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# **City of South Bend, Indiana**

## **Indiana Bond Bank**

\$29,140,000 Special Program Refunding Bonds, Series 2011A

(South Bend TIF Districts)

CUSIP Base 454624

*(Dated December 29, 2011)*

## **Annual Information for Compliance with SEC Rule 15(c)2-12**

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## **CITY OF SOUTH BEND**

### **DISTRICT**

The boundaries of the South Bend Redevelopment District (the "District") are coterminous with the boundaries of the City of South Bend (the "City"). The South Bend Redevelopment Commission is the governing body of the District.

### **LOCATION**

The City is located in St. Joseph County in north central Indiana near the border of the State of Michigan. It is approximately 140 miles north of Indianapolis, Indiana and approximately 90 miles east of Chicago, Illinois.

### **GOVERNMENT**

The City has eleven elected officials: the Mayor, the Common Council, including council members covering six districts and three council members at large, and the City Clerk.

The South Bend Police Department consists of 233 sworn officers and 48 civilian employees. The South Bend Fire Department is comprised of 11 fire stations and employs 250 full-time firefighters in four divisions.

### **POPULATION**

<u>Year</u>	<u>City of South Bend</u>	<u>St. Joseph County</u>
1960	132,445	238,614
1970	125,580	244,827
1980	109,727	241,617
1990	105,511	247,052
2000	107,789	265,559
2010	101,168	266,931

### **EMPLOYMENT**

South Bend-Mishawaka Metro Area  
(As of March 2017)

Labor Force	132,924
Employment	127,760
Unemployment	5,164
Unemployment Rate	3.9%

### **AVERAGE ANNUAL UNEMPLOYMENT RATE**

<u>Year</u>	<u>St. Joseph County</u>	<u>South Bend - Mishawaka Metro Area</u>
2012	9.5%	9.5%
2013	8.7%	8.7%
2014	6.5%	6.5%
2015	5.0%	5.0%
2016	4.5%	4.5%

Source: Indiana Business Research Center. Data collected as of May 18, 2017.

## CITY OF SOUTH BEND

### EMPLOYMENT BY INDUSTRY

South Bend-Mishawaka Metro Area

(As of 2015)

	<u>Employed</u>	<u>Percent of Labor Force</u>
Services	78,049	49.51%
Wholesale and retail trade	23,926	15.18%
Manufacturing	15,657	9.93%
Government	14,487	9.19%
Finance, insurance and real estate	11,200	7.10%
Construction	6,750	4.28%
Transportation and warehousing	4,183	2.65%
Information	2,163	1.37%
Farming	718	0.46%
Other*	263	0.17%
Utilities	244	0.16%
Total Nonfarm Employment	157,640	100.00%

\*In order to avoid disclosure of confidential information employment figures are not available for the Forestry, fishing, related activities, and Mining Sectors. The data is incorporated here.

Source: Bureau of Economic Analysis and the Indiana Business Research Center. Data collected as of May 18, 2017.

### MAJOR EMPLOYERS

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Beacon Health System	Health care	7,088
University of Notre Dame	Higher education	5,825
South Bend Community School Corporation	Public education	2,724
Indiana Univeristy South Bend	Higher education	1,380
St. Joseph County	County government	1,334
City of South Bend	City government	1,274
AM General	Mfg. automobiles & military vehicles	1,200
Honeywell International, Inc.	Mfg. aircraft and automotive parts	755
Press Ganey Associates, Inc.	Health care consulting	694
1st Source Bank	Financial institution	641

Sources: The South Bend Region Economic Development, company websites, and company personnel.

### COMMUNITY DATA

Hospitals: There are two major hospitals in the South Bend area, collectively with approximately 800 beds: Memorial Hospital of South Bend and St. Joseph Regional Medical Center.

Parks and Recreation: The park system consists of 71 local parks and facilities.

Cultural: The City is the home of a minor league baseball team affiliated with the Chicago Cubs with games played in the Stanley Coveleski Regional Baseball Stadium (a 5,000 seat facility). The St. Joseph River runs through the City providing boating activities. The East Race Waterway is a 2,000 yard man-made rafting and kayaking course which flows adjacent to the St. Joseph River. Other attractions include the South Bend Symphony, Morris Performing Arts Center, Broadway Theater League, Potawatomi Zoo, College Football Hall of Fame Project, Studebaker National Museum, Northern Indiana Historical Huseum, Copshaholm Historic House Museum, Morris Conservatory, and the Century Center (a 225,000 square foot convention and exhibit center). Other activities are also available at the major colleges and universities in the area.

## CITY OF SOUTH BEND

### TRANSPORTATION

Railroads: Four rail lines provide freight and passenger service to the City and the South Shore passenger line runs from South Bend to Chicago. South Bend is also served by AMTRAK.

Highways: I-80/90 (Indiana Toll Road); U.S. Highways 6, 20, and 31; State Highways 2, 4, 23, 104, 331, and 933.

Trucking: 43 trucking lines, 33 terminals.

Air: South Bend Regional Airport serves the City with three carriers.

Bus: A municipal bus service (Transpo) is provided within the City. Inter-City bus lines include United Limo and Greyhound.

### UTILITIES

Electricity: Indiana Michigan Electric Power Company.

Gas: Northern Indiana Public Service Company.

Water/Sewage: The City of South Bend Municipal Waterworks and Municipal Sewage Works.

### EDUCATION

Public Schools: The City is served by the South Bend Community School Corporation which has a 2016/17 enrollment of 17,433. The School Corporation includes five high schools, ten intermediate schools, and eighteen elementary schools.

Colleges and Universities: Institutions of higher education in the community include the University of Notre Dame, St. Mary's College, Indiana University at South Bend, Purdue Polytechnic - South Bend, Bethel College, Holy Cross College, Ivy Tech Community College, and Indiana Tech.

### BUILDING PERMITS

Year	Residential		Commercial/Industrial		Public		Other	
	Total Permits	Estimated Costs	Total Permits	Estimated Costs	Total Permits	Estimated Costs	Total Permits	Estimated Costs
2012	1,201	\$33,828,699	179	\$47,377,604	22	\$7,520,338	23	\$1,442,022
2013	1,332	31,451,737	152	27,783,419	28	9,942,291	20	744,411
2014	1,208	36,888,404	168	34,501,917	31	12,613,771	2	140,000
2015	1,102	38,003,597	199	88,037,686	22	52,698,109	2	54,590
2016	1,177	29,768,194	202	133,588,890	14	1,283,887	4	476,956

Source: St. Joseph County/City of South Bend Building Department.

### FINANCIAL INSTITUTIONS

The following banks have deposits in the City as of June 30, 2016.

<u>Institution</u>	<u>Bank Deposits in the City</u>	<u>Market Share</u>
1st Source Bank	\$1,339,031,000	51.36%
KeyBank National Association	483,104,000	18.53%
Wells Fargo Bank NA	255,487,000	9.80%
Fifth Third Bank	117,518,000	4.51%
Old National Bank	102,578,000	3.93%
JP Morgan Chase Bank NA	94,589,000	3.63%

The following banks have deposits in South Bend, but account for less than 3% of the market share: Lake City Bank, PNC Bank National Association, MutualBank, Horizon Bank National Association, First State Bank of Middlebury, and Woodforest National Bank.

Source: Federal Deposit Insurance Corporation Website ([www.fdic.gov](http://www.fdic.gov))

**CITY OF SOUTH BEND**

**CERTIFIED ASSESSED VALUATION**

<u>Year</u>	<u>City of South Bend</u>	<u>St. Joseph County</u>
2013	\$2,336,906,810	\$7,671,151,787
2014	2,181,510,508	7,514,198,242
2015	2,230,375,068	7,864,008,472
2016	2,257,279,248	7,906,760,026
2017	2,317,096,240	8,201,203,024

**SALE & USE TAX**

7% tangible personal property except food and prescription drugs.

**INDIVIDUAL ADJUSTED GROSS INCOME**

2013	3.4%
2014	3.4%
2015	3.3%
2016	3.3%
2017	3.23%

Personal Exemptions: \$1,000 annual exemption allowed for taxpayer and \$1,500 for each dependent child.

**EXCISE TAX**

	<u>Cigarettes:</u> <u>Per 20 Cigarette Pack</u>	<u>Gasoline:</u> <u>Per Gallon</u>
2013	\$0.995	\$0.18
2014	0.995	0.18
2015	0.995	0.18
2016	0.995	0.18
2017	0.995	0.18

**AUTOMOBILE TAX**

Excise tax in lieu of personal property tax, based on initial retail price and age of vehicle.

**INNKEEPERS TAX**

Additional 6% sales tax on any overnight stay in St. Joseph County.

**COUNTY ECONOMIC DEVELOPMENT INCOME TAX**

0.4% of adjusted gross income of St. Joseph County resident taxpayers and certain non-resident St. Joseph County taxpayers.

**COUNTY OPTION INCOME TAX**

0.4996% of adjusted gross income of St. Joseph County resident taxpayers and certain non-resident St. Joseph County taxpayers.

**LOCAL OPTION INCOME TAX**

0.6004% of adjusted gross income of St. Joseph County resident taxpayers and certain non-resident St. Joseph County taxpayers.

**LOCAL OPTION INCOME TAX PUBLIC SAFETY**

0.25% of adjusted gross income of St. Joseph County resident taxpayers and certain non-resident St. Joseph County taxpayers.

**CITY OF SOUTH BEND**

**SCHEDULE OF INDEBTEDNESS**

The following schedule shows the outstanding indebtedness of the City and the taxing units within and overlapping its jurisdiction as of February 15, 2017, as reported by the respective taxing units.

<u>Direct Debt</u>	<u>Original Par Amount</u>	<u>Final Maturity</u>	<u>Outstanding Amount</u>
<b>Tax Supported Debt</b>			
Economic Development Income Tax Bonds of 2015	\$5,605,000	08/01/35	\$5,295,000
Century Center Energy Conservation Bonds of 2015 (QECCB)	4,167,897	05/01/31	4,145,311
<b>Redevelopment Authority</b>			
Lease Rental Revenue Bonds, Series 2015	25,000,000	02/01/37	25,000,000
Lease Rental Revenue Refunding Bonds of 2015	31,450,000	02/15/33	29,420,000
Lease Rental Revenue Refunding Bonds, Series 2013	3,990,000	05/01/26	3,175,000
Taxable Lease Rental Revenue Refunding Bonds, Series 2011A	7,580,000	02/01/18	1,230,000
Lease Rental Revenue Refunding Bonds, Series 2011B	2,980,000	02/01/18	485,000
Special Program Refunding Bonds, Series 2011A (Downtown Central Development Area)	18,030,000	08/01/24	11,850,000
Special Program Refunding Bonds, Series 2011A (Airport Development Area)	10,435,000	08/01/24	6,755,000
<b>Redevelopment District</b>			
Special Taxing District Refunding Bonds of 2014	3,440,000	01/01/22	2,210,000
Taxable Revenue Bonds, Series 2010	4,980,000	01/15/19	1,340,000
<b>City of South Bend Building Corporation</b>			
First Mortgage Revenue Bonds, Series 2013	5,580,000	02/01/33	4,920,000
First Mortgage Revenue Refunding Bonds, Series 2012	13,595,000	02/01/23	8,265,000
County Option Income Tax Lease Rental Revenue Refunding Bonds of 2010	6,075,000	02/01/21	2,470,000
Leases and Loans			<u>13,048,082</u>
Subtotal			<u>119,608,393</u>

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**CITY OF SOUTH BEND**

**SCHEDULE OF INDEBTEDNESS**

(Cont'd)

	<u>Original Par Amount</u>	<u>Final Maturity</u>	<u>Outstanding Amount</u>
Self-Supporting Revenue Debt (1)			
Waterworks Refunding Revenue Bonds of 2016	\$3,300,000	01/01/27	\$3,300,000
Waterworks Revenue Bonds of 2012	8,300,000	01/01/33	6,925,000
Waterworks Refunding Revenue Bonds of 2012B	3,785,000	01/01/23	2,380,000
Waterworks Revenue Bonds of 2009, Series A (SRF)	427,332	01/01/30	332,562
Waterworks Revenue Bonds of 2009, Series B	5,380,000	01/01/30	4,325,000
Sewage Works Refunding Revenue Bonds of 2015	27,440,000	12/01/25	24,965,000
Sewage Works Refunding Revenue Bonds, Series 2013A	14,765,000	12/01/24	8,050,000
Sewage Works Revenue Bonds of 2012	25,000,000	12/01/32	20,890,000
Sewage Works Revenue Bonds of 2011	21,500,000	12/01/31	17,295,000
Sewage Works Revenue Bonds of 2010	9,345,000	12/01/30	7,145,000
Sewage Works Revenue Bonds of 2009 (SRF)	3,297,000	12/01/28	2,249,643
Waterworks and Sewage Works Leases			<u>3,325,737</u>
Subtotal			<u>101,182,942</u>
Total Direct Debt			<u><u>\$220,791,335</u></u>

- (1) The City anticipates making substantial improvements to the Sewage Works over the next 20 years as part of its Long Term Control Plan and a Consent Decree entered into between the City and the U.S. Department of Justice and USEPA. The cost estimate for the Consent Decree is approximately \$600 million. The exact costs and timing of these improvements are still to be determined.

<u>Overlapping Debt</u>	<u>Total Debt</u>	<u>Allocable to City (2)</u>	<u>Allocable to City</u>
Tax Supported Debt			
St. Joseph County (3)	\$30,465,000	28.17%	\$8,581,991
South Bend Community School Corporation	114,089,291	52.85%	60,296,190
Penn-Harris-Madison School Corporation	36,675,073	2.68%	982,892
Mishawaka-Penn-Harris Public Library	2,475,000	2.19%	54,203
St. Joseph County Public Library	4,015,000	49.51%	1,987,827
St. Joseph County Airport Authority	12,080,000	28.17%	<u>3,402,936</u>
Tax Supported Debt			<u>75,306,039</u>
Self-Supporting Revenue Debt			
South Bend Public Transportation	875,000	62.41%	<u>546,088</u>
Self-Supporting Revenue Debt			<u>546,088</u>
Total Overlapping Debt			<u><u>\$75,852,127</u></u>

- (2) Based upon the 2016 payable 2017 net assessed valuation of the respective taxing units.
- (3) On December 30, 2014, the City of South Bend's Mayor, as the executive of the City, designated a portion of the City's distributive share of County Economic Development Income Tax to St. Joseph County (the "County"), pursuant to IC 6-3.5-7-15, in such amount as necessary to pay the annual debt service of 29.03% of the County's Economic Development Income Tax Revenue Bonds of 2014 ("County Bonds"), as long as these County Bonds remain outstanding. The principal balance outstanding attributable to the City was \$2,386,508 as of December 31, 2016, as the City prepaid some of the outstanding principal amount.

The schedule presented above is based on information furnished by the obligors or other sources and is deemed reliable. The City makes no representation or warranty as to its accuracy or completeness.

**CITY OF SOUTH BEND**

**CITY ECONOMIC DEVELOPMENT INCOME TAX REVENUE BONDS**

(As of February 15, 2017)

These Bonds are payable solely from the City's share of the St. Joseph County Economic Development Income Tax and do not constitute a claim against the base property taxes collected or other income of the City.

<u>Title</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Outstanding</u>
Economic Development Income Tax Bonds of 2015 St. Joseph County	2015	\$5,605,000	08/01/35	\$5,295,000
Economic Development Income Tax Revenue Bonds of 2014	2014	2,657,697	12/31/34	<u>2,386,508</u> (1)
Total				<u><u>\$7,681,508</u></u>

- (1) On December 30, 2014, the City of South Bend's Mayor, as the executive of the City, designated a portion of the City's distributive share of County Economic Development Income Tax to St. Joseph County (the "County"), pursuant to IC 6-3.5-7-15, in such amount as necessary to pay the annual debt service of 29.03% of the County's Economic Development Income Tax Revenue Bonds of 2014 ("County Bonds"), as long as these County Bonds remain outstanding. The principal balance outstanding attributable to the City was \$2,386,508 as of December 31, 2016, as the City prepaid some of the outstanding principal amount.

**COUNTY OPTION INCOME TAX LEASE RENTAL REVENUE BONDS**

(As of February 15, 2017)

These Bonds are payable solely from the City's share of the St. Joseph County Option Income Tax and do not constitute a claim against the base property taxes collected or other income of the City.

<u>Title</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Outstanding</u>
County Option Income Tax Lease Rental Revenue Refunding Bonds of 2010	2010	\$6,075,000	02/01/21	\$2,470,000
Taxable Revenue Bonds, Series 2010	2010	4,980,000	01/15/19	1,340,000
First Mortgage Revenue Refunding Bonds, Series 2012	2012	13,595,000	02/01/23	<u>8,265,000</u>
Total				<u><u>\$12,075,000</u></u>

**HOTEL-MOTEL TAX REVENUE DEBT**

(As of February 15, 2017)

<u>Title</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Outstanding</u>
Lease Rental Revenue Refunding Bonds, Series 2013	2013	\$3,990,000	05/01/26	\$3,175,000
Century Center Energy Conservation Bonds of 2015 (QECB)	2015	4,167,897	05/01/31	<u>4,145,311</u>
Total				<u><u>\$7,320,311</u></u>

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**TAX INCREMENT FINANCING (TIF) REVENUE DEBT**

(As of February 15, 2017)

(Cont'd)

<u>Title</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Outstanding</u>
Lease Rental Revenue Bonds, Series 2015	2015	\$25,000,000	02/01/37	\$25,000,000
Lease Rental Revenue Refunding Bonds of 2015	2015	31,450,000	02/15/33	29,420,000 (1)
Special Taxing District Refunding Bonds of 2014	2014	3,440,000	01/01/22	2,210,000 (1)
Special Program Refunding Bonds, Series 2011A (Downtown Central Development Area)	2011	18,030,000	08/01/24	11,850,000
Special Program Refunding Bonds, Series 2011A (Airport Development Area)	2011	10,435,000	08/01/24	<u>6,755,000</u>
Total				<u><u>\$75,235,000</u></u>

(1) The Bonds are payable from a Special Ad Valorem Tax; however, it is the intent of the City to pay from Tax Increment Revenues.

**STATEMENT OF CITY UTILITY REVENUE DEBT**

The City of South Bend owns and operates the municipal waterworks and municipal sewage works (the "Utilities") which have heretofore issued and have outstanding the following revenue bonds. All such revenue bonds constitute a lien on the revenue of the utilities and are not, pursuant to Indiana statutes, direct obligations of the City. Revenue bonds issued of the Utilities and outstanding as of February 15, 2017, were as follows:

<u>Title</u>	<u>Final Maturity</u>	<u>Outstanding</u>
Waterworks Refunding Revenue Bonds of 2016	01/01/27	\$3,300,000
Waterworks Revenue Bonds of 2012	01/01/33	6,925,000
Waterworks Refunding Revenue Bonds of 2012B	01/01/23	2,380,000
Waterworks Revenue Bonds of 2009, Series A (SRF)	01/01/30	332,562
Waterworks Revenue Bonds of 2009, Series B	01/01/30	4,325,000
Sewage Works Refunding Revenue Bonds of 2015	12/01/25	24,965,000
Sewage Works Refunding Revenue Bonds, Series 2013A	12/01/24	8,050,000
Sewage Works Revenue Bonds of 2012	12/01/32	20,890,000
Sewage Works Revenue Bonds of 2011	12/01/31	17,295,000
Sewage Works Revenue Bonds of 2010	12/01/30	7,145,000
Sewage Works Revenue Bonds of 2009 (SRF)	12/01/28	2,249,643
Waterworks and Sewage Works Leases		3,325,737

**CITY OF SOUTH BEND**

**DIRECT DEBT ISSUANCE LIMITATION (SOUTH BEND REDEVELOPMENT DISTRICT)**

The District is limited to the issuance of direct general obligation debt in an amount not to exceed 2% of one-third of the assessed valuation.

Certified Net Assessed Valuation - 2016 Payable 2017	\$2,317,096,240
2% of One-Third Thereof	15,447,308
Less Bonds subject to limitation:	
Special Taxing District Refunding Bonds of 2014	(2,210,000)
Taxable Revenue Bonds, Series 2010	<u>(1,340,000)</u>
Issuance Margin	<u><u>\$11,897,308</u></u>

**PER CAPITA AND DEBT RATIO ANALYSIS**

Population - 2010	101,168
Certified Net Assessed Valuation - 2016 Payable 2017	\$2,317,096,240

<u>Description</u>	<u>Amount</u>	<u>Debt Per Capita</u>	<u>Ratio of Debt/Assessed Valuation</u>
Total Direct Debt and Lease Obligations	\$220,791,335	\$2,182.42	9.53%
Total Overlapping and Underlying Direct Debt and Lease Obligations	<u>75,852,127</u>	<u>749.76</u>	<u>3.27%</u>
Totals	<u><u>\$296,643,462</u></u>	<u><u>\$2,932.18</u></u>	<u><u>12.80%</u></u>

**CITY OF SOUTH BEND**

**TOTAL CERTIFIED TAX RATES**  
 City of South Bend - Portage Township  
 Per \$100 of Net Assessed Valuation

	Year Taxes Payable				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
County	\$0.6731	\$0.7058	\$0.6866	\$0.6974	\$0.6950
Portage Township	0.0453	0.0505	0.0500	0.0512	0.0527
Schools	1.3493	1.3577	1.2940	1.2682	1.2049
Library	<u>0.3227</u>	<u>0.3309</u>	<u>0.3207</u>	<u>0.3549</u>	<u>0.3372</u>
<u>Corporation</u>					
General	2.5678	2.7977	2.8313	2.8703	2.8382
Park & Recreation	0.5102	0.5608	0.5676	0.5754	0.6473
Cumulative Cap Development	<u>0.0328</u>	<u>0.0328</u>	<u>0.0325</u>	<u>0.0321</u>	<u>0.0313</u>
Total Corporation	<u>3.1108</u>	<u>3.3913</u>	<u>3.4314</u>	<u>3.4778</u>	<u>3.5168</u>
Redevelopment General	0.0599	0.0379	0.0687	0.0648	0.0376
Airport	0.0330	0.0345	0.0338	0.0423	0.0285
Transportation	<u>0.1042</u>	<u>0.1125</u>	<u>0.1100</u>	<u>0.1153</u>	<u>0.1161</u>
Total Tax Rate	<u><u>\$5.6983</u></u>	<u><u>\$6.0211</u></u>	<u><u>\$5.9952</u></u>	<u><u>\$6.0719</u></u>	<u><u>\$5.9888</u></u>

(1) Includes certified tax rates of overlapping taxing units.

Source: DLGF Certified Budget Orders for the City.

**CITY OF SOUTH BEND**

**SCHEDULE OF HISTORICAL NET ASSESSED VALUATION**

(As Provided by the St. Joseph County Auditor's Office)

<u>Year</u> <u>Payable</u>	<u>City of South Bend</u>				<u>St. Joseph County</u>
	<u>Real Estate</u>	<u>Utilities</u>	<u>Personal</u> <u>Property</u>	<u>Total</u> <u>Taxable Value</u>	<u>Total</u> <u>Taxable Value</u>
2013	\$1,858,213,181	\$100,832,450	\$412,042,066	\$2,371,087,697	\$7,753,967,187
2014	1,687,672,152	90,252,180	431,802,340	2,209,726,672	7,612,534,622
2015	1,753,122,893	86,924,710	420,221,715	2,260,269,318	7,894,770,717
2016	1,737,036,616	83,786,930	456,346,197	2,277,169,743	7,993,696,892
2017	1,758,787,301	105,036,200	463,676,740	2,327,500,241	8,262,636,370

Note: See footnote (a) at the end of this report.

**CITY OF SOUTH BEND**

**PROPERTY TAXES LEVIED AND COLLECTED**

<u>Collection Year</u>	<u>Certified Taxes Levied</u>	<u>Circuit Breaker Tax Credit</u> (1)	<u>Certified Taxes Levied Net of Circuit Breaker Tax Credit</u>	<u>Taxes Collected</u>	<u>Collected as Percent of Gross Levy</u>	<u>Collected as Percent of Net Levy</u>
2012	\$70,756,844	(\$23,965,911)	\$46,790,933	\$47,728,794	67.45%	102.00%
2013	72,696,497	(27,863,156)	44,833,341	43,943,006	60.45%	98.01%
2014	73,981,565	(28,708,050)	45,273,515	44,540,371	60.20%	98.38%
2015	76,533,090	(31,636,141)	44,896,949	45,265,669	59.15%	100.82%
2016	78,503,658	(32,421,068)	46,082,590	47,766,833	60.85%	103.65%

Source: The St. Joseph County Auditor's Office and the DLGF Certified Budget Orders for the City.

(1) Circuit Breaker Tax Credits allocable to the City per the DLGF.

Note: See footnote (b) at the end of this report.

**CITY OF SOUTH BEND**

**LARGE TAXPAYERS**

The following is a list of the ten largest taxpayers located within the City.

<u>Name</u>	<u>Type of Business</u>	<u>2016/2017 Net Assessed Valuation</u>	<u>Percent of Total Net Assessed Valuation (1)</u>
Indiana Michigan Power Company (2)	Electric utility	\$50,290,160	2.16%
University of Notre Dame (2)	Higher education	43,287,836	1.86%
Edward Rose of Indiana (2)	Apartment complexes	37,011,700	1.59%
Honeywell International, Inc./ Bendix Corp. (2)	Mfg. auto and aircraft parts	35,957,771	1.54%
Steel Warehouse Co., Inc./ Lock Joint Tube LLC (2)	Steel processing	33,327,984	1.43%
Indiana Bell Telephone Co, Inc./ AT&T Services, Inc. (2)	Telecommunications utility	33,185,910	1.43%
JVE Investments LLC/ The Tire Rack, Inc. (2)	Tire sales	24,703,590	1.06%
Federal-Mogul Powertrain Systems	Mfg. automotive parts	23,751,180	1.02%
Northern Indiana Public Service Company (2)	Gas & electric utility	22,260,990	0.96%
Eddy Property Development, Inc./ South Bend Clinic LLP (2)	Healthcare clinic	<u>21,728,410</u>	<u>0.93%</u>
Totals		<u><u>\$325,505,531</u></u>	<u><u>13.98%</u></u>

(1) The total net assessed valuation of the City is \$2,327,500,241 for taxes payable in 2017, according to the St. Joseph County Auditor's office.

(2) Located in a tax increment allocation area; therefore, all or a portion of the taxes are captured as TIF and not distributed to individual taxing units.

Source: County Auditor's office and the DLGF. Individual parcel data is submitted by the County Auditor to the DLGF once a year for preparation of the county abstract.

## CITY OF SOUTH BEND

### FOOTNOTES

- (a) "Net Assessed Value" or "Taxable Value" represents the "Gross Assessed Value" less certain deductions for mortgages, veterans, the aged, the blind, economic revitalization areas, resource recovery systems, rehabilitated residential property, solar energy systems, wind power devices, hydroelectric systems, geothermal devices and tax-exempt property. The "Net Assessed Value" or "Taxable Value" is the assessed value used to determine tax rates.

Pursuant to State law, personal property is assessed at its actual historical cost less depreciation, in accordance with 50 IAC 4.2, the DLGF's Rules for the Assessment of Tangible Personal Property. Effective January 1, 2016, state law annually exempts from property taxation new tangible business personal property with an acquisition cost of less than \$20,000. Pursuant to State law, real property is valued for assessment purposes at its "true tax value" as defined in the Real Property Assessment Rule, 50 IAC 2.4, the 2011 Real Property Assessment Manual ("Manual"), as incorporated into 50 IAC 2.4 and the 2011 Real Property Assessment Guidelines, Version A ("Guidelines"), as adopted by the DLGF. P.L. 204-2016, SEC. 3, enacted in 2016, retroactive to January 1, 2016, amends State law to provide that "true tax value" for real property does not mean the value of the property to the user and that true tax value shall be determined under the rules of the DLGF. As a result of P.L. 204-2016, the DLGF has begun the process of amending the Manual. In the case of agricultural land, true tax value shall be the value determined in accordance with the Guidelines and IC 6-1.1-4, as amended by P.L. 180-2016.

P.L. 180-2016 revises the factors used to calculate the assessed value of agricultural land. This legislation is retroactive to the January 1, 2016 assessment date and applies to each assessment date thereafter. The revised factors enacted in the legislation may reduce the total assessed value of agricultural land, which could shift property tax liability from agricultural property owners to other property owners. In addition, the reduction in the assessed value of agricultural land may result in a reduction of the total assessed value. Lower assessed values may result in higher tax rates in order for a unit to receive its approved property tax levy.

Except for agricultural land, the Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal method, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they produce "accurate and uniform values throughout the jurisdiction and across all classes of property". The Manual specifies the standards for accuracy and validation that the DLGF uses to determine the acceptability of any alternative appraisal method.

- (b) Indiana Code 6-1.1-20.6 provides taxpayers with a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit ("Circuit Breaker Tax Credit").

Property taxes for residential homesteads are limited to 1% of the gross assessed value of the homestead; property taxes for agricultural, other residential property and long term care facilities are limited to 2% of their gross assessed value; and property taxes for all other real and personal property are limited to 3% of gross assessed value. Additional property tax limits have been made available to certain senior citizens.

Since July 1, 2012, property tax revenue subject to reduction by the Circuit Breaker Tax Credit under Indiana Code 6-1.1-20.6-9.8 is classified as either "protected taxes" or "unprotected taxes." "Protected Taxes" include taxes levied to pay debt service or lease rental on obligations payable from ad valorem property taxes. A debt service fund containing Protected Taxes is funded first by the taxing unit before property taxes are deposited into any other funds.

The Constitutional Provision excludes from the application of the Circuit Breaker Tax Credit property taxes first due and payable in 2012, and thereafter, that are imposed after being approved by the voters in a referendum. The Statute codifies this exception, providing that, with respect to property taxes first due and payable in 2012 and thereafter, property taxes imposed after being approved by the voters in a referendum will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute.

In accordance with the Constitutional Provision, the General Assembly has, in the Statute, designated Lake County and St. Joseph County as "eligible counties" and has provided that property taxes imposed in these eligible counties to pay debt service and make lease rental payments for bonds or leases issued or entered into before July 1, 2008 or on bonds issued or leases entered into after June 30, 2008 to refund those bonds or leases, will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute, through and including December 31, 2019.