

INTRODUCED: 9/8/2025

REFERRED TO: Administration and Finance Committee

SPONSOR: Councilor Mascari

DIGEST: proposes an ordinance of the Marion County Local Income Tax Council to: 1) modify the local income tax rate, 2) modify the allocation of the previously imposed expenditure rate, and 3) to cast the vote of the City-County Council on such ordinance

SOURCE:

Initiated by: Office of Finance and Management

Drafted by: Office of Finance and Management

LEGAL REQUIREMENTS FOR ADOPTION:

Published Notice of Public Hearing

Subject to approval or veto by Mayor

PROPOSED EFFECTIVE DATE:

Adoption and approvals

GENERAL COUNSEL APPROVAL: _____ Date: September 4, 2025

CITY-COUNTY SPECIAL ORDINANCE NO. _____, 2025

PROPOSAL FOR A SPECIAL ORDINANCE of the City-County Council proposing an ordinance of the Marion County Local Income Tax Council to: (1) modify the local income tax rate, (2) modify the allocation of the previously imposed expenditure rate, and to cast the vote of the City-County Council on such ordinance.

WHEREAS, the General Assembly established the expenditure rate component of the local income tax under IC 6-3.6-6; and

WHEREAS, IC 6-3.6-3-1 established the Marion County Local Income Tax Council; and

WHEREAS, the Local Income Tax Council is composed of the City-County Council of the Consolidated City of Indianapolis and Marion County, the City Council of Beech Grove, the City Council of the City of Lawrence, the City Council of the City of Southport, and the Town Council of the Town of Speedway; and

WHEREAS, the City-County Council of the Consolidated City of Indianapolis and Marion County holds ninety-one and seventy-five hundredths (91.75) of the one hundred (100) vote shares allocated among the members of the Local Income Tax Council, constituting a majority of all vote shares;

WHEREAS, Marion County is a county with a single voting bloc, as that term is defined by IC 6-3.6-2-7.4, meaning that each member of the City-County Council therefore holding a vote share equal to one twenty-fifth, or four percent (4%) of the Consolidated City's overall vote share, with such individual member vote share being equal to three and sixty-seven hundredths (3.67) vote shares; and

WHEREAS, the Marion County Income Tax Council adopted an ordinance, effective January 1, 2008, which set the levy freeze tax rate at 0.20%; and

WHEREAS, pursuant to IC 6-3.6-11-1(b), the tax rate used to provide for a levy freeze shall be part of the certified shares component of the expenditure tax rate under IC 6-3.6-6; and

WHEREAS, IC 6-3.6-11-1(b) requires approval from the department of local government finance before an adopting body may lower a levy freeze rate; and

WHEREAS, pursuant to IC 6-3.6-11-1(b), the department of local government finance has approved a lower levy freeze tax rate for Marion County; and

WHEREAS, Marion County has a current levy freeze stabilization fund balance of \$19,809,572.83 and received a 2025 supplemental levy freeze distribution of \$8,467,392.33; and

WHEREAS, pursuant to IC 6-3.6-11-1(c) the Marion County Local Income Tax Council has determined that a need now exists to lower the levy freeze tax rate from 0.1593% to 0.1412%, which corresponds to a levy freeze tax reduction in the amount of \$5,863,432.57 and accounts for the 2025 supplemental income tax levy freeze distribution of \$8,467,392.33 and utilization of \$4,100,000 of the levy freeze stabilization fund balance; and

WHEREAS pursuant to IC 6-1.1-18.5-3(b) (effective January 1, 2028), Marion County shall adopt a plan to phase in a multi-year gradual spend down of money in its stabilization fund or other available funds ; and

WHEREAS, the Marion County Local Income Tax Council wishes to increase the certified shares rate equivalent to the levy freeze tax rate reduction of 0.0181%; and

WHEREAS, in addition to the proposed levy freeze tax rate reduction and as a result of the property tax revisions through Senate Enrolled Act 1 (2025), the Marion County Local Income Tax Council intends to reallocate the property tax relief rate from .0355% to 0%; and

WHEREAS, the Marion County Local Income Tax Council wishes to increase the certified shares rate by .0090% for a revised rate of 1.0842% and the public safety rate by .0446% for a revised rate of .5446% in order to maintain the overall income tax rate of 2.02%; and

WHEREAS, pursuant to IC 6-3.6-6-4, requires the adoption of an ordinance determining how additional revenue is to be allocated among the uses of public safety, economic development projects, and certified shares; and

WHEREAS, pursuant to IC 6-3.6-3-10(b), a local income tax council may pass only one (1) ordinance adopting, increasing, decreasing, or rescinding a tax in one (1) year; and

WHEREAS, the City-County Council wishes to propose an ordinance of the Marion County Local Income Tax Council to: (1) lower the levy freeze tax rate by 0.0181%; (2) lower the property tax relief rate by 0.0355%; (3) increase the certified shares expenditure rate by 0.0090%; (4) increase the public safety rate by .0446%; and (4) modify the allocation of the previously imposed expenditure rate under IC 6-3.6-6; now, therefore:

BE IT RESOLVED BY THE CITY-COUNTY COUNCIL OF THE
CITY OF INDIANAPOLIS AND OF MARION COUNTY, INDIANA:

SECTION 1. The City-County Council hereby proposes an ordinance of the Marion County Local Income Tax Council pursuant to IC 6-3.6-11-1, IC 6-3.6-6, IC 6-3.6-5-6 and IC 6-3.6-3.

SECTION 2. The City-County Council hereby casts its Ninety-One and Seventy-five Hundredths (91.75) votes in favor of the proposed ordinance of the Marion County Local Income Tax Council, which ordinance is attached hereto and incorporated herein as "Exhibit A."

_____ (representing the number of Council members voting "yes," multiplied by each member's individual vote share of 3.67)

_____ (representing the number of Council members voting "no," multiplied by each member's individual vote share of 3.67)

_____ (representing the number of Council members not voting or abstaining, multiplied by each member's individual vote share of 3.67)

The Clerk of the Council shall perform the above calculation of vote shares following the Council's vote on this Ordinance.

SECTION 3. The Clerk of the City of Indianapolis hereby is ordered to deliver an original executed copy of this proposed ordinance of the Marion County Local Income Tax Council to the Controller of the Consolidated City of Indianapolis and Marion County forthwith so that the Controller shall deliver copies of such proposed ordinance to other members of the Marion County Local Income Tax Council, namely, the City Council of the City of Beech Grove, the City Council of the City of Lawrence, the Town Council of the Town of Speedway, and the City Council of the City of Southport, after receipt from the City Clerk and so that the other members of the Marion County Local Income Tax Council may, after receipt from the Controller, vote on such proposed ordinance; however, pursuant to IC 6-3.6-3-8(d), the other members need not vote on it.

SECTION 4. This Ordinance shall be in full force and effect upon adoption and compliance with I.C. 36-34-14.

The foregoing was passed by the City-County Council this _____ day of _____, 2025, at _____ p.m.

ATTEST:

Vop Osili
President, City-County Council

Yulonda Winfield
Clerk, City-County Council

Presented by me to the Mayor this _____ day of _____, 2025.

Yulonda Winfield
Clerk, City-County Council

Approved and signed by me this _____ day of _____, 2025.

Joseph H. Hogsett, Mayor

EXHIBIT A

**ORDINANCE MODIFYING LOCAL INCOME TAX
ALLOCATIONS IN MARION COUNTY**

BE IT ORDAINED BY THE MARION COUNTY LOCAL INCOME TAX COUNCIL:

SECTION 1. The local income tax rates shall be modified in the following manner:

The certified shares rate includes a rate associated with a levy freeze rate previously imposed under the former local option income tax statutes.

The levy freeze portion of total certified shares rate and the non-levy freeze portion of total expenditure rate, after adoption will be as follows:

Local Income Tax Type	Existing Rate	Proposed Rate
Expenditure Rate – Levy Freeze Portion	0.1593%	0.1412%
Expenditure Rate - Certified Shares (non-Levy Freeze) Portion	1.0752%	1.0842%
Expenditure Rate – Public Safety Portion	0.5000%	0.5446%
Expenditure Rate - Total Rate (IC 6-3.6-6)	1.7345%	1.7700%

The property tax relief rate after adoption will be as follows:

Local Income Tax Type	Existing Rate	Proposed Rate
Property Tax Relief Rate (IC 6-3.6-5)	0.0355%	0.0000%

SECTION 2. The previously imposed expenditure rate under IC 6-3.6-6 shall be allocated in the following manner:

Allocation Rate Category	Existing Allocation	Proposed Allocation
Public Safety	28.83%	30.77%
Economic Development	0%	0%
Certified Shares	71.17%	69.23%

SECTION 3. The rates and allocations proposed above will first be applicable for 2026 and then each year thereafter. The rates and allocations will continue until rescinded or modified.

SECTION 4. A public hearing was held on the proposed ordinance, rate modifications and allocations on September 22, 2024. Proper notice of the public hearing was provided pursuant to IC 5-3-1.

SECTION 5. The Controller of the Consolidated City of Indianapolis and Marion County shall send a certified copy of this ordinance to the commissioner of the Department of State Revenue, the director of the Budget Agency, and the commissioner of the Department of Local Government Finance in an electronic format approved by the director of the Budget Agency.

SECTION 6. The Controller of the Consolidated City of Indianapolis and Marion County shall give notice of the adoption of this ordinance in accordance with IC 5-3-1 not later than thirty (30) days after the date on which this ordinance is adopted.

SECTION 7. This ordinance shall be in full force and effect on and after the first day of January 2026.