



February 13, 2015

It's Crunch Time at the Statehouse - Committee Deadline is Next Week

It is now coming down to crunch time at the statehouse for introduced bills to have a chance of moving forward. Next Thursday, February 19, is the last day for bills to be passed out of committee. Therefore, if a bill does not receive a committee hearing next week, it is dead for the session. After next week, those authors of bills that didn't receive a hearing will have to try to amend their language into another moving bill. As usual, we expect some surprises next week as it is often a strategy to move a bill forward at the last possible minute, so that momentum against the bill does not have time to generate. We are already hearing that a common construction wage bill will move forward and that an attempt may be made to insert new language in a bill which addresses inspection and registration programs for various dwellings. Stayed tuned for more information on these topics next week.

Summing up the past week, it was busy. The main topic of interest: annexation. Two annexation bills were heard in committee and will be voted on next week. Read more about these bills and others below!

Annexation Bills Heard in Both House & Senate Committees with Vote Expected Next Week

[HB 1561](#) – Annexation (Truitt, R-West Lafayette/Negele, R-Attica)

[SB 330](#) – Annexation (Boots, R-Crawfordsville/Head, R-Logansport/Buck, R-Kokomo)

Six bills were filed on annexation this year, and the two bills we told you most likely to move were heard in committee this week, with testimony only. Thanks to the many members who have provided input on these proposals and especially to Mayor Tony Roswarski (Lafayette), Town Manager Tonya Galbraith (McCordsville) and Dan Taylor (attorney) for their time testifying in committee. Both Chairman Mahan (House Government & Regulatory Reform) and Chairman Head (Senate Local Government) held the bills with a plan to amend and vote next week.

HB 1561 is authored by Rep. Truitt and Rep. Negele. Among other things, the bill requires upfront community outreach by the annexing municipality prior to the introduction of an annexation ordinance. Much of the complaint from landowners around annexation is the lack of notice and "surprise" they feel when they hear an annexation has been introduced. Many cities and towns do an excellent job today of community outreach, and legislators believe requiring this upfront communication can go a long way in helping improve the situation and facilitate greater communication and mutual understanding with the landowners. HB 1561 also expands the fiscal plans to include more information and lowers the threshold for remonstrance from 65% to 60% in the case where municipal services are not already being provided. It also includes a provision which requires municipalities to reimburse up to \$20,000 to landowners if their remonstrance prevails. We do expect changes to be made to HB 1561 in committee next Tuesday.

SB 330 is authored by Sen. Boots, with co-authors Sen. Head and Sen. Buck. This bill makes municipal annexation extremely difficult, as it changes the municipal annexation and remonstrance process requiring municipalities to obtain a minimum of 51% signatures of the owners of land in the proposed territory to be annexed or the owners of more than 60% in assessed valuation of land (excluding land exempt from property

taxes) before the annexation may proceed. The petition would be filed with a court. Once the court finds that the petition has a sufficient number of signatures, a hearing must be conducted to review the annexation and fiscal plan. SB 330 also allows for noncontiguous annexation for economic development, which must occur within three years. Especially troubling in SB 330 is a provision which eliminates remonstrance waivers. IACT was on hand to testify and provided data from an IACIR report that was presented to the Interim Study Committee on Government last September. The report showed that only 5.7% of annexations between 2009 and 2013 had a remonstrance filed. The majority of cities and towns are doing a good job of building consensus prior to the annexations taking place, and we need your help reinforcing that point. SB 330 goes too far and in effect eliminates involuntary annexation. We do appreciate the author's willingness to hear our concerns and continue to meet with all interested legislators and stakeholders on this important issue. We expect SB 330 to be amended next week in committee as well.

How can you help? Talk to your legislators. Reinforce the following messages:

- **Communication is key.** We are supportive of upfront community outreach, as suggested in HB 1561. Upfront communication is key and could go a long way in helping resolve landowners concerns and build greater consensus. We also support adding more information to the fiscal plans so that everyone has a clearer picture of what is being proposed.
- **Explain the importance of remonstrance waivers**, especially for those communities who have spent so many years planning and using waivers to help provide outside users with services they need.
- **Only 5.7% of annexations had a remonstrance filed 2009-2013.** While there is always opportunity to do a better job with communication, SB 330 goes too far in making municipal annexation nearly impossible to achieve. Please work toward a more balanced approach.
- **Tell your positive stories** of community outreach and the positive outcomes of your local annexations.
- **Thank the legislators** for continuing to work with IACT and municipal leaders on this important issue.

Both HB 1561 and SB 330 will be changed next week in committee, with full House and Senate votes likely to come in the final week of February. This is an issue we expect will be debated and discussed into the final days of session in April. Stay tuned and stay engaged!

IACT Position:

Municipal annexation (sometimes called involuntary annexation) must continue and is critical for smart growth and proper planning. IACT will be working on this issue for cities and towns throughout session.

Tax Increment Financing Addressed at the General Assembly

[SB 567](#) Redevelopment Commissions and Authorities (P. Miller, R-Brownsburg)

[SB 478](#) Transportation Funding (Brown, R-Fort Wayne)

[HB 1018](#) Tax Increment Financing (Cherry, R-Greenfield)

This week, SB 567 passed the Senate by a 50-0 vote. SB 567 is an IACT initiative bill which aims to consolidate the multitude of TIF reporting deadlines to make reporting easier and more efficient for local governments. The bill also allows a redevelopment commission or authority to hold its organizational meeting on *any* day in January that is not a Saturday, Sunday or legal holiday (current law requires the meeting to be held on the *first* day of January that was not a Saturday, Sunday or legal holiday). An amendment was added to the bill on second reading which clarifies that the fiscal officer of a redevelopment commission may disburse funds only after the disbursement is approved by the commission.

IACT Position: Support – An IACT Initiative Bill

SB 478 also passed in the Senate this week. It expands the uses of TIF revenue to allow a municipal redevelopment commission (as approved by the legislative body) to provide revenue to a public transportation corporation or to a school's transportation fund.

IACT Position: Neutral

There is good news on HB 1018. Even though it was granted a hearing, we understand that it will not be voted out of the Ways and Means Committee. IACT opposes HB 1018 which limits the amount of revenue that could be captured in a newly created TIF area to 50%.

IACT Position: Oppose

Public Integrity Commission Seeks Whistleblower Protection in Bill for Local Government Employees

SB 394 – Reporting of Government Malfeasance (Charbonneau, R-Valparaiso)

This bill provides for confidentiality and relief for an individual who reports to the State Board of Accounts certain suspected violations of law by public officers. The bill was heard in Senate Judiciary Committee last Wednesday and was voted out of committee with unanimous support. Sen. Charbonneau is carrying all three of the bills promoted by the Attorney General's Public Integrity Commission, of which IACT was a participant.

IACT Position: Support

Bill Requires Annual Certification to the SBOA by Local Units That Internal Local Controls and Training Are in Place

HB 1264 – Internal Controls (Koch, R-Bedford/Lehman, R-Berne; Holdman, R-Markle)

This bill is in response to a situation that happened in Rep. Koch's district. HB 1264 requires the legislative body of a political subdivision to ensure appropriate training of personnel concerning the internal control system. It requires the fiscal officer of a political subdivision to annually certify to the State Board of Accounts (SBOA) that certain internal controls of the local government are in place and personnel have received the required training. The SBOA is charged in HB 1264 with the development of training materials by the State Board of Accounts (SBOA). The bill also contains a penalty provision in that the SBOA shall issue a comment in their audits if it finds the political subdivision has not adopted internal controls or if personnel have not received training. If, in subsequent audits, the SBOA finds that the internal controls violation has not been corrected, then the SBOA shall report it to the DGLF and the DLGF shall *not* approve the unit's budget or any supplemental appropriations. The bill passed the House 94-0 and heads to the Senate, where Sen. Holdman will be the sponsor.

IACT Position: Support concept, working with SBOA on further details

Karickhoff Offers Bill Giving Counties Option for Property Tax Replacement Fees

HB 1476 – County Option Property Tax Replacement Fee (Karickhoff, R-Kokomo)

Due to various property tax credits, Legislative Services Agency estimates that 285,250 parcels in Indiana had a tax liability in 2014 of \$0-\$100, with 56,300 with no liability. HB 1476 gives a new option for counties and permits a county council or county income tax council to establish an annual property tax replacement fee on any parcel receiving assessed value deductions or property tax credits that reduce the annual property tax liability on the

parcel to less than \$100. The bill provides that the minimum annual amount due in property taxes and the property tax replacement fee per parcel is \$100 in an adopting county. An amendment was discussed in Ways & Means Committee last Monday that would change the fee to a range from \$25 - \$200, to be decided by the adopting county. Ways & Means Chair Tim Brown held the bill for consideration possibly at a future meeting. With committee deadlines approaching next Thursday, the bill must be voted on in committee next week to continue.

IACT Position: Support, with thanks to Rep. Karickhoff for his work on this issue.

No Recourse for Private Property Owners Dissatisfied with Current Electric Provider

SB 309 – Electricity Suppliers’ Service Areas (Crider, R-Greenfield)

As currently written, municipal electrics lose the ability to petition the Indiana Utility Regulatory Commission to serve customers in an annexed area. The only way service territories can change under SB 309 is through mutual agreement between the incumbent provider and the municipal electric. This means that there is no recourse for private property owners in the annexed area that wish to be served by the more reliable, cost effective municipal electric. SB 309 is on 2nd reading in the Senate. **[Click here to contact your legislator today and urge them to protect private property owner’s right to reliable and cost effective electric service.](#)**

IACT Position: Oppose

Historic Meth Vote Expected in Committee on Tuesday

SB 536 – Methamphetamine Related Conviction Reporting (Young, R-Speedway)

The intent of SB 536 is to keep pseudoephedrine products (PSE) out of the hands of meth cooks and smurfers by using the current tracking system to block the sale of PSE to those with methamphetamine related convictions. Unfortunately, a fake ID is all that is needed to subvert this proposal. Hoosier taxpayers will be paying the cost to implement such a system.

Senator Steele (R-Bedford) offered an amendment during committee on Tuesday that requires a prescription for PSE products with a 3 year sunset. This allows Indiana to see whether or not requiring a prescription for PSE products eliminates domestic meth production like it did in Oregon and Mississippi. The amendment also allows tamper resistant PSE products approved by the Board of Pharmacy to be sold and purchased without a prescription. The Indiana Coalition Against Meth Making Meds testified in support of Senator Steele’s amendment.

After leading the nation in 2013 and 2014 in meth lab incidents, it is time for Indiana to get serious about our meth lab epidemic. Domestic meth labs pose an intolerable threat to innocent children, public safety officers and entire communities. Just yesterday, a 12 year old and a 16 year old are now in custody of Child Protective Services after being removed from a meth smoke filled house after a [meth lab fire](#). The children and two police officers were treated at a local hospital for exposure to the toxic meth smoke.

The Senate Committee on Corrections and Criminal Law is expected to take a vote on the amendment next Tuesday. **[Please contact the committee members and urge them to support Senator Steele’s amendment to SB 536. Click here for a list of committee members.](#)**

IACT Position: Support Senator Steele’s Proposed Amendment

Committee Supports Live Dealers at Racinos and Riverboats Moving Inland

HB 1540 – Various Gaming Matters (Dermody, R-LaPorte)

The House Committee on Public Policy voted HB 1540 out of committee with a final vote of 10-2. The bill contains most of the recommendations from a summer study committee that looked at avenues to make Indiana's casinos more competitive with our bordering neighbors. Under 1540, riverboat casinos are permitted to move inland on land that they currently own or lease, casinos are given tax incentives for new construction on their properties, the free play promotional credit is extended and racinos may have live dealers. For every live dealer a racino adds to their establishment, they must remove one electronic gaming device. HB 1540 has been recommitted to the House Committee on Ways and Means where the bill will receive closer scrutiny.

IACT Position: Watching

Local Economic Development Incentive under Attack

SB 441 -- Elimination of Certain Tax Deductions and Credits (Hershman, R-Buck Creek)

SB 441 proposes to eliminate the Enterprise Zone Deduction Investment incentive, which is one of five tools in the tool box for locals. This is purely a local incentive offered by locals to encourage new investment and job creation in Indiana's most challenged areas of the state. Enterprise zones are usually characterized by aging infrastructure, blighted buildings and housing, high rates of poverty and unemployment and brownfields. [Click here to contact Senator Hershman and urge him to support Enterprise Zones by removing the provision that eliminates the Enterprise Zone Deduction.](#)

IACT Position: Oppose Elimination of the Enterprise Zone Investment Deduction Incentive

Bill Addresses Inequity in Fees to Use Indiana's Roads

SB 348 – Advanced Technology Vehicles (Yoder, R-Middlebury)

As more fuel efficient, hybrid and electric vehicles are driven by Hoosiers, there are less people paying gas taxes while there are the same number of people using the roads. SB 348 seeks to correct this long standing inequity in the payment of the gas taxes by imposing an annual fee on advanced technology vehicles. The bill defines advanced technology vehicles as electric, hydrogen, and plug-in hybrid vehicles. This annual assessment is estimated to increase revenue to locals by \$3.2 M in FY 2016 and \$3.5 M in FY 2017. The Senate Committee on Homeland Security and Transportation voted SB 348 out of committee and has been reassigned to the Senate Committee on Tax and Fiscal Policy where it will likely be heard next week.

IACT Position: Support

Bill Proposes to Eliminate Business Personal Property Taxes on Small Businesses

SB 436 State and Local Taxation (Hershman, R-Buck Creek)

SB 436 was heard and amended in the Senate Tax and Fiscal Policy Committee this week. It is scheduled for a committee vote on Tuesday of next week. The bill contains a provision to eliminate business personal property taxes on small businesses within a county where the acquisition cost of the equipment is \$20,000 or less. While the fiscal impact of this provision to cities and towns is not enormous, IACT still advocates for replacement revenue when business personal property taxes are eliminated. There is another concerning provision in the bill. This provision states that for purposes of property tax assessment, certain land is considered to be devoted to agricultural use even if it was purchased for residential use. We don't know the full impact of this change, but we do know that it would mean that the overall tax base will be lowered. There are two positive developments related to the bill. A provision was removed from the bill which would have lowered the floor for certain pools of

personal property. And, an amendment was added to address the assessment valuations of big box retailers. This helpful amendment was spurred mostly by the successful assessment appeals of large retailers such as Meijer and Kohl's, which had dramatic fiscal impacts on several Hoosier communities. We appreciate Senator Hershman's work on this effort. [Read more about the amendment here.](#)

IAC Position: IAC is concerned about provisions contained in SB 436 which reduce business personal property taxes without replacement revenue. We are still evaluating the impacts of the other provisions. Our goal is to work with Sen. Hershman and the members of the legislature toward a solution that ensures local units are not adversely impacted by this bill or other related proposals that may be considered.

Bill Incentivizes Municipally Owned Water or Waste Water Utilities to Purchase Distressed Utilities

[HB 1319](#) – Acquisition of Distressed Utilities (Koch, R-Bedford)

HB 1319 is designed to encourage utilities to purchase distressed or failing utilities by allowing the purchasing utility to petition the Indiana Utility Regulatory Commission (IURC) to approve a petition to include the cost differential in their rate base when they acquire property from another utility company. The IURC may approve the petition if they find that the rates charged by the utility company before acquiring the property will not increase unreasonably as a result of the acquisition. The bill's definition of a utility company includes municipally owned water or wastewater utilities and regional sewer or water districts.

IAC Position: Support

PSAP (Public Safety Answer Point)/911 Bills Move Forward

[SB 382](#) Statewide 911 System (Hershman, R-Buck Creek)

[HB 1475](#) Statewide 911 System (Karickhoff, R-Kokomo)

[HB 1395](#) Statewide 911 Services (Soliday, R-Valparaiso)

SB 382 passed out of the Senate this week by a 49-1 vote. The bill repeals a provision that requires the state budget committee to conduct a review of the statewide 911 system for years 2013 and 2014. It also provides for the continuation of the 911 fee that is collected on telephone and cell phone service. The fee was set to expire on July 1, 2015.

IAC Position: Support

HB 1475 and SB 1395 were given a joint hearing in the House Ways and Means Committee this week. IAC testified in support of both bills. We expect provisions from the bills to be rolled into one bill and pass out of committee next week. HB 1475 (the more favored bill of the two) uncouples the public safety LOIT from the property tax relief/levy freeze LOIT; it extends the sunset date for the 911 fee to be collected on telephones; it raises the fee on telephones to \$1.00 for all types of phones; it calls for an audit of the collection of 911 fees; it requires collection of certain data; and it provides that counties and cities and towns may petition the Department of Local Government Finance for levy adjustments following PSAP consolidation. HB 1395 contains the fee increase language and the fee extension language, but it contains one provision that we oppose which requires cities and towns to contribute 50% of the cost of providing dispatch.

IAC Position: Support most provisions

Bill Passes Out of Committee which Eliminates EZ Deduction

[SB 441](#) Eliminates Certain Tax Deductions and Credits (Hershman, R-Buck Creek)

SB 441 passed out of the Senate Tax and Fiscal Policy Committee this week. The main concern with the bill is that it eliminates the enterprise zone investment deduction for qualified investments made after May 1, 2016. IACT opposes this elimination. However, we support the provisions in the bill which extend the Hoosier business investment tax credit and the venture capital investment tax credit – both of these programs are administered by the Indiana Economic Development Corporation.

IACT Position: Oppose/Support

Register for Statehouse Road Funding Day on March 17



IACT is partnering with several other associations to continue to educate lawmakers on the need to bridge the road-funding gap experienced by cities and towns by holding a Road Funding Day at the Statehouse on March 17. IACT's Legislative Day is scheduled the day before, so IACT is encouraging members to stay the night in Indianapolis in order to join IACT and our partners on March 17.

2015 Legislative Dates & Deadlines

Thursday, February 19

Deadline for committee reports in house of origin

Tuesday, February 24

2nd Reading deadline in house of origin

Wednesday, February 25

3rd Reading deadline in house of origin

Thursday, April 9

Deadline for committee reports in second house

Tuesday, April 14

2nd Read deadline in second house

Wednesday, April 15

3rd Reading deadline in second house and concurrence deadline for conference committee reports

Wednesday, April 29

Last day of session



REGISTER ONLINE!

IACT
LEGISLATIVE DAY

March 16, 2015
Hyatt Regency, Indianapolis