

# Legislative Summary



Indiana Association of Cities & Towns

January 11, 2013

The *Legislative Summary* is a weekly e-newsletter intended to provide you with a sampling of important bills being debated at the Statehouse. For additional information about the legislative session continue monitoring [IACT's Legislative webpage](#), or contact us directly at (317) 237-6200.

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## Action Alert!

**Two bills which reduce property tax base have been scheduled for a hearing in the Senate Tax and Fiscal Policy Committee on Tuesday, January 15 at 9:00 a.m. in room 431.**

SB 353 authored by committee chair, Brandt Hershman, permits a county council to approve a property tax exemption for all new personal property located in the county. The other bill, SB 375 authored by Senators Jim Buck and Dennis Kruse, changes the minimum personal property tax depreciation floor from 30% to 20% for assessment dates after 2013.

IACT opposes these efforts to eliminate property tax base without a guaranteed source of replacement income. Please call your legislators and contact the senators on the Tax and Fiscal Policy Committee to let them know you oppose these two bills.

[Contact information for the Tax and Fiscal Policy Committee.](#)

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## Session Starts with Many New Faces; IACT Progressing on Initiatives

With a record number of freshman lawmakers and a newly elected governor, Indiana's 2013 General Assembly was ushered in with many new faces — 29 of the 150 legislators will serve in their first session. Gov.-elect Mike Pence will be officially sworn in on Monday, and he will be working with Republican supermajorities in both the House of Representatives and the State Senate. His two-year budget plan will be submitted on Tuesday, leading many to wonder how many of his campaign promises will be included, such as a plan to significantly improve vocational training in Indiana's high schools while also providing a 10% state income tax cut. The

new governor also decided to resurrect the Indiana Commerce Department, formerly merged with the Indiana Economic Development Corporation (IEDC) by Gov. Daniels. Now, both economic development agencies will be a part of the governor's cabinet.

A plea by the new House Democratic leader, Rep. Scott Pelath to have a two year moratorium on social issues was quickly rejected by House Speaker Brian Bosma. And state lawmakers will consider legislation that could lead to the expansion of mass transit in Central Indiana. If passed, House Bill 1011 by Rep. Jerry Torr would allow Marion and Hamilton County residents to vote in a referendum in 2014 to decide whether to fund a transit expansion.

Moreover, Indiana Attorney General Greg Zoeller announced his support for Senate Bill 1 by Sen. Pete Miller that would encourage school corporations to enter into formal relationships with local police or sheriffs' departments by appropriating \$10 million to the Indiana Safe Schools Fund for distributions to schools to establish or expand school resource officer programs.

Your IACT legislative team has been working to sort through the hundreds of bills that have already been filed. We are also progressing on the IACT legislative initiatives. Throughout the session we will be bringing you this Legislative Update on Fridays. Please take the time to read through it and talk to your legislators about the pending issues!

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## IACT Initiatives

### **More Fiscal Flexibility Sought with Municipal Food and Beverage Taxing Authority**

#### **HB 1071 Municipal Food and Beverage Tax (Baird, R-Greencastle)**

HB 1071 authorizes a municipal legislative body to impose an ordinance to implement a municipal food and beverage tax not to exceed 1% of the gross retail income received from retail food and beverage transactions.

Following the property tax caps legislation, municipalities need more options to diversify revenue sources. HB 1071 would allow a municipality to have a local discussion and hear from local taxpayers as to whether this revenue source is right for them. Several local governments have passed the municipal food and beverage tax in the past, but it required getting a bill passed at the General Assembly. This bill provides an option for a local law to be passed without getting special state legislative authority.

HB 1071 has been assigned to Ways and Means. We need you to contact your legislator and urge your support for this bill, so a local discussion can take place on this revenue source!

In addition, IACT will again this year be seeking legislation which gives municipalities, rather than counties, authority to adopt a local option income tax.

**IACT Position:** INITIATIVE: Support.

**Links to Bills:** <http://www.in.gov/legislative/bills/2013/PDF/IN/IN1071.1.pdf>

For more information, contact Rhonda Cook, IACT Director of Government Affairs at (317) 694-1451 or [rcook@citiesandtowns.org](mailto:rcook@citiesandtowns.org).

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## Clean-up of Problem Properties

Following the mortgage foreclosure crisis, cities and towns have been left with numerous houses that are sitting empty and deteriorating as each day goes by. Neighbors are unhappy and taxpayers are footing the bill to maintain these properties. When the properties are allowed to sit long enough, they are in such a state of deterioration that cities and town taxpayers are then burdened with the cost to have them demolished.

IACT is working on legislation which will address these issues. Rep. John Price (R-Greenwood) is assisting IACT with legislation which addresses abandoned housing. IACT is also working with Rep. Ed Clere (R-New Albany) on land bank legislation and Rep. Kevin Mahan (R-Hartford City) is carrying a bill (HB 1189) that addresses disposal of demolition debris.

**IACT Position:** INITIATIVE: Support.

**Links to Bills:** <http://www.in.gov/legislative/bills/2013/PDF/IN/IN1189.1.pdf>  
Price and Clere bills are yet to be filed.

For more information, contact Rhonda Cook, IACT Director of Government Affairs at (317) 694-1451 or [rcook@citiesandtowns.org](mailto:rcook@citiesandtowns.org).

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## Fair Distribution of Local Income Tax Dollars

Last year, the state Director of the Office of Management and Budget announced that the state made some serious accounting errors which affected the distribution of local revenues. Since that revelation, an accounting firm was hired to do a state audit and a "Tax Working Group" made up of mainly state government employees was assembled to map the revenues coming into the state and the subsequent distribution to locals. Mayor Allan Kauffman of Goshen represented IACT and participated in the numerous Tax Working Group meetings.

The Tax Working Group found that when a county adopts a local option income tax, employers are required to collect and submit the tax to the state along with the state income tax. However, the Department of Revenue's system is such that locals are currently only receiving distributions of the local income tax based on tax returns filed. Many taxpayers don't file returns. For those taxpayers that don't file returns, their payment of local option income tax is kept by the state as un-reconciled cash.

Several legislators have now been made aware of this problem and are asking for a correction and more transparency. IACT is working on bills that will be filed by Rep. Wes Culver, Rep. David Ober and Rep. Mark Messmer.

**IACT Position:** INITIATIVE: Support.

**Links to Bills:** Bills are yet to be filed.

For more information, contact Rhonda Cook, IACT Director of Government Affairs at (317) 694-1451 or [rcook@citiesandtowns.org](mailto:rcook@citiesandtowns.org).

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## **More Work to Be Done on the Problem of Utility Companies that Won't Move Their Lines in a Timely Manner**

### **SB 365 Utility Facility Relocation (Crider, R-Greenfield)**

It has become apparent that many city and town taxpayers are paying thousands more dollars than necessary for public works projects due to delays caused by utility companies that won't move their lines by the date they agreed upon with the city/town. In addition, local businesses suffer when roads and streets are closed for long periods.

Last year, IACT was successful in getting a bill passed which required INDOT to keep a web-based system of utility contacts. Therefore, when a city or town has a project which requires moving "facilities" we can consult the website for the appropriate utility contact person to handle the job. The bill also requested that more study be done on the issue through the Regulatory Flexibility interim study committee. However, this study was not assigned to the interim committee by the Legislative Counsel.

This year, we are going to revisit the issue again. New Senator Mike Crider has introduced SB 365. IACT has been working closely with Senator Merritt (who chairs the Senate Utilities Committee) and Senator Crider on this issue and we are hopeful to have a discussion with utility company representatives as to how we can all resolve these costly delays.

**IACT Position:** INITIATIVE: Support.

**Links to Bills:** <http://www.in.gov/legislative/bills/2013/PDF/IN/IN0365.1.pdf>

For more information, contact Rhonda Cook, IACT Director of Government Affairs at (317) 694-1451 or [rcook@citiesandtowns.org](mailto:rcook@citiesandtowns.org).

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## **Road and Street Funding Discussion Seems to be on Front Burner**

### **HB 1126 Highway Funding (Saunders, R-Lewisville) HB 1076 State Police and BMV Funding (Ober, R-Albion)**

For years now, IACT has been pleading to the legislature for more road and street funding. We have argued that the State Police and Bureau of Motor Vehicles operating costs should not be paid out of gas tax revenues (Motor Vehicle Highway funds) which are supposed to be user fees to pay for road and street construction and maintenance.

Several legislators, particularly in the House are supportive of moving the State Police and BMV off of the MVH revenue. So far, Rep. Tom Saunders and Rep. David Ober have filed bills which would make this change.

**IACT Position:** INITIATIVE: Support.

**Links to Bills:** <http://www.in.gov/legislative/bills/2013/PDF/IN/IN1076.1.pdf>  
<http://www.in.gov/legislative/bills/2013/PDF/IN/IN1126.1.pdf>

For more information, contact Rhonda Cook, IACT Director of Government Affairs at (317) 694-1451 or [rcook@citiesandtowns.org](mailto:rcook@citiesandtowns.org).

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## **Public Service Answer Points – More Transparency and Clarification Needed**

While drastic changes were made to PSAP funding last year in SEA 345, there were some issues that required more study. Particularly, more study was needed on the issue of revenue sharing to fund PSAPs (these E911 call centers) between counties and cities and towns.

SEA 345 required the Indiana Advisory Commission on Intergovernmental Relations to consider the issue. IACIR's final report recommended that county government, as recipient of the E911 revenue distribution, be responsible for the PSAPs in the county. The report also recommended that more transparency and audit authority was needed to insure that communication companies are collecting and submitting revenue properly.

IACIR continues to work with Rep. Mike Karickhoff, who also chairs IACIR, on legislation this year to further clarify the roles and responsibilities of operating PSAPs. A bill has yet to be filed.

**IACIR Position:** INITIATIVE: Support.

**Links to IACIR Report:** [http://www.iacir.spea.iupui.edu/documents/911\\_E911Services.pdf](http://www.iacir.spea.iupui.edu/documents/911_E911Services.pdf)

For more information, contact Rhonda Cook, IACIR Director of Government Affairs at (317) 694-1451 or [rcook@citiesandtowns.org](mailto:rcook@citiesandtowns.org).

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## **Curbing the Meth Problem in Cities and Towns**

### **HB 1063 Ephedrine and Pseudoephedrine Sales (Bacon, R-Chandler)**

Meth is a dangerously addictive drug which is harmful to those who use it, BUT it is the making of meth that is harmful to many others. The key ingredient to meth is Pseudoephedrine, a drug that many allergy sufferers use. While Pseudoephedrine products can currently be bought without a prescription, buyers must request to purchase the drug at the pharmacy counter and show identification. Their purchases are tracked in an electronic system.

The street value for a box of Pseudoephedrine is \$50-60, so people can profit from legally buying the drug and selling it to meth makers. Meth is actually "cooked" and it is these fumes from cooking that are harmful to others. For instance, children who live in a home with a meth lab are exposed to the fumes and they become addicted. Also, the homes or apartments where the meth labs exist become contaminated and the cost for the hazmat clean-up usually falls back on city and town taxpayers. In addition, when meth lab equipment is deposited in public trash receptacles, city and town sanitation workers are exposed to hazardous materials.

### **Do You have Examples of How Meth has Affected Your Community?**

IACIR is embarking on a public awareness campaign about the meth problems in our cities and towns. We need your help and examples to tell the story to the legislature. If you have examples of how the meth problem has affected your community, please send them to our Legislative Coordinator, Mike Smith at [msmith@citiesandtowns.org](mailto:msmith@citiesandtowns.org).

IACIR will be supporting bills this session that seek to curb the meth problem.

**IACT Position:** INITIATIVE: Support.

**Links to Bills:** <http://www.in.gov/legislative/bills/2013/PDF/IN/IN1063.1.pdf>

For more information, contact Rhonda Cook, IACT Director of Government Affairs at (317) 694-1451 or [rcook@citiesandtowns.org](mailto:rcook@citiesandtowns.org).

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## Other Bills

### Bill Moving Municipal Elections to be Introduced

**Please Contact Your State Rep about this Bill  
Municipal Elections in Even-Numbered Years (Slager, R-Schererville)**

This bill has not been assigned a number as it has not been filed in the House at the time of this publication. Representative Slager, a freshman Representative from Lake County, plans to introduce this bill which will move the elections of city and town officers to even-numbered years. The goal of this bill is to move local elections in line with national and statewide elections.

In the past when the issue of moving municipal elections has come up, the IACT Legislative Committee has voted not to change the current municipal election cycle. Although the intent of such legislation is to save cities and towns the expense of a municipal election, IACT members felt there would be unintended consequences.

Furthermore, more and more cities and towns across the state are turning to referendums to help guide public policy decisions. These cities and towns would either have to incur the costs to hold the vote for the referendum on a selected date or would have to delay the vote and put the question on an already overcrowded ballot.

**IACT Position:** To be Determined.

**Link to Bill:** Not yet filed.

For more information, contact Justin E. Swanson, Government Affairs Specialist at (260) 615-1528 or [jswanson@citiesandtowns.org](mailto:jswanson@citiesandtowns.org).

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### Bills Adding Pickup Trucks to the Road Funding Formula

**HB 1072 Pickup Trucks in Road Funding Formula (Baird, R- Greencastle)  
HB 1125 Local Road Funding (Saunders, R- Lewisville; Hamm, R-Richmond)**

Under current law, pickup truck registrations are disregarded in the road distribution formula. Representative Baird and Representative Saunders have filed two separate bills which would require the money in the local road and street account to be distributed among counties according to the ratio of each county's passenger car and pickup truck registrations to the total passenger car and pickup truck registrations statewide.

These two bills have the effect of shifting local road and street funds to less populous counties and do not address Indiana's state and local \$1 billion dollar road infrastructure shortfall. IACT

understands that there are fewer dollars for everyone when it comes to road and street funding and these two bills only shift the same amount of money to different recipients instead of finding a real solution to Indiana's own fiscal cliff and crumbling road infrastructure.

**IAC Position:** To be Determined.

**Links to Bills:** <http://www.in.gov/legislative/bills/2013/PDF/IN/IN1072.1.pdf> (HB 1072) and <http://www.in.gov/legislative/bills/2013/PDF/IN/IN1125.1.pdf> (HB 1125)

For more information, contact Justin E. Swanson, Government Affairs Specialist at (260) 615-1528 or [jswanson@citiesandtowns.org](mailto:jswanson@citiesandtowns.org).

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## **IURC review of extraterritorial water rates**

### **HB 1137 (Frizzell, R-Indianapolis)**

This bill makes some changes to the IURC procedures for review of water and sewer rates for users that are outside of the municipal boundaries that exceed 15% of the inside users rates, or 15% more than the rates approved between March 31 to September 30, 2012 under IC 8-1.5-3-8.3. One change is to require each user or their attorney seeking review by the IURC to sign the IURC petition. The second and third change is objectionable and was opposed last year when the IURC review process was being debated and adopted. The second change would no longer provide for a dismissal if the IURC does not act on the petition within 120 days. In addition the bill would allow the commission to extend the 120 day deadline for good cause. This will potentially postpone new rates that exceed the 15% threshold when they are needed to support municipal utility projects. Postponing the rates could increase construction costs, delay solutions to problems and make bonding more costly.

**IAC Position:** neutral as to change one and opposed to the removal of the automatic dismissal provision and the delay provision.

**Link to bill:** <http://www.in.gov/legislative/bills/2013/IN/IN1137.1.html>

For more information, contact Rhonda Cook, IACT Director of Government Affairs at (317) 237-6200 or [rcook@citiesandtowns.org](mailto:rcook@citiesandtowns.org) or Jodie Woods, IACT General Counsel at [jwoods@citiesandtowns.org](mailto:jwoods@citiesandtowns.org).

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## IACT LEGISLATIVE DAY

### Register Today for IACT Legislative Day!

MARCH 19, 2013  
INDIANAPOLIS

Join fellow municipal officials in Indianapolis for a legislative briefing at the OneAmerica building, followed by a luncheon with legislators at the Statehouse.

[Details and Registration](#)  
[Download the Registration Form](#)

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