

Marshall County
“A Vision for Its Future”

Transforming Economic Development:

Economic development in Marshall County, much like many successful efforts by smaller communities, may evolve to take on a much broader focus than the traditional focus of expanding businesses. Due in part to limited resources, varying degrees of expertise and other limiting factors, ED programming transforms itself to community development work emphasizing on building capacity to address improvements in education, workforce development, transportation infrastructure, entry level housing needs and improving quality of place variables that impact business expansion decisions and increase population.

Often, such as in Marshall County, economic development corporations (EDC) are the agent of change, ensuring that a proactive focus is directed towards the future. Additionally, EDCs take on the role of advisors, helping elected officials understand and calculate the benefit for area residents by embracing change and assuming risk.

Transformative challenges facing Marshall County demand that leadership take proactive steps incorporating wider, long range plans to achieve goals. The converse offers Marshall County little growth and places the future of our youth at risk. Marshall County can't rely on others for our own success, we must take the necessary steps to ensure a better future for our community.

Transforming Marshall County Roads:

A safe, efficient, and reliable transportation network provides essential infrastructure for a robust regional economy. Within a 3.5 hour radius of Marshall County, there exists commerce and retail to support 30,000,000 people who live in the region.

Transportation historically has been the backbone of business development and has provided a competitive advantage for the efficient movement of goods to markets from Marshall County. Now, U.S. Highways 30 and 31 offer a renewed strategy for business expansions due to “on shoring” activity and a resurgence of manufacturing returning to the U.S.

A recent examination by the Marshall County Highway Department reveals some disturbing information which if not corrected, present obstacles that will jeopardize even the best economic development plan. Economic development is a very competitive venture and Marshall County communities need to utilize advantages to diversify and grow the economy.

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Marshall County Roadways Facts:

- Highway Material Cost in 2015 has risen 98% since 2003.
- Asphalt cost is approximately \$85,000 in 2015 vs. \$35,000 in 2003.
- Funding for road maintenance will be significantly reduced in 2016 by \$1.5 MM from 2013, 2014 and 2015 funding levels.
- Grading of Marshall County roadways are an average of 3-5 on a ten point scale.
- Eleven (11) roads have been turned back to gravel.
- The gap is widening between use of Marshall County roads and maintenance required to keeping up with use.

Generating Revenue for Community Development:

State Statute allows for the implementation of County Economic Development Income Tax (CEDIT) to foster economic development. Approximately, 84% of Indiana Counties implement CEDIT to generate necessary funding for their economic development strategies. Across Indiana’s northern tier, Marshall County is one of three counties that haven’t authorized the use of CEDIT. State statute will allow for a .00250 income tax in Marshall County which is estimated to generate approximately \$2.2 MM annually. The income tax withheld would be approximately \$1.63/week for a wage earner in Marshall County based on an annual wage of \$34,000.



Counties Utilizing CEDIT

Generating Revenue for Roads:



Counties Utilizing LOHUT

Local Option Highway User Tax (LOHUT) is the only optional tax specifically for road funding. Recently, the Marshall County Commissioners proposed to generate approximately \$1.52 MM through LOHUT. This newly created funding would provide approximately \$1.24 MM for the County Highway Department and would generate approximately \$ 274 K to be used by the local jurisdiction for maintenance of their roads.

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Use of Funds for Community Development:

Marshall County EDC examined community development issues over a year long process. Through discussions with local businesses, community leaders, and utility partners, the following budget was developed. Each category represents projects and associated costs that are needed to ensure success strengthening and growing the Marshall County economy.

1. Metronet Extension in Marshall County	Total (41 mi.)(35K/mi.) Note: construction costs includes fiber, handholds-business routes	\$1.5 MM
2. Shell Building Construction	Total (4 in Marshall County) \$625,000/yr. Note: Interest @ 5% for 15 yrs.	\$3.125 MM for 5/yr.
3. Infrastructure Needs for Industrial Development:	Total (Six communities; water, sewer, roads, rail construction)	\$10.05 MM
4. Entrepreneur Hub	Total (Two communities) Note: Develop Angel Network, Mentor Board	\$7.00 MM
5. Affordable Housing	Total (Six communities ESTIMATE)	\$5.00 MM
6. Workforce Development	Total (Beyond normal MCEDC programing)	\$300 K for 10/yr.
<u>10 Year Total</u>		<u>\$27.00 MM</u>

Use of Funds for Roadwork:

A Marshall County road maintenance “ten-year” plan will require approximately \$52.32 MM and will repair and maintain 911 miles of road. An annual maintenance plan is provided below to demonstrate how funds will be used.

Categories	Roadwork	Cost	Amount
Paved Road	Pave, prep, and repair 325 miles	\$97,500 /mi	\$31.69 MM
Chip & Seal Road	Chip & Seal and repair 473 miles	\$29,000 /mi	\$13.72 MM
Gravel Road	Regravel and repair 113 miles	\$19,100 /mi	\$2.16 MM
<u>10 Year Total</u>			<u>\$52.32 MM</u>
<u>5 Year Total</u>			<u>\$26.16 MM</u>
<u>1 Year Total</u>			<u>\$5.23 MM</u>

FAQ on CEDIT

What is CEDIT?

The state of Indiana allows each county to implement the County Economic Development Income Tax (CEDIT). This tax provides funding for local economic development projects that increase local employment opportunities and/or attract or retain businesses.

What is this tax's precedent?

CEDIT has been implemented by 84% of Indiana counties to great success. In fact, Marshall County is one of only 3 counties in Northern Indiana that has not yet authorized its use.

Why should we implement CEDIT in Marshall County?

CEDIT will substitute Rainy Day funding for economic development. It is a 0.00250% income tax, which makes it a low-cost funding option that will have a huge effect on economic development, thus improving Marshall County's quality of place.

What is quality of place?

Quality of place describes the characteristics of a location that make it attractive. This is a big concern in economic development. Small towns and communities see a great deal of population stagnation, so in order to entice potential residents, we must make our community more attractive to them.

What are we doing to improve quality of place?

Regionally: Marshall County, working with St. Joseph and Elkhart counties, won **\$42 million** through the Regional Cities Initiative Grant, which will provide funding to make our communities better and more attractive places to live. However, this grant money can only be used to cover **20%** of each project's cost, meaning we must generate **\$168 million** more to fund the region's development plans.

Locally: Marshall County must look for additional ways to improve quality of place both regionally and locally. One way of achieving this is by implementing our economic development plan.

What is the Marshall County economic development plan?

The Marshall County economic development plan represents the projects needed to strengthen and grow our economy. The budget is estimated at \$27 million and will be allocated over 10 years. CEDIT is estimated to generate \$2.2 million annually, which will help fund the plan.

What will the plan fund?

The economic development plan aims to accomplish the following:

- Extend the existing Metronet dark fiber
- Improve infrastructure
- Build more affordable housing
- Construct shell buildings to attract business
- Create entrepreneur hubs
- Strengthen workforce development

What will this cost me?

If CEDIT is implemented, the average wage earner working in **Marshall County** would pay **\$1.63/week** (based upon a \$34,000 annual wage). Comparatively, workers pay \$1.63 in Elkhart, \$1.96 in Kosciusko, \$2.62 in St. Joseph, \$2.81 in Fulton, and \$3.66 in Starke.

Who Pays CEDIT today?

- Wage earners living in counties which have already implemented CEDIT pay.
- Marshall County residents that work in adjacent Counties pay.
- Residents living in counties that have implemented CEDIT and work in Marshall County pay.

FAQ on LOHUT

What is LOHUT?

The local option highway user tax is designated for local road funding. It has two components:

- The Motor Vehicle Excise Surtax is for cars, motorcycles, mopeds, and trucks under 11,000lbs
- The Wheel Tax is for buses, RVs, semi-trailers/tractors, trailers, and trucks over 11,000lbs

Why do we need LOHUT?

Other than gasoline taxes, the state does not currently provide any funding for construction and maintenance of roads. That's why we need a tax such as LOHUT, which is specifically for the purpose of constructing, repairing, and maintaining local roads.

What's the condition of Marshall County's roads?

Our roads are in bad shape; on a 10-point scale, our roadways average a score between 3 and 5.

Where does LOHUT go to?

The county may **only** use funds collected through LOHUT "to construct, reconstruct, repair, or maintain streets and roads under its jurisdiction." Funds go to the **county** itself, as well as the **cities and towns** within. **All of the money generated in the county stays in the county.**

Will LOHUT really help?

50 out of 92 Indiana Counties have already adopted LOHUT. Estimates show LOHUT will generate about \$1.52 million in Marshall County to improve our roads.

What will this cost me?

The Surtax costs \$7.50—\$25 per vehicle, and the Wheel Tax is \$5—\$40 per vehicle. Both are one time payments during vehicle registration.

Why is road funding so important?

Functional roads aren't just a matter of resident comfort and safety, they also affect our economy. It is easier to ask companies to invest in Marshall County when we are investing in ourselves. Improving our roads will make our community a more attractive place for residents to live and a more economically secure place for businesses to expand.

Aren't there other options for paying for road work?

The most likely alternative is to raise the Gas Tax, but local authorities cannot increase it above current levels, and state officials have resisted doing so in the past, making this solution impractical.

So why this tax?

LOHUT is not only the most viable option, it will also be inexpensive for the average resident while generating much needed revenue for our roads. Marshall County's long-term road maintenance plan aims to improve our transportation network, but we cannot do that without funding.

What is the long-term road plan?

Marshall County has developed a ten-year plan for road maintenance, which will be funded in part through the LOHUT. The plan will cost approximately \$5.23 million each year, improving a total of 911 miles of road in our county. LOHUT will help fund the plan by generating \$1.52 million annually.