



February 27, 2015

Mid-Session Report Offers a Look at What's Still in Play at the Statehouse

We are at the session mid-point where exhausted lawmakers take a little breather from the Statehouse. All bills that were going to be heard and voted upon in their house of origin have either moved forward to the 2nd house or are considered dead for the session. The great news for cities and towns is the number of municipal related bills IACT is tracking has gone from nearly 600 to around 200! The remaining bills, however, are significant and could have major impacts on Hoosier communities. We continue to need your involvement when the session reconvenes on Monday. Please review this mid-session report and let us know how you can become engaged during the second half.

We also want to take a moment to thank our members who were so helpful in the first eight weeks of session. Your work and commitment on behalf of Indiana's municipalities makes a meaningful difference.

IACT Initiatives

Vibrant Small Town Attracts Over 1.5 Million Visitors Annually

HB 1044 Rockville Food and Beverage Tax (Rep. Morrison, R-Terre Haute; Sen. Boots, R-Crawfordsville)

This bill passed the House and will now begin its journey through the legislative process in the Senate where it has been assigned to the Senate Committee on Tax and Fiscal Policy. HB 1044 provides authority for the Rockville town council to discuss whether or not a food and beverage tax is appropriate for their local community. The Town of Rockville is a vibrant small town with a population of a little over 2,600 residents and is home to the Parke County Covered Bridge Festival (festival), which is the third largest festival in the State of Indiana behind only the State Fair and the Indianapolis 500. The Festival attracts around 1.5 million visitors over a ten day period. While in Rockville, these visitors put a significant amount of strain and pressure on the town's services and infrastructure. While the tax may not exceed 1%, the revenue generated is to be used to mitigate the impact the 1.5 million visitors have on such things as sidewalks, streets, parks, public safety.

IACT Position: Support

Committee Kills Bill Allowing for a Local Discussion

HB 1130 Greenwood Food and Beverage Tax (Rep. Price, R-Greenwood)

After receiving a hearing the House Committee on Ways and Means, the bill was not scheduled for a vote and is now dead for the session. HB 1130 allows for the revenue generated on food and beverage tax not to exceed 1% to be used for reducing the Greenwood's property tax levy, economic development purposes, public safety, parks and recreation and the pledge of money for bonds, leases or other obligations incurred for such purposes.

IACT Position: Support

Committee Kills Bill Allowing for a Statewide Local Discussion

HB 1368 Uniform Municipal Food and Beverage Tax (Rep. Price, R-Greenwood)

There are currently 24 counties, cities or towns that have traveled to Indianapolis to seek, and have been granted, permission to have a local discussion on whether or not adopting such a tax is appropriate for their local community. HB 1368 is designed to save not only cities and towns the expense of traveling to Indianapolis but also the General Assembly's time by authorizing all cities and towns in Indiana to discuss whether or not the adoption of a food and beverage tax not to exceed 1% is appropriate in their local communities. There are countless examples of cities and towns attracting thousands of visitors and tourists to their communities each year who have a material physical and, therefore fiscal, impact on the local services and infrastructure. However, this bill is now dead because the House Committee on Ways and Means failed to schedule it for a hearing and a committee vote.

IACT Position: Support

Tools Given to Locals to Fight Unwarranted Property Tax Assessments

HB 1603 Property Tax Appeals (Rep. Smaltz, R-Auburn; Sen. Head, R-Logansport)

HB 1603 clarifies that when a deadline is imposed on a city or town in the property tax statutes falls on a non-business day, the city or town must take the necessary action the first business day after the stated deadline. The bill also requires the county assessor or township official to notify the county auditor in writing of a request for a preliminary informal meeting. The county auditor then notifies the fiscal officer of affected local units on a quarterly basis, including Redevelopment Commissions. After June 30, 2015, the notice must include the following information: appellant's name and address, the assessed value of the appealed items for the assessment date immediately preceding the assessment date for which the appeal was filed and the assessed value of the appealed items on the most recent assessment date. HB 1603 also allows a fiscal officer of a unit to establish a property tax assessment appeals fund to pay property tax refunds and provide assistance to a county auditor in defending appeals. The bill specifies that the fund is made up of property tax receipts that are attributable to an increase in the taxing unit's tax rate caused by a reduction in the taxing unit's net assessed value. It also limits the balance in a taxing unit's property tax assessment appeals fund to 5% of the amount budgeted by the taxing unit for a particular year. HB 1603 passed out of the House and will now be heard most likely in the Senate Committee on Local Government.

IACT Position: Support

Bill Requires Notice be Given to Locals Regarding Property Tax Appeals

SB 118 Property Tax Appeals (Sen. Kruse, R-Auburn; Rep. Smaltz, R-Auburn)

Similar to HB 1603, SB 118 is designed to help locals become aware of pending property tax appeals. In regards to commercial or industrial property, it requires the county assessor to create a list of affected taxing units and information about the taxpayer and the property's assessed value and make this information available for the inspection of the fiscal officer of each of the affected taxing units in either an electronic or written format.

IACT Position: Support

Two Good TIF Bills Move Forward – Bad TIF Bill Dies

SB 567 Redevelopment Commissions and Authorities (P. Miller, R-Brownsburg; Truitt, R-West Lafayette)

SB 567 passed in the Senate without opposition. Representative Randy Truitt (R-West Lafayette) is the House sponsor. 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 in the Senate 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

SB 478 Transportation Funding (Brown, R-Fort Wayne; Morris, R-Fort Wayne)

SB 478 has moved to the House. Representative Bob Morris (R-Fort Wayne) is the House sponsor. The bill 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. Revenue is limited to the amount that is attributable to the transportation funds' tax rates.

IACT Position: Neutral

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

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

IACT Position: Oppose

Bills of Interest or Concern

Bad Annexation Bill Heads to the House; House Proposal Falters When Farm Bureau Opposes in the 11th Hour

SB 330 – Annexation (Sen. Boots, R-Crawfordsville; Rep. Negele, R-Attica)

Six bills were filed on annexation. At the halfway mark, one bill remains. SB 330 is a terribly concerning proposal which changes municipal annexation and requires municipalities to proactively solicit approval of 50%+1 or 75% of assessed valuation of landowners for annexation to proceed. The bill eliminates remonstrance waivers, and it requires municipalities to assume debt for improvements the county may have made within the annexed territories. SB 330 passed the Senate on February 24th by a vote of 34-16, with key Senate leaders voting against the bill. SB 330 heads to the House now for consideration with sponsors listed as Rep. Sharon Negele (R-Attica) and Rep. Randy Truitt (R-West Lafayette), who have been heading up the topic in the House.

IACT has worked hard meeting repeatedly with stakeholders on [HB 1561](#), another annexation bill. Unfortunately and unexpectedly, the Indiana Farm Bureau came out at the 11th hour in opposition to the bill. After much debate, the House authors chose to withdraw the bill. We want to thank all of the State Representatives, in particular Chairman Kevin Mahan (R-Hartford City), Rep. Negele and Rep. Truitt for their work on this issue. We especially wish to thank the State Senators who voted NO on SB 330 and Sen. John Broden (D-South Bend) who spoke in support of cities and towns and worked to offer reasonable amendments to the bill in committee and on the floor. Thank you! [Read more and see who voted NO on SB 330.](#)

IACT Position: Opposed

SBOA Will Charge More for Audits and Move to New System for Determining Who Gets an Audit and How Often

[SB 326](#) – State Board of Accounts (Sen. Head, R-Logansport; Rep. Lehman, R-Berne)

[HB 1104](#) – State Board of Accounts (Rep. Lehman, R-Berne; Sen. Head, R-Logansport)

[HB 1001](#) – Budget Bill (Rep. Brown, R-Crawfordsville; Sen. Kenley, R-Noblesville)

IACT has been in ongoing conversations with the State Board of Accounts (SBOA) regarding their funding and delay issues since last year. The SBOA is requesting a fee increase from \$45 per day per auditor to \$175 per day per auditor. The SBOA also wants to move to a “risk and needs-based” criteria for determining frequency for which a unit receives an audit. HB 1104 and SB 326 are “sister bills” that give the SBOA authority to move to this system of “risk and needs-based” audits. We appreciate Rep. Lehman and his outreach and work on this issue! HB 1104 was amended on 2nd Reading in the House to include many provisions important to cities and towns. HB 1104 now specifically defines “need” to include units that issue bonds, have continuing disclosure requirements and have federal grants. This definition was important to ensure cities and towns that need an annual audit are able to receive one under the new system. It also allows a unit who requests a GAAP-based audit to receive one as long as their records are presented accordingly. Finally, the bill provides a procedure for a public entity (other than a school corporation) under certain circumstances to have examinations performed by a certified public accountant instead of the SBOA. HB 1104 passed the House 79-18. SB 326 passed the Senate 43-1. The Senate’s version does not yet address our requests for clarification, but our team continues to have a good dialogue with Sen. Head and Rep. Lehman. Further work will be done on both proposals in the second half. The proposed fee increase for audits (from \$45 to \$175 per day) is contained in the budget bill, HB 1001. Thanks to the Governor and Chairman Tim Brown (R-Crawfordsville) who proposed these fees be kept in a separate fund for greater transparency.

Position: IACT Board of Directors voted to support the fee increase, as long as certain assurances for funding levels by the state and quality audit needs are met.

Broadband is the Buzz Word This Session with Three Bills Moving on This Topic

[HB 1101](#) – Broadband Ready Communities (Rep. Koch, R-Bedford; Sen. Houchin, R-Salem)

[HB 1318](#) – Communications Services and Providers (Rep. Koch, R-Bedford; Sen. Hershman, R-Buck Creek)

[SB 469](#) – Rural Broadband (Sen. Houchin, R-Salem; Rep. Koch, R-Bedford)

Lt. Governor Sue Ellspermann led a group of industry representatives last summer in discussions to identify ways to encourage greater broadband deployment and access in rural areas of the state. **HB 1101** was inspired in part by the workings of the Rural Broadband Working Group (read report [here](#)). Rep. Eric Koch (R-Bedford) invited IACT and county representatives to come together last fall to provide input into this shovel-ready concept. HB 1101 establishes a Broadband Ready Communities Development Center within the IEDC and provides a new designation of “Broadband Ready Community” for units of local government who wish to participate. To be designated a Broadband Ready Community; a local government may opt in by complying with certain procedures for reviewing applications and issuing permits for broadband communications projects. IACT testified in support of this proposal, which allows communities the option of participating and the opportunity to stand out with the hope that doing so will encourage greater broadband investment.

HB 1318 is another proposal authored by Rep. Koch, who convened several meetings with IACT and other stakeholders over the last few months. We appreciate Rep. Koch’s inclusion of local government early on in

these discussions. We also appreciate the many members of IACT who have taken time to provide guidance and feedback. As originally proposed, the bill would have eliminated nearly all local regulation of wireless towers. Thankfully, most of those provisions were removed by an author's amendment in committee. What remains are provisions that: speed up the time allowed for local units to approve or deny a new wireless tower construction application (from 150 days to up to 100 days); provide for consolidated applications for multiple collocation requests and for small cell networks; and provide a framework for uniform statewide applications for new towers, substantial modifications and collocation requests. The bill outlines what is considered a "complete" application. However, it leaves in place local discretion for what conditions to apply when approving or denying an application. This was a critical point for IACT. In addition to the wireless permit provisions, this bill also changes how connectivity contracts between communication service providers are regulated. Many providers, including cable, expressed opposition to this change. IACT testified as neutral with some remaining concerns. Our team will continue working on the important details of this bill in the second half of session.

SB 469 is authored by freshman Senator Erin Houchin (R-Salem), whose districts includes portions of Indiana that are underserved and unserved when it comes to Broadband access. SB 469 urges an interim study committee to look at how to encourage broadband access for unserved areas of Indiana. IACT testified in support of this bill.

IACT Position: Support SB 469 and HB 1101. Neutral with some concerns on HB 1318.

Senate Bill is Good & Bad: Fixes Dark Store Assessment Issue but Eliminates Small Biz PPT

SB 436 – State and Local Taxation (Sen. Hershman, R-Buck Creek, Rep. Brown, R-Crawfordsville)

Unfortunately, SB 436 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, resulting in an estimated \$8 M loss statewide to local units of government. As passed last year by the Indiana General Assembly, beginning in July 2015, counties will have the local ability to eliminate this "small business personal property tax," if they so choose. This bill makes that elimination mandatory. 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.

Fortunately, SB 436 also includes a provision that is aimed to address the "Dark Store" assessment issue that was sparked last December when the State Board of Tax Review ruled that an Indianapolis Meijer store, one of the most successful in the state, should have been assessed at a value of \$30 per square foot versus \$83 per square foot, costing Marion County \$2.4 M in refund for the nine-year period spanning 2002-2012 which was challenged. Read news reports on this issue in a recent [Michigan article](#) and as posted by the [IBJ](#). Many thanks to Senate leadership for addressing this critical issue! SB 436 passed the Senate 49-1.

IACT Position: IACT is concerned about the reduction of BPPT without replacement revenue. We appreciate Sen. Hershman's willingness to consider a flat fee as an option for replacement. Our goal is to work with legislators toward a solution that ensures local units are not adversely impacted by this bill or other related proposals that may be considered.

Karickhoff's Bill Gives Local Option for Property Tax Replacement Fees

HB 1476 – County Option Property Tax Replacement Fee (Rep. Karickhoff, R-Kokomo; Sen. Hershman, R-Buck Creek)

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 may be \$100-\$200 in an adopting county. HB 1476 passed the House 62-30 and heads to the Senate for further consideration!

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

Local Customers Left in the Dark to the Benefit of Rural Electric Member Cooperatives and Investor Owned Utilities

SB 309 Electric Suppliers' Service Areas (Sen. Crider, R-Greenfield; Rep. Koch, R-Bedford)

The Senate passed SB 309 with a final vote of 42-7 and is now headed to the House where it will most likely be heard in the House Committee on Utilities in a few weeks. This bill severely hamstring the 72 municipalities that own and operate an electric utility and goes as far as putting the interests of the Rural Electric Membership Cooperatives and Investor Owned Utilities over those of the customer. As written, SB 309 prohibits a municipal electric from offering electric service to a newly annexed area without a mutual agreement with the incumbent electric provider. This fact remains even if customers request being served locally by a more reliable and cost effective electricity provider. Follow [this link](#) for additional information.

IAC Position: Oppose

Farmers Faring Well: CAFO, Constitutional Amendments and Tax Breaks

SB 436 – State and Local Taxation (Sen. Hershman, R-Buck Creek, Rep. Brown, R-Crawfordsville)

SB 249 – Regulation of Animal Agriculture (Sen. Leising, R-Oldenburg; Rep. Lehe, R-Brookston)

SJR 12 Right to Farm and Ranch (Steele, R-Bedford)

Although their #1 issue is stopping annexations, farmers have also been active at the Statehouse on other issues, most notably advocating for more tax breaks. As aforementioned, [SB 436](#) eliminates small business personal property taxes for equipment assessed at \$20,000 or less. The bill also freezes the soil productivity factor used in assessing ag land, which results in lower taxes for farmland owners. A potentially troublesome provision expands the definition of what is considered "agricultural" for tax assessment purposes. This change has an indeterminable impact on local property tax revenues, and IACT is following it closely.

[SB 249](#) is another bill aimed at protecting farmers. In its original form, the bill would have prohibited local units from regulating agricultural building construction in areas zoned or dedicated to agricultural use. Many viewed the proposal as a way to help CAFOs (confined animal feeding operations). The author expressed her dissatisfaction with some counties that have passed or considered moratoriums on livestock building construction. The bill was amended to require further study of the issue. Purdue University is charged with studying the impact of local land use ordinances (including cities and towns) on the construction of agricultural structures. The study shall also examine "any possible economic effects, such as whether ag-related businesses have located outside Indiana as a result of these regulations."

IAC Position: Concerned about the potential combined impact of tax cuts for farmers, resulting in loss to local units and shift to other taxpayers.

Had it not been defeated in the Senate 28-22, [Senate Joint Resolution \(SJR\) 12](#) would have added to the Constitution of the State of Indiana a guarantee to the people of Indiana the right to engage in diverse farming and ranching practices; a provision that the general assembly may not pass a law that unreasonably abridges the right of farmers and ranchers to employ or refuse to employ effective agricultural technology and livestock

production and ranching practices; and a provision that the new constitutional provision does not modify any: (1) provision of the common law; (2) statute relating to trespass or eminent domain; or (3) other property right, existing or previously enacted statute, or existing or previously adopted administrative rule. This proposed constitutional amendment would have likely lead to litigation over the parameters of state and local government's authority to regulate citizens in matters involving farming and ranching and thus could restrict local decision-making.

IACT Position: Opposed

Four Bills Aimed at Promoting Public Integrity for Public Officials

[SB 393](#) – Public Official Surety Bonds (Sen. Charbonneau, R-Valparaiso; Rep. Truitt, R-West Lafayette)

[SB 394](#) – Reporting of Government Malfeasance (Sen. Charbonneau, R-Valparaiso; Rep. McMillin, R-Brookville)

[SB 514](#) – Clerk Treasurer Vacancy (Sen. Charbonneau, R-Valparaiso; Rep. Price, R-Greenwood)

[HB 1264](#) Internal Controls (Rep. Koch, R-Bedford; Sen. Holdman, R-Markle)

Last year the Indiana Attorney General formed the Public Integrity Commission, of which IACT is a member. Three bills are a result of the Public Integrity Commission's work, including: SB 393, SB 394 and SB 514. SB 393 requires units to purchase bonds to cover public officials and certain employees who have access to public funds. Many units purchase blanket bonds today that would cover these employees. Units must filed proof of bonds with the SBOA. SB 394 provides whistleblower protections for local government employees, which were lacking in current statute. SB 514 addresses the question of what to do if a town clerk treasurer leaves office for any reason and the council is unable to fill the vacancy, after proper effort and public notice is provided. SB 514 gives towns options to fill such a vacancy by allowing a town council member to serve as ex-officio town clerk treasurer for the remainder of the term, without additional compensation. If a council member is serving as ex-officio town clerk treasurer, then it allows the town to either: 1) Enter into an inter-local agreement with another town clerk-treasurer, or 2) Contract with a CPA to assist the town legislative body member with the clerk treasurer duties for the remainder of the term.

HB 1264 comes from Rep. Koch in an effort to address an issue that arose in his district. The proposal addresses the question of internal controls and requires the legislative body of a political subdivision to ensure appropriate training of personnel concerning the internal control system. The bill contains a penalty provision so 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 SB 393, 394 and 514. We support the concept of internal controls in HB 1264 and our team is working with SBOA on the details.

Two 911/PSAP Bills Move Forward

[HB 1475](#) Statewide 911 System (Karickhoff, R-Kokomo; Hershman, R-Buck Creek)

HB 1475 passed out of the House by a 94-0 vote. Senator Brandt Hershman (R-Buck Creek) was named the Senate sponsor. The bill uncouples the public safety LOIT from the property tax relief/levy freeze LOIT (an IACT initiative). It extends the sunset date for the 911 fee to be collected on telephones until 2020 and raises the fee on telephones to \$1.00 for all types of phones (however there is a phase in of the fee for pre-paid phones). The bill provides that counties and cities and towns may petition the Department of Local Government Finance for levy adjustments following PSAP consolidation. The bill requires 911 fee distribution to counties to remain at the

2014 levels going forward from 2016. The bill also provides that a county income tax council or county council may adopt a resolution to distribute up to 100% of the Public Safety LOIT tax revenue to a PSAP that is part of the statewide 911 system (more work is needed on this provision).

IACT Position: Support – Still Working on the Fine Details

SB 382 Statewide 911 System (Hershman, R-Buck Creek; Soliday, R-Valparaiso)

SB 382 passed out of the Senate by a 49-1 vote and Representative Ed Soliday (R-Valparaiso) has been named the House sponsor. 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.

IACT Position: Support

Abandoned Housing Bill Clears the Senate

SB 415 Vacant and Abandoned Housing and Mortgage Servicing (Merritt, R-Indianapolis)

SB 415 passed out of the Senate by a 50-0 and Representative Ed Clere (R-New Albany) was named the House sponsor. Initially, the bill was introduced to address a drafting error in the law passed last year which enabled abandoned properties to be sold outright at tax sale rather than having a redemption period. The bill now contains many positive provisions in addition to deal with abandoned and problem properties. For instance, the bill includes a provision that allows a county, city or town to adopt an ordinance to allow a tax deduction for abandoned properties that are rehabilitated. It provides a mechanism for city and towns or the county to take control of an abandoned property when the minimum bid is not received. It also prohibits owners of property that was found to be vacant or abandoned from buying property at tax sale and requires the attorney general to include these owners on the tax sale blight registry. The bill also contains a provision regarding foreclosure prevention agreements, which we are continuing to evaluate.

IACT Position: Support

Bill Calls for Cities and Towns to Get Less Public Safety LOIT Revenue

SB 427 Distribution of Public Safety Income Tax Revenue (Niemeyer, R-Lowell; Slager, R-Schererville)

SB 427 passed out of the Senate with quite a few “no” votes (39-11). Representative Hal Slager has been named the House sponsor. The bill calls for mandatory distributions of public safety local option income tax (LOIT) revenue to go to townships and EMS providers in addition to counties, cities and towns. Under current law, townships and EMS providers may petition the county council to receive LOIT funds and funds are awarded on an as-needed basis at the discretion of the county council. By making the distributions mandatory to the additional units, cities and towns stand to receive less revenue.

IACT Position: Oppose

Bill that Simplifies Local Option Income Taxes Moves to the Senate

HB 1485 Local Option Income Taxes (Thompson, R-Lizton; Hershman, R-Buck Creek)

HB 1485 passed out of the House by a 94-0 vote and now heads to the Senate. Senator Brandt Hershman (R-Buck Creek) has been named the Senate sponsor. In an effort to simplify our the local income tax statute, this bill calls for a transition of CAGIT, COIT, CEDIT and various other local income taxes for special purposes to be

renamed "Local Income Taxes" with three different rate components. The transition would occur in 2017 and all distributions for the current income taxes would remain the same.

IACT Position: Support

Bill Allows Money Saved for a Project to be Counted Separately in Controlled Project Determination

SB 251 Controlled Projects (Kenley, R-Noblesville; Torr, R-Carmel)

SB 251 passed the Senate and Representative Jerry Torr (R-Carmel) is the House sponsor. The bill makes an adjustment to the controlled project statute. Controlled projects are those payable by property taxes and depending on the amount of the project, before moving forward, the project is subject to either the petition remonstrance process or to referendum. This bill states that for projects other than a school corporation project, the cost of the project does not include any expenditures that will be paid by money accumulated or saved by the political subdivision. The political subdivision must segregate the money to be used for the project in a capital improvement or development plan.

IACT Position: Support

Bill Will Allow Indiana and Locals to be Prepared to Respond to Water Contaminations

SB 312 Tank Reporting and Water Threat Minimization (Sen. Charbonneau, R-Valparaiso; Rep. Koch, R-Bedford)

This bill requires, with exceptions, that the owner or operator of an above ground storage tank (AST) that is designed to contain more than 660 gallons of liquid to report certain information about the AST to the Indiana Department of Environmental Management (IDEM) before January 1, 2016. It also requires a person who is responsible for operation of a public water system that uses surface water as a source of drinking water to develop a surface water quality threat minimization and response plan for the public water system. The bill Environmental Rules Board is also authorized to adopt rules concerning the reporting requirements and the surface water quality threat minimization and response plans.

IACT Position: Support

Indiana Department of Natural Resources Will Collect Badly Needed Data on States Water Resources

SB 473 Voluntary Monitoring of Water Resources (Sen. Charbonneau, R-Valparaiso; Rep. Koch, R-Bedford)

This bill requires the Indiana Department of Natural Resources (DNR) to establish a program for volunteers to monitor ground and surface water. The volunteers will then report the data to DNR. DNR is required to train the volunteers on the proper collection and transmission of the data, determine the location of monitoring wells and independently verify the data provided by the volunteers. The bill requires DNR to give priority to areas in which temporary failures of non-significant ground water withdrawal facilities have been confirmed and areas in which the potential exists for ground water withdrawals to exceed the natural replenishment of the aquifer. SB 473 passed the Senate and Representative Koch will carry it through the process in the House.

IACT Position: Support

State to Seek Help from 15 Most Populous Cities in Water Analysis

SB 474 Analysis of Water Utility Planning Needs (Sen. Charbonneau, R-Valparaiso; Rep. Koch, R-Bedford)

SB 474 requires the Indiana Finance Authority (IFA) to prepare an analysis of the planning and long range needs of water utilities and submit the data to the Indiana Utility Regulatory Commission. The analysis is limited to the fifteen most populous cities in Indiana and five other water utilities that serve fewer than 10,000 customers. The bill allows the IFA to contract with professionals or with a state educational institution for the analysis. The findings of the analysis must be reported to the Legislative Council not later than November 1, 2015.

IAC Position: Support

More Flexibility for Municipal Utilities under IURC Jurisdiction

SB 516 Utility Infrastructure Improvements (Sen. Charbonneau, R-Valparaiso, Rep. Speedy, R-Indianapolis)

SB 516 amends the law on water and wastewater utility distribution system improvement charges so that it applies to municipally owned utilities, not-for-profit utilities as well as to public utilities that are under the jurisdiction of the Indiana Utility Regulatory Commission (IURC). For a municipally owned utility, "infrastructure improvement costs" is defined as debt service and depreciation expenses associated with eligible infrastructure improvements. The bill limits the total adjustment revenues to 5% of the utility's base revenue approved by the IURC at the utility's most recent general rate proceeding. SB 516 passed the Senate and will most likely be assigned to the House Committee on Utilities.

IAC Position: Support

Anti-Home Rule Language Kept out of Bill that Passes the House

HB 1507 State Building Commissioner (Rep. VanNatter, R-Kokomo; Sen. Yoder, R-Middlebury)

As introduced, the bill provided that after June 30, 2015, a unit of local government may not adopt a new ordinance, rule, or policy that regulates or concerns the construction, alteration, or repair of a Class 1 or Class 2 structure and is more stringent, restrictive, or financially burdensome than a state or federal statute, rule, or regulation regulating or concerning the same subject matter. It also had retroactive language that provided after June 30, 2015, a local unit may not enforce any such existing ordinance, rule, or policy, regardless of when the ordinance was adopted or became effective. IACT worked hard to remove these anti-home rule provisions. Currently, bill eliminates the requirement that the State Building Commissioner be a registered or licensed architect or engineer as long as the person has at least 10 years of experience in the building trades industry, at least 5 years of management experience, and a bachelor's degree in a construction-related field or to have at least 5 years of industry experience, at least 5 years of management experience, and to be a registered or licensed architect or engineer or have a master's degree in a construction related field.

IAC Position: Neutral

Bill Attempts to Modify Laws Governing Performance and Maintenance Bonds

HB 1508 Performance Bonds of Land Developers (Rep. VanNatter, R-Kokomo; Sen. Holdman, R-Markle)

HB 1508 authorizes a unit of local government, after a secondary plat is recorded, to require the land developer to obtain a performance bond or other surety for incomplete or unfinished streets, sanitary piping, stormwater piping systems, water mains, sidewalks, landscaping, and erosion control that are in the approved development

or required to service the approved development. It also prohibits a unit of local government from adopting or enforcing an ordinance, rule, or other policy requiring a land developer of Class 1 or Class 2 structures to obtain a performance bond or other surety before the approved secondary subdivision plat, is approved; with certain exceptions and obtain a maintenance bond that exceeds 20% of engineers estimate or actual contract cost of the project. If the land developer provides notice to the local unit, he or she may delegate the duty to obtain a performance or maintenance bond for a specific parcel or lot to a subsequent possessor in interest who will make additional improvements to the parcel or lot before the parcel or lot is transferred to the final owner if the person delegated the duty will acquire a majority of the lots in the development.

IACT Position: Working with Rep. VanNatter to Address Concerns

IACT Defeats Unfunded Mandate from the State

HB 1490 Police Reserve Officers (Rep. Mayfield, R-Bloomington)

This unfunded mandate requires a county, city, or town to furnish without charge to a volunteer police reserve officer who is injured or contracts an illness in the course of or as the result of performing duties as an officer all necessary physician, surgical, hospital, and nursing services and supplies. This obligation supersedes any obligations that another medical insurance carrier has to pay the police reserve officer's medical expenses. Under current law, cities and towns are given the discretion on what benefits they can afford to provide for these volunteers. While this bill was heard in the House Committee on Veterans Affairs and Public Safety, it was never voted on and is now dead for the legislative session.

IACT Position: Oppose

State Sides with the Federal Government in City Dispute

SB 100 Homeland Security Cease and Desist Orders (Buck, R-Kokomo; Eberhart, R-Shelbyville)

SB 100 authorizes the Executive Director of the Department of Homeland Security (DHS) to issue a cease and desist order when a political subdivision is taking an action that constitutes a violation of any state or federal statute or local ordinance, any state administrative rule or federal regulation, or any contract provision or condition of the receipt of any form of federal governmental assistance and creates an immediate risk that the state will lose grant funds under the FEMA (Federal Emergency Management Agency) mitigation grant program or that property owners in any part of Indiana will become ineligible to purchase insurance through the federal flood insurance program. This bill also provides that the order may be issued against and be binding upon the political subdivision, the executive of the political subdivision, the members of the executive, and a contractor or subcontractor. This bill is directed at the City of Kokomo's negotiations with the Federal Government over the city's economic development project that includes a baseball stadium for the community.

IACT Position: Oppose

Fines Quadrupled for Trains that Block Grade Crossings in Cities and Towns

SB 27 Railroad Obstructions at Grade Crossings (Sen. Kruse, R-Auburn; Rep. Smaltz, R-Auburn)

Under current law, a railroad corporation may not permit a train, railroad car, or engine to obstruct public travel at a railroad-highway grade crossing for a period in excess of 10 minutes, except in those cases where the vehicle may not be moved for reasons the railroad corporation has no control. SB 27 increases the minimum judgment from \$50 to \$200 for blocking a railroad grade crossing and also urges the Legislative Council to assign to an interim study committee for the 2015 interim period the topic of blocked railroad grade crossings.

IACT Position: Support

Bill to Extend the Life of Enterprise Zones Passes the House

HB 1541 Enterprise Zones (Rep. Dermody, R-LaPorte; Sen. Kruse, R-Auburn)

Under current law, the Indiana Economic Development Corporation was prohibited from adding any new municipal enterprise zones after December 31, 2015. HB 1541 removes this sunset date and moves it December 31, 2020. By extending the sunset date, local legislative bodies are authorized to continue to renew enterprise zones through resolution. Enterprise Zones are located in economically challenged areas by statute. To qualify as an enterprise zone, the area must have a poverty level in which 25% or more of the households live at or below the federal poverty level, a population of more than 2,000 but less than 10,500, an area bigger than ¼ of a square mile but less than 4 square miles and an unemployment rate 1 and ½ times the state average. Currently, there are twenty-two (22) Enterprise Zones in the state of Indiana located in both rural and urban areas

IAC Position: Support

Meth Bill Watered Down on House Floor

SB 536 Methamphetamine (Sen. Young, R-Speedway; Rep. McMillin, R-Brookville)

Despite Indiana leading the Nation in meth lab incidents two years running, Senator Yoder (R-Middlebury) offered a second reading amendment to strip out language that was part of a compromise created during committee. Specifically, the amendment removed language that would require a prescription for certain pseudoephedrine products in 2020 if Indiana had 400 or more meth labs incidents by 2019. After the amendment was adopted, the bill now only requires courts to report drug-related felonies to the Indiana State Police Department (ISP) and ISP is required to report the drug-related felonies to the National Precursor Log Exchange (NPLEx) so that NPLEx can generate a stop-sale alert to prevent individuals with drug-related felonies in the past seven (7) years from purchasing pseudoephedrine (PSE). This new system is a policy shift from requiring the manufacturers of PSE products to pay for the costs associated with keeping PSE products out of the hands of meth cooks and smurfers to putting the cost on all Hoosier tax payers. IACT anticipates SB 536 will be assigned to the House Committee on Corrections and Criminal Law.

IAC Position: Neutral

Your Local Economic Development Project Could be in Jeopardy

SB 460 Comprehensive Care Health Facilities (Sen. Patricia Miller, R-Indianapolis; Rep. T. Brown, R-Crawfordsville)

The Senate passed SB 460 this week with a final vote of 35 yeas to 14 nays. SB 460 will most likely be heard in the House Committee on Public Health in the next few weeks. This bill has a negative impact on local economic development by placing a moratorium on comprehensive care beds between FY 2016 and FY 2018 with certain exceptions. It also prohibits the licensing of new comprehensive care facilities (nursing homes) that do not have a certificate of occupancy by Sept. 30, 2015. Visit <http://www.qualitylivingalliance.org/> for more information on SB 460.

IAC Position: Oppose

House Approves Gaming Bill that Drastically Reduces Impact to Locals

HB 1540 Various Gaming Matters (Rep. Dermody, R-LaPorte; Sen. Alting, R-Lafayette)

A second reading amendment on the House floor removed two provisions detrimental to locals. First, it removed language that voided current local development agreements and required locals to renegotiate these

agreements. If no agreement could be reached, the Indiana Gaming Commission would arbitrate an agreement between 2-7% of the casino's Adjusted Gross Revenue. It also removed language that eliminated certain taxes for casinos that mean millions of dollars to locals around the state and assigns the topic to an interim study committee this summer. HB 1540 also authorizes riverboats to move inland to adjacent properties, allows live dealers at racinos, extends the availability of the promotional play deduction for riverboats and racinos until July 1, 2018 and establishes the Indiana gaming investment tax credit for certain capital investments. IACT will continue to closely monitor HB 1540 as it moves through the process in the Senate to ensure that locals are not unduly burdened in the State's effort to help casino's in Indiana remain competitive with our neighbors. IACT expects changes will be made to the bill as it moves along the process in the Senate and will continue to closely monitor the situation to ensure that locals are not unduly burdened in the State's effort to address the issue of declining casino revenue in Indiana.

IACT Position: Neutral

Constitutional Amendment has Home Rule Concerns

[SJR 2](#) – Right to Hunt, Fish and Harvest Wildlife (Sen. Steele, R-Bedford; Rep. Eberheart, R-Shelbyville)

Senate Joint Resolution (SJR) 2 sailed through the Senate 42-7. SJR 2 is the proposed amendment to the Indiana Constitution that would provide additional language in the State's Constitution that says that the right to hunt, fish, and harvest wildlife is a valued part of Indiana's heritage and shall be forever preserved for the public good; that the people of this state have a right, which includes the right to use traditional methods, to hunt, fish, and harvest wildlife, subject only to the laws prescribed by the general assembly and rules prescribed by virtue of the authority of the general assembly to: (1) promote wildlife conservation and management; and (2) preserve the future of hunting and fishing; that hunting and fishing are the preferred means of managing and controlling wildlife; and that this constitutional amendment does not limit the application of any laws relating to trespass or property rights. If there is no change to this Resolution and it passes both the Senate and the House this session, it goes on the November 2016 ballot for ratification by a majority of the state's voters. It is effective upon a majority vote. This proposed amendment will likely lead to litigation over the parameters of state and local government's authority to regulate citizens in matters involving hunting, fishing, and harvesting wildlife and thus could restrict local decision-making. For more information view the linked news media's report: [Should Hoosiers have a constitutional right to hunt and fish? \(Indianapolis Star\)](#).

IACT Position: Oppose

Common Construction Wage Repeal Moves to Senate

[HB 1019](#) Common Construction Wage (Torr, R-Carmel)

HB 1019 which repeals the common construction wage statute for public works contracts awarded after June 30, 2015 passed out of the House on Monday by a vote of 55-41. The bill also repeals related statutes superseded by the repeal of the common construction wage statute and makes other conforming amendments in the Indiana Code. IACT members testified on both sides of the issue in the House committee hearing the week before. 2 Council members from Fort Wayne spoke in favor of doing away with the common construction wage requirements and Mayors from Portage and Gary spoke against the bill.

IACT Position: Neutral.

PERF Pension Bills

Senate Bill Combines Issues in Separate House Pension Bills

[SB 492](#) Various Pension Matters (Boots, R-Crawfordsville; Burton, R-Greenwood)

SB 492 establishes a procedure by which a political subdivision may participate in the defined contribution only plan (the plan), which is like a 401k plan, and choose whether the political subdivision's employees participate in the public employees' retirement fund (PERF), the plan, or may elect whether to participate in PERF or the plan; provides that an ordinance or resolution adopted by the governing body of a political subdivision that specifies the departmental, occupational, or other definable classification of employees: (1) who are required to become members of the plan; or (2) who may elect whether to become members of PERF or of the plan; may not take effect before January 2, 2016. It permits a political subdivision that allows its employees to make an election to choose a default option for employees who fail to do so and provides that the default option is PERF, if a political subdivision does not choose a default option. A political subdivision is permitted to establish its employer contribution rate to the plan and to elect to match a percentage of its employees' additional contributions to the plan. The board of trustees (board) of the Indiana public retirement system (INPRS) is required to assess an employer a supplemental contribution to PERF, if necessary, to fund the employer's share of the actuarial accrued liability that is unfunded because the employer's employees are members of the plan rather than PERF. The board is required to notify the interim study committee for pension management oversight (PMOC) if the board determines contributions and contribution rates for one or more employers participating in PERF that differ from the contributions and contribution rates recommended by the INPRS actuaries. The office of management and budget is required to report to PMOC each year concerning information received from political subdivisions about the subdivisions' retirement plans other than plans administered by INPRS. The bill further establishes a procedure for a miscellaneous participating entity (entity) or political subdivision to withdraw or freeze participation in PERF. The bill also requires a withdrawing or freezing entity or political subdivision to fully fund PERF benefits attributable to the entity's or political subdivision's employees' PERF service with the entity or political subdivision and an entity or political subdivision that withdraws from or freezes participation in PERF and thereafter offers its employees a retirement benefit to participate in the plan. It requires any other public employer that is eligible but not required to participate in PERF and that wishes to offer a retirement benefit to an employee after June 30, 2015, to participate in either PERF or the plan. Further the bill grandfathers participation in another defined contribution plan for entities, political subdivisions, and other public employers participating in another plan on July 1, 2015. After December 31, 2015, members and beneficiaries of any public pension fund administered by INPRS may receive monthly benefits only by direct deposit or another method approved by the board. Finally it permits a retired member of the 1977 police officers' and firefighters' pension and disability fund (1977 fund) who is at least 55 years of age to: (1) be rehired by the same unit that employed the member in a position covered by the 1977 fund for a position not covered by the 1977 fund without a minimum period of separation from employment; and (2) continue to receive the member's retirement benefit from the 1977 fund. This bill passed the Senate 49-0.

IACT Position: Neutral

HB 1466 Winding Up Plan Participation (Carbaugh, R-Fort Wayne; L Brown, R-Indianapolis)

HB1466 passed the House at the end of January by a vote of 97-0. The bill provides that an employer that is eligible but not required to participate in the public employees' retirement fund (PERF) must pay the employer's share of the unfunded liability attributable to the employer's current and former employees if the employer withdraws from PERF or otherwise phases out its participation in PERF. The bill was amended on the House floor to add language that PERF would have to share the actuarial method and report and collaborate with the entity that freezes out newly-hired employees from entering PERF so as to determine the unfunded liability to PERF caused by the participating entity that is freezing PERF membership and offering its newly-hired employees a Defined Contribution Plan (like a 401k plan or ASA only plan) instead of PERF's Defined Benefit Plan.

IACT Position: Support

HB 1481 Public Retirement Plans (Burton, R-Greenwood; Boots, R-Crawfordsville).

HB 1481 was voted out of the House 95-0. It provides that a political subdivision that participates in the public employees' retirement fund (fund) may participate in the public employees' defined contribution plan (plan), if the governing body adopts an ordinance or resolution that is filed with and approved by the board of trustees of the

Indiana public retirement system (board). It provides that an individual who begins employment in a covered position with a political subdivision that participates in the plan may elect to become a member of the plan. If an individual does not make an election to become a member of the plan, the individual becomes a member of the fund. It establishes the teacher's defined contribution plan (teachers' plan) and provides that a school corporation may participate in the teachers' plan, if the school corporation adopts a resolution to participate in the teachers' plan that is filed with and approved by the board. Provides that an individual who begins employment with a participating school corporation as a teacher may elect to become a member of the teachers' plan and provides that, if a teacher hired by a participating school corporation does not make an election to become a member of the teachers' plan, the individual becomes a member of the Indiana state teachers' retirement fund (TRF). It also provides that a retired member of the fund or TRF may change the member's beneficiary, if the member and the member's designated beneficiary are no longer in a relationship that caused the member to make the original beneficiary designation. Finally it grants cost of living adjustments in 2015 and 2016 for certain members of the: (1) fund; (2) TRF; (3) state police pre-1987 benefit system; and (4) state police 1987 benefit system.

IACT Position: Neutral

Regional Cities Concept Continues But Funding in Question

HB 1403 Regional Cities (Rep. Torr, R-Carmel; Sen. Charbonneau, R-Valparaiso)

The Governor's [Regional Cities](#) initiative is a result of a study conducted by the IEDC in 2014 that involved IEDC leaders visiting and researching how other states and communities have grown their economies through regional efforts. HB 1403 provides a mechanism in statute for regional partners to form a development authority that will work on long-term strategic plans and facilitate significant public-private investment. The idea is for the regional development authority described in HB 1403 to be the group that submits applications to the IEDC for Regional Cities funding. HB 1403 passed the House 85-8 and is sponsored in the Senate by Sen. Ed Charbonneau (R-Valparaiso). The appropriation for grant funds is contained in the budget bill, [HB 1001](#). The Governor's budget proposed \$84 M for the Regional Cities Initiative. Unfortunately, the appropriation took a major hit in the House and was reduced to only \$10 M per year. [See the latest letter from IEDC's Eric Doden.](#)

IACT Position: Support

\$31 Billion Budget Bill Heads to Senate with Largest Increase Going to K-12

HB 1001 - Budget Bill (Rep. Brown, R-Crawfordsville; Sen. Kenley, R-Noblesville)

The House passed the budget bill this week by a vote 68-29, largely on a party lines. The largest increase in funding goes toward K-12 education, which comprises 51% of the total budget. HB 1001 includes a key House Republican initiative to revise the school funding formula to shift more money toward fast-growing suburban school districts. The shift, however, reduces dollars that currently go to urban school districts that are losing students. After passage of the bill, lawmakers discovered that Legislative Services Agency (LSA) made a mistake in using "old" data, and now the formula passed in HB 1001 would actually result in even larger losses for urban schools than first believed. The news for cities and towns is not great, as the House budget cuts funding for the Governor's Regional Cities initiative from the proposed \$84 M to \$20 M (Read more about this initiative below!). As expected, the bill keeps local road funding stagnant, but does give \$400 M more to INDOT for major expansions of state highways. Also contained in HB 1001 is the fee increase for SBOA audits from \$45 to \$175 per day per auditor, with a provision that requires the fees be held in a separate fund to promote greater transparency. The Senate will take up the proposal now, where the senators will put their mark on the budget priorities.

IACT Position: IACT supports restoring funding for Regional Cities to \$84 M and advocates for increase funding for local roads to meet the \$500 M need across the state.

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, 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

