



January 9, 2015

Welcome to the first edition of IACT's Legislative Summary. The 2015 session started on Tuesday. IACT's legislative team is busy sifting through the bills that have been filed so far. The bill filing deadlines in both houses are next week, so legislators are scrambling to get their legislation introduced. During the next six weeks, the legislature will be holding committee hearings on the various bills, then the work in first house will wrap up during the final week of February. Bills will switch houses at the beginning of March. At the start of the session, it is usual for it to take a little time for things to ramp-up, but IACT already has 130 bills on our tracking list and there are a few bills of interest that are scheduled for a hearing next week. Read more below about the bills we are tracking and about IACT's legislative initiatives.

## IACT Initiatives

### Municipal LOIT Authority

One of IACT's two cornerstone initiatives is to pass legislation which gives municipalities the authority to adopt a local option income tax directly without the county council or COIT council. In addition, we have consistently lobbied that the pre-condition be removed requiring adoption of either a property tax relief LOIT or levy replacement LOIT *before* the public safety LOIT can be adopted. This year, we are hopeful for more discussion on an overhaul of local option income taxes. Representative Jeff Thompson and others will be proposing legislation that makes structural changes to the LOIT statutes. We appear to be gaining some traction on this issue and will be working diligently with legislators on LOIT reform.

IACT Position: Support – An IACT Initiative

### Chairman Pushing Statewide Authority for Food and Beverage Tax

#### State and Local Taxation (Price, R-Greenwood)

IACT will once again pursue legislation that levels the playing field for cities and towns by granting all cities and towns the authority to have a local discussion on whether or not such a tax is prudent in their respective communities. Currently, there are only 13 municipalities and 12 counties that have been given the authority to have such a local discussion.

Representative Price, Chairman of the House Committee on Local Government, is carrying the bill that grants all cities and towns in Indiana the authority to adopt a Food and Beverage tax. Chairman Price will be a strong advocate for IACT's cornerstone initiative. Mayor Allan Kauffman (Goshen) recently penned an informative editorial discussing the unlevelled playing field that is created when the State picks winners and loser for which cities or towns are able to have this local discussion at home. Please take a minute to read Mayor Kauffman's editorial by clicking [here](#). Mayor Bennett (Terre Haute) is quoted in this [article](#). Chairman Price is quoted in this [article](#).

IACT Position: Support

## **Consolidation of TIF Reporting**

Over the last few years, the legislature has made many amendments to the statute on Tax Increment Financing (TIF), particularly in the area of greater transparency and additional reporting. The reporting has become quite cumbersome and in some places duplicative. IACT worked with the Redevelopment Association of Indiana (an IACT affiliate group) to prepare a plan for TIF reporting consolidation. After meeting with the Commissioner of the Department of Local Government Finance (DLGF) to discuss our suggested changes, we have submitted our suggestions to the Senate Republican Caucus. We expect Senator Pete Miller to author a bill which will make TIF reporting simpler, but as of yet, the bill has not been filed.

IACT Position: Support – An IACT Initiative

## **Notice to Affected Cities and Towns of Property Tax Assessment Appeals**

### **SB 118 Assessment Appeals (Kruse, R-Auburn)**

Under current law, there is no requirement that a city or town be notified when a property owner files an appeal on their property tax assessment. As a result, cities and towns have no knowledge of the challenged assessment until the shortfall hits their local budget. SB 118 seeks to remedy this situation to require the county or township official to send notice of the appeal to the fiscal officer to each affected city or town. Additionally, the county assessor sends the compiled list of affected cities and towns to the Indiana Board of Tax Review. The Indiana Board of Tax Review then notifies the affected city or town when the appeal will be heard.

IACT Position: Support

## **Hoosiers Pay an Average of \$108 a Year to Use Roads in Indiana**

During the 2013 budget process, the Indiana General Assembly appropriated a record amount of funds to locals by ending diversions from the Motor Vehicle Highway Account and dedicating 1% of the sales tax collected on fuel purchases. However, much more is needed. The Indiana Department of Transportation (INDOT) is due to release a study in summer 2015 that is expected to take a close look at how to fund the acknowledged \$750M a year needed to simply maintain the existing infrastructure in Indiana. While some legislators feel comfortable on waiting for INDOT's report to be released after the 2015 session is complete, IACT anticipates a wide range of discussions to take place to address the funding gap such as fees for electric and hybrid vehicles, dedicating more of the 7% sales tax on gasoline to the Motor Vehicle Highway Account, indexing fuel taxes for inflation and a license plate fee. For an example, a \$20 license plate fee is estimated to generate about \$120M a year.

IACT Position: Support Measures Funding Infrastructure in Cities and Towns

## **Issues and Bills We're Engaged In**

### **Bill to be heard Wednesday -- Limits Voting on Controlled Project to General Elections Only**

#### **HB 1027 Referenda for School Projects and School Levies (Dave Frizzell, R-Indianapolis)**

HB 1027 will be heard in the House Elections Committee on Wednesday at 3:30 p.m. IACT is opposed to the bill which would limit voting on controlled projects to general elections only. A controlled project is one that is payable by property taxes and will cost the political subdivision no more than the lesser of the following: (A) Two million dollars (\$2,000,000); or (B) An amount equal to one percent (1%) of the total gross assessed value of property within the political subdivision on the last assessment date, if that amount is at least one million dollars (\$1,000,000).

Under the Indiana Constitution (Article 1, Section 10) as amended in 2010, projects approved via referendum are outside of the property tax caps.

HB 1027 states that a referendum on a controlled project can only be held at the next general election, where currently such a referendum can additionally be held at the next primary election, municipal election where all the voters required are entitled to vote or at a special election. IACT is opposed to the limiting referendums to the general election only. This would cause delays on some projects and potentially increased costs.

IACT Position: Opposed.

## **Restrictions on Local Government Regulation of Livestock Buildings**

### **SB 249 – Agricultural Structures (Leising, R-Oldenburg)**

SB 249 prohibits a county, municipality, or township from adopting an ordinance, resolution, rule, policy, or other requirement that prohibits a person who meets certain conditions from building or repairing an agricultural building or structure that is or will be used for livestock. This applies to buildings located in an area zoned or dedicated to agricultural use. Livestock is defined as: cattle, sheep, swine, goats, bison, farm raised deer, ostriches, horses, mules or other equine. The bill stems largely from a debate in counties, where some counties have passed or considered moratoriums on livestock building construction.

Media have reported on the bill and related confined feeding organizations. Here are links to two recent news stories by the [Indianapolis Star](#) and [WTHR](#).

SB 249 is scheduled for a committee hearing on Monday, January 12 at 10 a.m. in Senate Agriculture Committee, which Sen. Leising chairs.

IACT Position: Opposed, Anti-Home Rule

## **Four Bills Filed Already on Annexation & More Likely to Come**

### **SB 53 – Approval of Annexation Agreements (Buck, R-Kokomo)**

### **SB 221 – Annexation (Buck, R-Kokomo)**

### **SB 222 – Annexation (Buck, R-Kokomo)**

### **SB 330 – Annexation (Boots, R-Crawfordsville, Head, R-Logansport)**

Annexation was a hotly debated topic last session. The issue was assigned to an Interim Study Committee on Government, who met three times and issued a final report, which can be found at: <https://iga.in.gov/documents/2dde3759>. We anticipate this topic will receive a hearing in both chambers this session, and IACT will be engaged in the debate once again. Our team is reaching out to legislators and interested parties to improve understanding and work through concerns. Our team will be working on proposed legislation throughout the legislative session to ensure cities and towns do not lose this critical ability and tool that is necessary for smart growth and proper planning.

[Please read IACT's Fact Sheet on Annexation for more misconceptions and facts.](#)

Four bills so far have been filed in the Senate, and House Bills on annexation have yet to be filed. Senate Bills have been assigned to Senate Local Government Committee. We do not know yet whether House Bills will be assigned to House Local Government Committee or to House Government and Regulatory Reform. What will likely happen is that the committees will hold one committee meeting, in which the Annexation bills filed will be discussed. IACT will be there!

Here is a summary of what has been filed to date:

**SB 53** requires annexation agreements to be signed and filed with the Recorder's Office. This proposal was offered last session, and IACT continues to be supportive.

**SB 221 and 222** are similar with one exception: SB 221 requires the county executive to approve annexations before they may proceed. This is a provision IACT strongly opposes. Other provisions include changes to the remonstrance process and fiscal plan amendments, as well as a requirement that the DLGF approve fiscal plans. IACT has concerns about these provisions and will continue to work with legislators and committee members.

**SB 330** contains newer concepts that IACT is reviewing. The bill 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.

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.

## **Indiana Expected to Lead Nation in Meth Lab Incidents for 2014**

Meth labs are an avoidable and intolerable threat to public safety and our communities as a whole. After leading the nation in meth lab incidents in 2013, Indiana is expected to retain this dubious distinction once again in 2014. This comes as no surprise as a box of pseudoephedrine (PSE), which is the main ingredient used to manufacture methamphetamine, is sold every 15.5 seconds in Indiana. That is enough PSE product for every third woman, man and child in Indiana.

In order to combat their own battles with meth manufacturing in their respective states, Oregon and Mississippi have passed laws that require a prescription to buy PSE products. Both states have seen a virtual sustained elimination of meth labs as a result. It is time for Indiana to follow the evidenced based solution of requiring a prescription for PSE products to end the meth manufacturing epidemic suffocating our communities. While no bills have been officially filed to require a prescription for PSE products, IACT expects several bills to be filed by the end of next week. The Indiana Coalition Against Meth Making Meds (ICAMMM) is a group of state and local organizations advocating for a prescription requirement in order to end the meth manufacturing once and for all in Indiana. Follow @ICAMMM\_ on Twitter for the most up to date information on meth this session.

IACT Position: Support

## **State Feels Impact of Fifth Consecutive Year of Casino Revenue Decline**

While reasonable minds could differ on the cause, the fact of the matter remains that the State is and has been feeling the squeeze of declining casino revenue over the years. There are many options being discussed to reverse the declining revenue trend such as allowing riverboats to move inland, live dealers at racinos and even video gaming at truck stops and restaurants. IACT will work hard this session to ensure that the cities and towns are not unduly burdened by any changes to the manner and amount in which casino revenue is appropriated to cities and towns.

IACT Position: Oppose Any Reduction of Casino Revenue to Cities and Towns

## **Senator Crider to File Bill That Negatively Impacts Municipally Owned Electric Utilities**

There are 72 cities and towns across Indiana that own and operate their own electric utility and serve a total of 7% of Hoosiers. The remaining 93% of Hoosiers are served by the Rural Electric Cooperatives and investor-owned utilities. When a city or town that owns an electric utility annexes property, current state law allows the city or town to extend their services (e.g. police/fire protection, trash pickup, electricity) to the newly annexed property. In order to offer electric service, the city or town must pay the incumbent provider cash based on a statutory formula and file their annexation ordinance with the Indiana Utility Regulatory Commission. However, the Rural Electric Cooperatives and the investor-owned utilities are aggressively pursuing legislation to prohibit a city or town from offering electric service to newly annexed property without the consent of the incumbent electric provider. IACT anticipates Senator Crider (R-Greenfield) to carry such legislation and for the proposal to be heard by Chairman Merritt (R-Indianapolis) in the Senate Committee on Utilities in the coming weeks. Click [here](#) to read a recent Indiana Business Journal article on this subject. And, for a terrific primer on this issue, [follow this LINK](#).

IACT Position: Oppose

## **Governor Proposes \$84M in Two-Year Budget for Regional Cities Initiative**

### **Specific Bill Not Yet Filed, [Governor's Budget](#) Includes \$\$ for Initiative**

We anticipate that Rep. Jerry Torr (R-Carmel) will be carrying the Governor's and IEDC's initiative this year for Regional Cities. The legislation 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. As stated by the IEDC, "Regional Cities Initiative is about discovering ways in which our cities and regions can become national economic powerhouses. The goal is to transform our approach to economic development by increasing our focus on talent attraction and the quality of place elements that will drive population and investment growth."

The legislation will provide 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. IACT is working with the Governor's office and legislative leaders on the details of the legislation. This will be an ongoing effort throughout session. Our goal is to encourage support for broad participation. While city and town leaders have long understood the importance of quality of life in economic development, this is a relatively new idea for some. The Regional Cities initiative has gone a long way in elevating the need and role of placemaking and quality of life in our communities.

Recent articles and resources:

IEDC's webpage: <http://indianaregionalcities.com/>

Indiana Chamber Biz Magazine's "[Regional Power](#)"

IACT Position: Support

## **SBOA to Increase Fees for Audits & Propose Moving to Risk/ Needs-Based Criteria for Annual Audits**

IACT has been in ongoing conversations with the State Board of Accounts (SBOA) on their funding issues. The SBOA is requesting a fee increase from \$45 per day per auditor to \$175 per day per auditor. We are told a fee increase would be contained in the budget bill, which is always reserved to be HB 1001. Rep. Matthew Lehman (R-Berne) is expected to carry a separate bill that gives the SBOA authority to move to a "risk and needs-based" criteria for determining whether a unit receives an annual audit versus review. We do not yet have definitions for what would be included in such criteria. A similar bill may also be filed in the Senate.

IACT 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.

*For more information on these and other bills, please contact Rhonda Cook at [rcook@citiesandtowns.org](mailto:rcook@citiesandtowns.org) and she will direct you to the appropriate legislative team member.*

## **2015 Legislative Dates & Deadlines**

Tuesday, January 13

Deadline for filing House bills

Wednesday, January 14

Deadline for filing Senate bills

Wednesday, January 21

Last day for Senate bills to be assigned to committees

Friday, January 23

Last day for House bills to be assigned to committees

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!**

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IACT  
LEGISLATIVE DAY

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March 16, 2015  
Hyatt Regency, Indianapolis