107,635 (60% SAVINGS)	

(*) Since 2.5% of the Corporate Income Tax is appropriated as a personal property replacement tax, 26.32% or \$24,425 is personal property replacement tax in the State of Illinois.

NOTE: Above is based on projected annual savings based on assumptions (including real and personal property over 10 year period.

(**) Taxes will vary based upon the community tax unit rate.

SOURCE: Research Conducted by SEH of Indiana, LLC.

ADVANTAGES OF LOCATING TO MICHIGAN CITY

TAXES & COSTS OF BUSINESS

- Lower taxes than surrounding states, especially Illinois.

INCENTIVES AVAILABLE

- HUB Zone, TIF Financing, Tax Abatement (Real/Personal), Urban Enterprise Zone Designation and Federal Opportunity Zone.

LOCATION

- Proximity to Chicago and other major market areas.

TRANSPORTATION

- Unequalled airport, highway, rail and Lake Michigan Port access.

WORKFORCE

- Experienced and talented workforce.

HIGHER EDUCATION

- Exceptional educational facilities including two major Purdue University campuses, Indiana University Northwest, Calumet College of St. Joseph, Valparaiso University, four Ivy Tech campuses, the University of Notre Dame, and LaPorte County Career & Technical Education Center.

QUALITY OF LIFE

- Broad variety of high value, low-tax residential options from lake-front living to many options for rural and urban homes.



SUCCEED



PLAY

INVEST



PROSPER



“MAKE THE MOVE TO MICHIGAN CITY NOW!”

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**ECONOMIC
DEVELOPMENT
CORPORATION**

MICHIGAN CITY, IN