



April 24, 2015

IACT Still Working on Details of Annexation Bill

By next Wednesday, the legislature must *sine die*, so it is crunch time now for the critical bills that still have unresolved issues. Multiple conference committee hearings were held this week. The IACT lobbying team is still working on the details of SB 330, the annexation bill. In addition, we are hearing rumors that the language which would require municipal budgets to be subject to county council binding review if a volunteer firefighter serves on the municipal legislative body or as the executive may be amended into another bill during conference committee (perhaps HB 1264). We will work to defeat any measure that subjects municipal budgets to county binding oversight. Please stay tuned next week for more information on the critical bills. We will need your help to reach out to legislators!

TELL YOUR LEGISLATORS ASAP – Join Major Indiana Companies in Supporting Economic Development and Job Growth through Reasonable Annexation Laws!

Please Urge Your Legislators to Keep Economic Development Protection Provision & Remonstrance Waivers In Tact!

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

As you may recall, the House-passed version of SB 330 included an Economic Development Protection Provision, so that a few landowners are not able to stop an economic development project without due process. This provision and remonstrance waivers for sewer service are at risk! The conference committee met on Wednesday, and Sen. Boots proposed an amendment that included several troublesome provisions, including the removal of the Economic Development Protection Provision and the elimination of remonstrance waivers, including existing waivers which would be void beginning July 1.

We need your assistance in these final days reaching out to your legislators in the House and Senate.

We are not alone! More than 25 prominent companies around the state stand with cities and towns and have signed a Statement of Support for the Economic Development Protection Provision! If you know of any other companies who would be interested in signing on – please email [Anne Trobaugh](mailto:Anne.Trobaugh) ASAP.

Here are some resources to help your outreach:

[Contact Information for State Legislators](#)

[Statement of Support for Economic Development Protection Provision](#)

[Background Info on Economic Development Language & Remonstrance Waivers](#)

We encourage all of you to contact the conferees and advisors to SB 330, who will be deciding the final form of the bill and encourage them to preserve economic development and the use of remonstrance waivers for responsible growth in Indiana. A special thanks to Rep. Negele, Sen. Broden, Sen. Alting and Rep. Truitt for their efforts!

Senator Boots, Senator.Boots@iga.in.gov 317-234-9054

- Senator Head, Senator.Head@iga.in.gov 317-232-9488
- Representative Sullivan, h78@iga.in.gov 317-232-9671
- Representative Aylesworth, h11@iga.in.gov 317-234-9447
- Senator Taylor, s33@iga.in.gov 317-232-9432
- Representative Errington, h34@iga.in.gov 317-232-9976
- Representative Negele, h13@iga.in.gov 317-232-9816
- Senator Alting, Senator.Alting@iga.in.gov 317-232-9532
- Senator Broden, s10@iga.in.gov 317-232-9849
- Representative Truitt, h26@iga.in.gov 317-232-9619
- Representative Mahan, h31@iga.in.gov 317-232-9509
- Senator Buck, Senator.Buck@iga.in.gov 317-232-9466
- Representative Thompson, h28@iga.in.gov 317-232-9651

IACT Position: Economic Development Protection Provision & Use of Remonstrance Waivers for Sewer Service Must Stay in Bill

County Binding Review May Be Back in Internal Controls Bill, Where GAAP Reporting Amendment Also Attempted. Watch Your Emails for Updates in these Final Days of Session!

HB 1264 – Political Subdivision Internal Controls (Koch, R-Bedford; Holdman, R-Markle)

HB 1433 - Volunteer Firefighters Serving in Elected Office (Mahan, R-Hartford City; Head, R-Logansport)

SB 446 – Local Government GAAP Reporting (Holdman, R-Markle; Koch, R-Bedford)

HB 1264 is a proposal aimed at improving internal controls for local government. We worked hard on this bill throughout session and have appreciated Rep. Koch and Sen. Holdman for their time listening to IACT and working on this proposal. Because HB 1264 affects Title 36 (local government), there has been an effort by some to amend bills that died during session into HB 1264. SB 446 was the first and would require cities and towns with a population of 75,000 or greater to file annual reports according to GAAP/GASB standards, with a penalty that if the reports are not filed accordingly, the units would not be permitted to issue bonds. We have opposed this proposal, which needs further study on what SBOA “accepts” as GAAP reporting and the cost impact on the units.

There is also discussion about amending HB 1433 (as it passed the House) into HB 1264. Ironically, HB 1264 tries to tighten internal controls, while HB 1433 takes a step backwards in the conflict of interest law. HB 1433 would allow volunteer firefighters to serve on the city/town council or as the executive, with the caveat that the city/town budget would be subject to **binding county council review**. Requiring binding county council review of municipal budgets is a major shift in public policy for our state – subjecting municipal budgets to county review diminishes the role of city/town council members, who are elected by the city and town residents to make decisions for the municipality with the best interest of the city and town in mind. **Thank you to those who made phone calls and sent emails when this bill was heard in the Senate. Your efforts were successful and very much appreciated! It’s time again to contact ALL of your legislators (State Reps & State Senators) to explain why binding review is not acceptable.**

IACT Position: Oppose Binding County Council Review of Municipal Budgets; Support Existing Conflict of Interest Law

Business Personal Property Tax Exemption Replacement Fee Language will be Amended into HB 1472

HB 1472 Tax Exemptions and Credits (Negele, R-Attica; Hershman, R-Buck Creek)

HB 1472 is a bill that addresses state tax exemptions and tax credits. In conference committee this week, however, conferees indicated that language from SB 436 would be moving over to this bill. The language provides a statewide personal property tax exemption for business owners with \$20,000 or less in acquisition cost of business personal property (currently it is a local option to provide this exemption). Proponents of this exemption for small business owners say the amount of money, time and effort it takes prepare the return for such a small amount of business personal property outweighs the tax revenue gained. The language also allows a county council the local option to impose a flat fee of \$50 to the taxpayers that qualify for the exemption.

IACT Position: Neutral

Regional Cities Funding Negotiations Continue in Conference Committee

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

The top priority for the General Assembly remains increasing education funding as legislative leaders indicated that cuts will be made else where after the revenue forecast last week predicated a \$213 M revenue shortfall over the next two years. Budget negotiations between the House, Senate and Governor are still ongoing. The House budget increased education funding by \$469 M over the next two years, the Senate budget increased education funding by \$466 M over the next two years and the Governor's budget increased education funding by \$200 M over the next two years. The House and Senate funded the Regional Cities Initiative with \$20 M over the next two years while the Governor's budget called for \$84 M over the next two years. Funding for the Public Mass Transportation Fund (PMTF), which has remained stagnant at \$42.6 M the last seven years, was cut by 3% by the Senate and Governor's budget while the House slightly increased funding by 1% in 2016 and about 8% in 2017. Advocates of mass transit are asking to increase PMTF funding from \$42.6 M to \$60 M per year. The General Assembly and Governor appear most focused on state highways as all three budget proposals appropriate \$400 M over the next years to the Major Moves Trust Fund. All three budgets also contain a provision that increases the fees for audits charged to local units by the State Board of Accounts from \$45 a day to \$175 a day. The Senate version of the budget, which is the most recent version, also allows 50% of the tangible property owned by certain for-profit hospitals to be exempt from property taxes if the property is used in the operation of the hospital. On April 17, a conference committee on the budget took close to 7 hours of public testimony; five of each was focused on education. IACT testified in support of adequately funding the Regional Cities Initiatives, the \$1 B road-funding gap that exists in Indiana, increasing local road funding and expressed concerns over the for-profit hospital tax break. IACT anticipates a draft budget to be circulated April 28, which is one day before the last day of the 2015 legislative session.

IACT Position: Watching

Potential \$50 M Tax Shift to Other Tax Payers

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

SB 436 was briefly heard in conference committee on April 22. Public testimony focused on the property tax assessment issue that has been brewing all session. Sen. Hershman amended the bill a few months ago to address the "Dark Store" assessment issue that was sparked last December when the State Board of Tax

Review (IBTR) 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. This decision cost Marion County \$2.4 M in refund for the nine-year period challenged spanning 2002-2012. (Read news reports from a [Michigan article](#) and by the [IBJ](#).) Meijer used a controversial method known as the “Dark Store Theory” to challenge its assessed value, which used a closed Lowe’s and vacant Walmart in other counties as comps to determine its value. Unfortunately, when the IBTR is deciding a case, it can only select the taxpayers’ appraisal or the assessor’s appraisal, no in between. Further, it cannot take into consideration the assessment method used for determining valuation that is prescribed to our county assessors.

The question at hand in SB 436 is how to define the assessment process clearly for special purpose properties, so that this “dark store theory” is not applied to the 17,000 other parcels in the state and thus drastically shifting the burden to other taxpayers. In fact, a [study conducted by Policy Analytics](#) estimates that if this methodology is applied to other similar properties, Indiana could see assessed values cut by \$3.5 B resulting in property tax revenue losses of more than \$100 M in one year alone. House Republicans are supporting Meijer’s language that allows for the use of “dark stores” as comps. The language also is not retroactive, which puts millions of dollars of assessment appeal cases in jeopardy for local units. Meijer is arguing that retroactive language is unconstitutional. However, there is precedent for retroactive language in the assessment statute, passed as recently as 2012. If you speak with your legislators on this issue, it is important to encourage: 1) Action this session. We need a fix now, or our assessed values on these special use properties could be slashed in half, and 2) Language must clarify the assessment so that using a vacant store comp is not a factor used in determining assessed value, as location, investments and improvements matter. This bill will likely go to Conference Committee, where final language will be negotiated. IACT appreciates Sen. Hershman for his continued attention and leadership on this issue.

IACT Position: More Work Needed

2015 Legislative Dates & Deadlines

Wednesday, April 29

Last day of session