



March 14, 2014

2014 Session Wraps Up with a Major Victory on Annexation

Legislators worked extremely late last night to wrap up the 2014 legislative session. As usual, the most critical bills came down to the wire as last minute negotiations were worked out. We had a big victory on the annexation bill – SB 273. While IACT had worked on compromise language for this bill, there were alterations to the bill on Thursday morning to require county commissioner approval for contiguous annexations for economic development during the moratorium period. IACT felt that this change was a deal breaker. Therefore, we turned our position to OPPOSE and lobbied aggressively to defeat the bill. It failed in the Senate by a 24-24 vote and therefore the sponsor in the House did not call the bill down.

SB 1, the vehicle for beginning the phase out of Indiana's personal property tax, passed with myriad of local options to eliminate taxes on business personal property. These options include a super abatement, an option to eliminate taxes on new equipment on a county-wide basis, and an option to eliminate taxes on small businesses with \$20,000 or less in equipment.

SB 118 on Tax Increment Financing (TIF) passed without the language prohibiting local governments from using TIF for fiber optics. Even though the telecom industry pushed hard to get the language inserted into another bill at the final moments, we were able to keep this language out.

From the IACT Legislative Team, we would like to thank all IACT members for your engagement this session. Many of you came to the statehouse to voice your concern and also worked with your legislators at home to inform them of your perspectives on issues. Your quick action to respond to our Legislative Alerts and the time and effort you spent on these important issues is much appreciated!

Annexation Bill: DEAD

SB 273 Approval of Annexation Agreements (Buck, R-Kokomo; Cherry, R-Greenfield)

SB 273 started out as a non-controversial bill in the Senate requiring annexation agreements between municipalities and remonstrators to be recorded. When the bill came to the House, an amendment was proposed that would have stopped involuntary annexations from happening in Indiana. IACT worked on a compromise with House sponsor, Bob Cherry, to improve the language. When the bill passed the House, it placed a moratorium on involuntary annexations from April 1, 2014, to July 1, 2015 and required the issue of annexations to be studied. It also included two important exceptions that IACT felt were imperative to allow annexations to continue during the moratorium for economic development purposes. The bill also mandated a court to award attorney's fees and expenses to the signers of a sufficient remonstrance in an amount up to \$40,000. While we were neutral on this bill as it left the House because of the compromises, the bill was drastically changed Thursday morning to remove one of the important exceptions and require county commissioner approval for a city or town to annex contiguous property for economic development during the moratorium period. Because of the county commissioner approval provision, IACT changed our position on the bill and began working members of the House and Senate to encourage them to vote NO.

The conference committee report on SB 273 failed in the Senate by a 24-24 vote and therefore the bill was not called down in the House.

This was a great victory for cities and towns and we encourage you to send a note of thanks to those senators who voted NO on SB 273. They are Senators Alting, Arnold, Becker, Breaux, Broden, Charbonneau, Eckert, Head, Kenley, Kruse, Lanane, Patricia Miller, Mishler, Mrvan, Nugent, Randolph, Rogers, Skinner, Stoops, Tallian, Taylor, Walker, Waterman, and Wyss. [Click here for their addresses.](#)

Business Personal Property Tax Bill Passes with Local Options

[SB 1](#) State and Local Taxation (Hershman, R-Buck Creek; T. Brown, R-Crawfordsville)

This session, IACT joined with more than twenty other local government entities to voice our concerns with the proposed business personal property tax elimination bills (SB 1 and HB 1001). The **Replace Don't Erase** coalition sought to insure that the state would replace any revenue lost to local governments should the legislature decide to eliminate taxes on business personal property. SB 1 passed both the House and Senate last night. It does not contain any mandatory tax eliminations, but it does provide locals with tools to eliminate business personal property taxes on their own through a "super abatement" – 20 years, a county-wide elimination of PPT taxes on new equipment or a county-wide elimination of PPT taxes on small businesses. The bill also calls for a Blue Ribbon Commission to study business personal property taxes and other related issues.

For a link to the SB 1 details, click [here](#).

TIF Bill Passes into Law - Legacy TIFs Will Have an Expiration Date

[SB 118](#) Redevelopment Commissions and Authorities (Pete Miller, R-Brownsburg; T. Brown, R-Crawfordsville)

SB 118 passed the House and Senate without going to conference committee. The bill contains many provisions regarding Tax Increment Financing areas. IACT was fine with most of the provisions in the bill, however, we expressed concern about the language that will require TIF areas created before July 1, 1995 to expire. The bill states that expiration date of any allocation provisions for these areas is June 30, 2025 or the last date of any obligations that are outstanding on July 1, 2015, whichever is later.

We expect that many local governments with these Legacy TIF areas will be contemplating taking out new debt prior to July 1, 2015 in order to extend the life of the TIF area for a number of years later than 2025. The latest bond pay off date that exists on June 30, 2015 will be the new expiration date for that TIF area.

While a provision had been in the bill prohibiting locals from using TIF for fiber optic infrastructure, IACT worked hard to keep this provision out of the bill and out of other conference committee reports despite the pressure from the telecommunication lobby that was working to protect their market share.

Senate Version of Rental Housing Inspection Bill Passes

[HB 1403](#) Regulation of Residential Rental Property (McMillin, R-Brookville; Holdman, R-Markle)

The House author, Rep. Jud McMillin, filed a concurrence motion on the Senate changes to HB 1403. The bill provides a \$5 limitation on rental registrations whether the registrant be a single property owner or the owner of a rental community (which is defined as a property with five or more units). It also allows property owners to be exempt from government inspection if they arrange for their own inspection. However, only one unit in an entire rental community would need to be inspected (this is problematic). The bill lists eight subject areas for the owner inspections, but gives no detail as to standards for the inspection.

We still believe more changes are needed to this statute and IACT may revisit the issue next year upon direction of the IACT Legislative Committee.

IACT Legislative Initiative on Meth Addressed in HB 1141

HB 1141 Methamphetamine Lab Disclosure in Property Sales (McNamara, R-Evansville, Head R-Logansport)

Indiana has a monumental problem with the making and use of Methamphetamines. IACT sought to address problems this session related to the making of meth and its effect on properties, as the fumes from a meth lab create an environmental hazard and adds to city and town problems with abandoned and deteriorated housing. The bill provides that the State Police will maintain a searchable database containing the addresses of homes that were used as former meth labs. It also provides that properties must be removed from the website following their certification as being decontaminated. In addition, the bill requires the Indiana Real Estate Commission to amend the sales disclosure form so that owners may disclose that meth was present on the property.