



February 14, 2014

IACT's annual Legislative Day kicked off Tuesday morning with a well-attended press conference lead by mayors from across Indiana. Throughout the day, attendees met with legislators, discussed specific policy concerns in small group meetings, and heard about the most pressing legislation currently working through the Statehouse. In the evening, Legislative Day attendees had the opportunity to mix and mingle with their legislators at a reception at the Hyatt hotel sponsored by the Indiana Municipal Electric Association and Indiana Municipal Power Agency.

Next week will be a very busy committee week. IACT is now drilling down and working to fine tune the legislation that is moving in the second house. We have four weeks to go before sine die!

[Watch a video](#) of Matt Greller addressing the IACT membership about Replace Don't Erase.

Bills of Concern

Replace Don't Erase Coalition Still at Work

[HB 1001](#) Tax Exemption for New Personal Property (Turner, R-Cicero; Hershman, R-Buck Creek)

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

IACT, along with over twenty Replace Don't Erase coalition members, continues to urge the legislature to insure that there is state replacement revenue should they pass a bill which eliminates taxes on business personal property. This week, SB 1 was heard in the House Ways and Means Committee, however, a vote was not taken. Under SB 1, a taxpayer with less than \$25,000 in assessed value of business personal property is exempt from taxation. In addition, the bill phases down the corporate income tax rate from 6.5% in 2015 to 4.9% in 2019. It also reduces or eliminates several tax credits including a reduction of the research and development tax credit.

HB 1001 provides a county option to eliminate business personal property taxes on new equipment via the COIT council. HB 1001 is scheduled for a hearing in the Tax and Fiscal Policy Committee next Tuesday.

Visit the IACT website for more information on **Replace Don't Erase** at <http://www.citiesandtowns.org/ppt>

IACT Position – Oppose unless there is full replacement revenue.

Debt Service Reserve Limitations are a Concern

[SB 163](#) Property Tax Circuit Breaker Replacement Grant (Head, R-Logansport; Friend, R-Macy)

[HB 1062](#) Debt Service Funds (Huston, R-Fishers; Pete Miller, R-Brownsburg)

Two bills passed their houses of origin which causes IACT some concern. SB 163 contains a provision that debt incurred after June 30, 2014, the balance in a debt service fund may only be 10% of the budget estimate for the

annual debt service payments. HB 1062 provides that a debt service fund may only be 25% of the budget estimate for the annual debt service payments. SB 163 has been assigned to the House Ways and Means Committee and HB 1266 has been assigned to the Senate Tax and Fiscal Policy Committee, but neither bill has been scheduled for a hearing.

IACT has concerns about these provisions that limit debt service reserve amounts. We think that one full bond payment should be held in reserve in the event property tax collections run late, so there is not a need to engage in short-term borrowing.

Some schools, however, are currently manipulating their funds in order to lessen the circuit breaker impact on their transportation fund. They are applying the circuit breaker loss to their debt service fund and wiping it out each year and then obtaining a levy to refund it each year. This is problematic because it impacts all units in the county and this is the reason behind the limitations on debt service reserve accounts.

IACT Position – Opposed to prohibition allowing one full debt service payment to be kept in reserve

Nursing Home Moratorium Bill to be Heard on Monday

SB 173 Nursing Facility Moratorium (Pat Miller, R-Indianapolis; T. Brown-R, Crawfordsville)

SB 173 is scheduled for a hearing on Monday in the House Public Health Committee. IACT opposes the bill because it prevents new nursing home facilities from being established in our communities. These new, modern facilities bring economic development and jobs to cities and towns and help our tax base. SB 173 is an effort by a nursing home association to prevent new competition in their marketplace. They argue the bill is necessary so that they can secure more private-pay residents to off-set the low state reimbursement for Medicaid residents. SB 173 prohibits the state department of health from approving the licensure of comprehensive care health facilities or new or converted comprehensive care beds. It also prohibits residential nursing care facility beds from being converted to comprehensive care beds. It adds exemptions for health facilities under development as of June 30, 2014, certain replacement facilities, and continuing care retirement communities. It also specifies that the state department of health makes the final determination concerning whether an entity is under development.

IACT Position – Opposed

Increasing Concerns about Building Inspection Bill

HB 1301 Fire and Building Safety Issues (VanNatter, R- Kokomo; Yoder, R-Goshen)

HB 1301 states that if the state division of fire and safety does not review design plans within 10 days, a design release must be issued without state review. The bill also prohibits a political subdivision from adopting an ordinance or other requirement after February 28, 2013, that would require a builder or remodeler to be licensed, certified, permitted, registered, or listed by the political subdivision as a condition to the builder or remodeler constructing or remodeling a residential dwelling. It also provides that a political subdivision is not prohibited from licensing, permitting, or registering specific trades or issuing permits and approvals that regulate the use, planning, and development of property.

IACT Position: Opposed to Limitation on Home Rule/ Concerns about the lack of state plan review

SB 186 State Policy on Agriculture and Farmers' Rights (Yoder, R-Middlebury)

SB 186 was voted of the House Committee on Agriculture and Rural Development on Thursday with a final vote of 12-1.

This bill requires courts to construe Indiana Code to “protect the rights of farmers to choose among all generally accepted farming and livestock production practices, including the use of ever changing technology.” Proponents of the bill argue this addition only reaffirms what Indiana has always done and that is protect the rights of farmers. However, opponents of the bill argue that this language will require courts to favor farmers in court cases for litigation involving water and air pollution. There is also concern over what impact, if any, this new policy will have on local zoning ordinances.

IACT Position: Concerned

[HB 1241](#) **Environmental Coverage (Carbaugh, R-Fort Wayne)**

HB 1241 has been scheduled to be heard in the Senate Committee on Insurance February 20. It narrowly passed out of the House with a final vote of 57 to 36.

This bill specifies the manner in which the meaning of “pollutant” in liability insurance policies must be construed by courts. These liability insurance policies are used by municipalities and redevelopment commissions to remediate environmental hazards and, therefore, give new purpose to otherwise unusable properties. A large coalition of opponents to this bill met on Monday to discuss the bill including corporations, utilities and IACT. If you have specific examples of how these insurance policies have helped your community, please contact IACT’s legislative team.

IACT Position: Opposed

Other Bills

IACT Continues to Work on TIF Bills

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

[HB 1266](#) **Local Government Finance Issues (Leonard, R-Huntington; Hershman, R-Buck Creek)**

Two bills passed their house of origin dealing with Tax Increment Financing. While SB 118 has several provisions we can live with, it has a few provisions that we find problematic. The problematic areas are as follows: It prohibits Redevelopment Commissions from using eminent domain. It forces TIF areas that were created before July 1, 1995 to expire, and it also prohibits using TIF for fiber optics. SB 118 has been assigned to the House Ways and Means Committee, but it has not yet been scheduled for a hearing.

HB 1266 requires a Redevelopment Commission to hold a public hearing to determine TIF pass through (which we support), however it puts a threshold on the amount of property that can be TIFed in each county without underlying taxing unit approval. The limit is set at 12% based on assessed value or geographical territory. Currently, six counties are already at their max – Clark, Decatur, Gibson, Spencer, St. Joseph, and Whitley. HB 1266 has been assigned to the Senate Tax and Fiscal Policy Committee.

IACT continues to work on the negative portions of these two bills.

IACT Position: Neutral on most provisions, opposed to a few provisions.

Very Bad Annexation Amendment Offered

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

SB 273 was heard this week in the House Government and Regulatory Reform Committee. While IACT was ok with the language of the bill as it came from the Senate, an amendment was offered in committee by Representative Bob Cherry which IACT opposes.

The amendment prohibits an annexation ordinance or fiscal plan from being amended after introduction. It changes the fiscal plan requirements and changes the annexation remonstrance process. It removes judicial intervention in the annexation remonstrance process. It changes the number of petition signers from 51% to 65% for a voluntary annexation. It requires consent of 65% instead of 51% of any landowner in the annexation territory to exempt a town from provisions which prohibit a town from annexing within a certain distance of a city. It allows any owner of land with the territory proposed to be annexed to remonstrate (current law allows one person having an interest in each single property to remonstrate). It eliminates the remonstrance hearing process and makes technical changes related to the treatment of annexed farmland.

Rep. Kevin Mahan, the Committee Chair, held the amendment for further discussion. IACT is actively working to assemble comments and prevent the amendment from going in the bill. Please contact your legislator about this amendment and explain how it would affect your city or town!

IACT Position: Ok with the bill, opposed to the proposed amendment.

Senate Bill to Allow Training Grants for School Resource Officers Heading to Floor of the House

SB 85 School Resource Officers. (Pete Miller, R-Brownsburg)

In late January, Sen. Pete Miller introduced language to SB 85, previously a vehicle bill, to expand the allowable uses of state grants for school resource officer programs. The bill allows schools and school districts to use matching grants provided by the Secured School Safety Board for school resource officer training in addition to the uses previously allowed. The bill passed the Senate Homeland Security, Transportation, and Veterans Affairs Committee unanimously and the full Senate (47-1). Representative Morrison (R – Terre Haute) was added as the House Sponsor.

SB 85 was referred to the House Veterans Affairs and Public Safety Committee, where it was heard early this week. The House Committee amended the Senate bill with the help of its author. The amended bill allows police reserve officers and special deputies who are otherwise required to complete all training required of full-time officers and are subject to the direction of a sheriff or law enforcement agency to become school resource officers after completing the standard 40 hours of school resource officer training. The bill passed the House Committee unanimously as amended and is scheduled for second reading in the House on Monday.

IACT Position – Support.

Transit Bill Rolls Out of Committee with Amendments

SB 176 Central Indiana Transit

The House Committee on Roads and Transportation passed this bill out of committee on Wednesday with a final vote of 11-1. The bill is now moving to the House floor for 2nd reading.

SB 176 allows the following counties to establish or expand public transportation services through public referendum: Delaware, Hamilton, Hancock, Johnson, Madison, and Marion. Hendricks County was added to this list through an amendment during committee discussion.

If a public transportation project is approved by the voters in one of the eligible counties, at least 25% the operating expenses of the public transportation system must be paid for through fares and at least 10% of the operating expenses must be paid for through either the county corporate income tax or a county corporate employment tax. However, the committee removed the corporate tax from the bill before voting it out. SB 176 also prohibits general tax revenues from being used to pay for a public transportation project and precludes the use of light rail in a public transportation project in an eligible county.

IACT Position: Support

Bonding Bill Heard in House Elections Committee

SB 32 Public Official Bonding (Tomes, R-Wadesville; Richardson, R-Noblesville)

SB 32 was heard in the House Elections Committee this week. The bill provides that if an incoming elective officer is not permitted to take office because the incoming officer is unable to give an official bond, the incumbent officer is entitled to hold over as provided in the Constitution of the State of Indiana. It also provides that if the incumbent officer refuses to hold over or otherwise vacates the office, the vacancy shall be filled as provided by law. If the incoming officer is able to give the official bond not later than 30 days after the beginning of the term of office to which the incoming officer was elected, the incoming officer is entitled to take office upon giving the official bond.

There was a great deal of committee discussion about the provisions of this bill. IACT testified that we support the concept of allowing incoming official holders time to get bonded, but we felt that this should be done on the front end before the time the person is to take office. This bill will likely be amended further in committee.

IACT Position: Supportive of the concept. Bill needs more work.

Professional Sports Development Area Bill Heard in Ways and Means

SB 308 Sports and Convention Development Areas (Wyss, R-Fort Wayne; Ober, R-Fort Wayne)

SB 308 was heard in the House Ways and Means Committee this week. This bill allows changes to be made to a professional sports development area (PSDA) in Allen County. However, discussion also took place regarding convention facility improvements for the city of Terre Haute as well as the potential for a downtown Indianapolis soccer stadium for the Indy Eleven professional soccer team.

IACT Position: Support

Bill Gives More Options to Support Veteran's Organizations for Memorial Day Celebrations

SB 58 Local Appropriations for Memorial Day Expenses (Paul, R-Richmond)

The House Committee on Veterans Affairs and Public Safety passed this bill out of committee with a final vote of 7-0. It is now on 2nd reading where it is eligible for amendments on the House floor.

SB 58 removes a list of veteran's organizations from statute authorizing counties, townships, cities, and towns to appropriate money to veteran's organizations to defray the expenses of Memorial Day celebrations. As a result, locals are given more flexibility in which veteran's organizations are eligible to receive the appropriations.

IACT Position: Support