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Overview of IC 8-25 Central Indiana Public Transportation Projects

Funding for Public Transportation

i) County Referendum

The act allows Delaware, Hamilton, Hancock, Johnson, Madison, and Marion Counties to use existing local option income tax capacity for certain public transportation projects if approved by voters.

Includes the following stipulations:

- 25% of cost of new fixed route services must come from fares
- 10% of cost of new service must come from non tax and fare sources
- Must adhere to Indianapolis' MBE/WBE/VBE participation guidelines
- Revenue raised can't be used for light rail projects

ii) Township Referendum

Once a county has adopted an ordinance under this law to support new public transportation projects, adjacent townships in the named counties may also move forward with transportation plans that will need to go before voters.

Example:

> Should Marion County move forward with a plan before the voters, Vernon Township in Hancock County may also put a question on the ballot to establish or expand transportation services in Vernon Township. Once Vernon's proposal is approved by the Township Advisory Board, adjacent townships to Vernon can move forward with plans of their own.

Implementation

i) Ordinance to place question on the ballot

The county fiscal body, or township advisory board, adopts an ordinance to place a transit referendum on the ballot to fund new public transportation services.

The law allows the county to use existing LOIT capacity that previously could not be used for transportation. Funds may be generated from the county adjusted gross income tax (Hancock, Johnson), county option income tax (Delaware, Madison), or county economic development income tax (Hamilton, Marion). For 2014, LSA found the existing capacity in the LOIT category allowed by this law to be $29.2M for Hamilton County and $45.4M for Marion County.

The county fiscal body for the CAGIT counties is the county council. The county fiscal body for the COIT and CEDIT counties is the county income tax council.

The county income tax council is made up of the fiscal bodies of each city and town in the county with votes determined by percentage of county population. The process to implement an ordinance by the county income tax council is prescribed by IC 6-3.5-6. A member of the income tax council must pass a resolution to submit to the county auditor. The auditor then has ten days to distribute the ordinance to the other members of the income tax council. Each member of the income tax council shall act within thirty days of receiving the proposed ordinance.

The ordinance must include a description of the public transportation services proposed and an additional tax rate to be imposed of at least 0.1%, but not more than 0.25%.

ii) Referendum

Upon adoption of the ordinance, at the next general election for which all voters of the county are entitled to vote, the question will go to the voters for adoption. The question must be certified by August 1 to be placed on the general election ballot.

iii) Ordinance to fund project

If a county referendum is approved by voters with a simple majority, the county fiscal body may adopt an ordinance to implement the new tax. If a township referendum is approved by voters with a simple majority, the county fiscal body shall adopt an ordinance to implement the new tax.

iv) Service

By ordinance, each county decides the best method to carry out the county or township transportation projects. This can be through existing or new providers, with interlocal agreements, or by public private partnership. Counties may issue bonds for these transportation projects.

v) 501c3s

County Commissioners and IndyGo are tasked with establishing 501c3 organizations with seven member boards to raise funds to help operate new transportation services. For the first year of operations, the law requires an amount to be raised that is 10% of new taxes collected. For the second year of operations and each year thereafter, at least 10% of the annual operating expenses for new fixed route services established by the public question must be raised (from sources other than taxes and fares). This money shall be raised before the end of the third quarter of the preceding calendar year. If the foundation/county fails to raise the required revenue, the county is responsible for the shortfall.