



February 6, 2015

Regional Cities Initiative, TIF, and SBOA Bill are Some of the Positive Happenings This Week

After a quick five weeks it's starting to look more like a typical long session. Committee hearings are getting into a familiar routine and IACT legislative team members are meeting themselves coming and going while trying to address the bills on our 155 page tracking list!

Some positive happenings from this week's docket included a Ways and Means hearing for the Governor's Regional Cities Initiative, a step forward for our initiative to consolidate TIF reporting, our successful efforts to obtain positive amendments on a key SBOA bill and more. There are still many bills of concern that need your attention. SB 309 impacting municipal electric service territories cleared committee and SB 460, a moratorium on nursing homes, advanced out of the Senate 35-14. These are just two examples of the need to remain vigilant in our efforts to work with lawmakers on the benefits of local decision making.

We've been alerting you for nearly one year that municipal annexation would be a hotly debated topic during the 2015 Legislative Session. It is. There are many bills under consideration this session that take aim at annexation in varying degrees. Next week two annexation bills are scheduled to be heard in committee. The first, HB 1561 (Truitt, R-West Lafayette / Negele, R-Attica) is scheduled for February 10th in the House Government and Regulatory Reform Committee. We have some concerns with this bill. However, it is the most moderate of the annexation bills currently on the table and the dialogue with the author and committee chair has been positive. The second, SB 330 (Boots – R, Crawfordsville), is scheduled for February 11th in the Senate Local Government Committee. We have some serious concerns with this bill as drafted. We continue our outreach to the author on this topic.

The hearings next week on annexation are like the first marker in a marathon race. We have had productive discussions with representatives of Indiana Farm Bureau and Counties and will continue to work on these proposals through the final days of session.

[Below are summaries of and links to the proposed bills:](#)

[HB 1561](#) Annexation (Truitt, R-West Lafayette)

[SB 330](#) Annexation (Boots, R-Crawfordsville/Head, R-Logansport)

HB 1561 establishes two different pathways for municipal annexation depending on whether the proposed territory is receiving municipal services already or not. If the territory is already receiving services, then there is no right to remonstrate. If the territory is not already receiving services, then the path for annexation includes: a more detailed fiscal plan, with comments required by the DLGF, and a six-month long community outreach by the municipality. In the case of possible agricultural land, it allows for the landowner to be re-zoned as agricultural before the annexation ordinance is adopted. It also changes the threshold for remonstrance from 65% to 60% of landowner signatures required to file a remonstrance petition and requires the municipality to pay attorney fees up to \$20,000 if the remonstrators prevail in court. It prohibits the municipality from amending its fiscal plan after

a remonstrance petition is filed, unless both parties agree. The bill also allows the municipality to seek remonstrance waivers on any service provided, not just sewer.

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.

Plan to see or talk with your legislator over the weekend. If there is a Third House meeting, attend! [Here is a document that will be helpful for your conversations.](#)

A list of committee members is included below:

House Government & Regulatory Reform – Representatives Mahan (R-Hartford City), Lucas (R-Seymour), Harmon (R-Bremen), Kirchhofer (R-Beech Grove), McNamara (R-Evansville), D. Miller (R-Elkart), Olthoff (R-Crown Point), Truitt (R-West Lafayette), Wolkins (R-Winona Lake), Riecken (D-Evansville), Bartlett (D-Indianapolis), Errington (D-Muncie), Harris (D-East Chicago)

Senate Local Government – Senators Head (R-Logansport), Smith (R-Charlestown), Buck (R-Kokomo), Eckerty (R-Yorktown), Hershman (R-Buck Creek), Houchin (R-Salem), Perfect (R-Lawrenceburg), Broden (D-South Bend), Breaux (D-Indianapolis), Taylor (D-Indianapolis)

IACT Initiatives

Local Option Income Tax Reform Bill Receives a Hearing

HB 1485 Local Option Income Taxes (Thompson, R-Lizton)

HB 1485 was given a hearing in the House Ways and Means Committee on Monday, however, it has not yet been voted on. The bill replaces CAGIT, COIT, EDIT and the public safety LOIT with a “Local Income Tax (LIT).” The characteristics and adoption mechanisms of the former income taxes remain the same. However, it would no longer be a requirement to adopt a property tax relief or levy freeze income tax prior to adopting the public safety LOIT.

IACT Position: Support

IACT Initiative to Consolidate TIF Reporting – Bill Passes Out of Committee

SB 567 Redevelopment Commissions and Authorities (P. Miller, R-Brownsburg)

On Wednesday, SB 567 was amended and passed out of the Senate Local Government Committee. The bill consolidates the multitude of TIF reporting deadlines to make reporting easier and more efficient for local governments. The bill also allows a redevelopment commission or authority to hold its organizational meeting on *any* day in January that is not a Saturday, Sunday or legal holiday (current law required the meeting to be held on the *first* day of January that was not a Saturday, Sunday or legal holiday).

IACT Position: Support – An IACT Initiative

Rockville and Greenwood Food and Beverage Tax Bills Heard in Committee

HB 1044 Rockville Food and Beverage Tax (Morrison, R-Terre Haute)

HB 1130 Greenwood Food and Beverage Tax (Price, R-Greenwood)

HB 1044 and HB 1130 allow the communities of Rockville and Greenwood to have a local discussion on implementing a food and beverage tax. Under both bills the tax may not exceed 1%. HB 1044 allows for the revenue generated to be used for such things as storm water, sidewalks, streets, parks, public safety or the pledge of money for bonds, leases, or other obligations incurred for such purposes. HB 1130 allows for the revenue generated to be used for such things as reducing the city's property tax levy, economic development purposes, public safety, parks and recreation and the pledge of money for bonds, leases or other obligations incurred for such purposes. IACT testified in support of both bills and also urged the committee to pass [HB 1368](#) (Price, R-Greenwood), which gives statewide authority for cities and towns to discuss whether or not such a tax is necessary in their respective communities. The House Committee on Ways and Means did not take a vote on either bill but IACT expects the committee to vote on both bills next week.

IACT Position: Support

Other Bills We're Engaged In

Anti-Customer and Anti-Home Rule Bill Passes out of Committee

SB 309 Electricity Suppliers' Service Area (Crider, R-Greenfield)

SB 309 was heard in the Senate Committee on Utilities on Thursday and passed out of committee with a final vote of 8-2. This bill prohibits a municipality that owns and operates an electric utility from petitioning the Indiana Utility Regulatory Commission to change the assigned electric service area after an annexation. There were a number of local elected officials that testified against SB 309 because it leaves no recourse for a customer that prefers to be served by the municipally and prohibits a city or town from extending all of its services to the area. Please talk to your Senator(s) this weekend and urge them to vote NO on SB 309!

IACT Position: Oppose

SBOA Bill Amended to Include IACT Requests

HB 1104 Financial Examinations (Lehman, R-Berne)

We appreciate Rep. Lehman and his outreach and work on this issue! HB 1104 was amended on 2nd Reading in the House to include many provisions important to cities and towns. The bill allows the State Board of Accounts (SBOA) to use needs-based and risk-based criteria for determining frequency of audits. As amended, the bill now specifically defines need to include units that issue bonds, have continuing disclosure requirements and have federal grants. This definition was important to ensure cities and towns who need an annual audit are able to receive one under the new system. It also allows a unit who requests a GAAP-based audit to receive one as long as their records are presented accordingly. Finally, the bill provides a procedure for a public entity (other than a school corporation) that has an internal control officer and an internal control department to have examinations performed by a certified public accountant instead of the SBOA. HB 1104 passed on Third Reading on Thursday. As for the proposed fee increase for audits (from \$45 to \$175 per day), we are told it will be included in the budget bill, HB 1001.

IACT Position: Support

Troubling TIF Bill Would Cut Future Potential in Half

HB 1018 TIF (Cherry, R-Greenwood)

HB 1018 would mandate a 50% pass-through of assessed value to all units for TIFs adopted, renewed or expanded after June 30, 2015. Thanks to Mayor Joe McGuinness (Franklin), Mayor Mark Myers (Greenwood) and Tom Dickey (Fishers Economic Development) for testifying in committee on the importance of TIF in economic development and place making for our communities and state. TIF is the only one of the only tools that allows communities to be “shovel-ready” with essential infrastructure in place and ready for new business. Additionally, testimony focused on the existing partnerships many cities have with their school corporations through joint school board/council meetings and evidenced by grant dollars which have been provided to schools from TIF. Todd Samuelson from Umbaugh was also on hand and offered expert testimony on the negative consequences of such a heavy mandate. The committee chair held the bill and may assign the bill for a hearing at a future date for consideration of amendments and committee vote. Please view more information about TIF [HERE](#). Especially, if you have a legislator who serves on Ways & Means, please reach out to your legislator and encourage their support of cities and towns and to vote no on HB 1018.

IACT Position: Opposed

Bill that Extends 911 Funding Passes Committee

SB 382 Statewide 911 System (Hersman, R-Buck Creek)

On Thursday of this week, SB 382 passed out of the Senate Tax and Fiscal Policy Committee. The bill repeals a provision that requires the state budget committee to conduct a review of the statewide 911 system for years 2013 and 2014. It also provides for the continuation of the 911 fee that is collected on telephone and cell phone service. The fee was set to expire on July 1, 2015.

IACT Position: Support

Local Economic Development Projects in Danger

SB 460 Comprehensive Care Health Facilities (Patricia Miller, R-Indianapolis)

The Senate passed SB 460 this week with a final vote of 35 yeas to 14 nays. Follow this link to see how your Senator voted: <http://iga.in.gov/documents/ac41d815>. SB 460 will now be heard in a House committee in early March. This bill has a negative impact on local economic development by placing a moratorium on comprehensive care beds between FY 2016 and FY 2018 with certain exceptions. It also prohibits the licensing of new comprehensive care facilities (nursing homes) that do not have a certificate of occupancy by Sept. 30, 2015. Essentially this means that all projects that have recently started or are in the planning stages cannot be finished. Visit <http://www.qualitylivingalliance.org/> for more information on SB 460.

IACT Position: Oppose

Should Non-City or Town Residents Be Entitled to Vote in Municipal Elections?

HB 1517 Municipal Elections (M. Smith, R- Columbus)

The House Committee on Elections took testimony on HB 1517 on Thursday where the bill was held without a vote. This bill allows a voter who resides in a municipality's buffer zone to vote for the elected officials of that municipality unless the municipality adopts an ordinance that surrenders the municipality's zoning jurisdiction in the buffer zone. Representative Smith argued that the people living in the buffer zone are not represented by the people making the decisions. IACT testified against this bill as it essentially equates to representation without taxation. IACT also pointed out that the people living in the buffer zone have representation on the planning commission pursuant to [IC 36-7-4-214](#). IACT does not anticipate the committee to take further action on this bill.

IACT Position: Oppose

Bill Negatively Impacts City Water and Wastewater Utilities

HB 1496 Sewer Connection Matters (Beumer, R-Modoc)

The House Committee on Environmental Affairs amended HB 1496 and passed it with a final vote of 8 to 4. The amendment removed several provisions in the bill but preserved the provisions IACT has concerns over. HB 1496 provides that if a lien for rates or charges assessed by a regional sewage district is the only lien being collected on a property, the lien may not be foreclosed at a tax sale or otherwise. IACT has concerns over this because there are several cities and towns that provide wholesale service to regional sewer districts. HB 1496 makes it nearly impossible for a regional sewer district to collect fees for unpaid sewer service.

IACT Position: Oppose

Unfunded Mandate to Cities and Towns Still Lurking Out There

HB 1490 Police Reserve Officers (Mayfield, R-Bloomington)

This unfunded mandate requires a county, city, or town to furnish without charge to a police reserve officer who is injured or contracts an illness in the course of or as the result of performing duties as an officer all necessary physician, surgical, hospital, and nursing services and supplies. This obligation supersedes any obligations that another medical insurance carrier has to pay the police reserve officer's medical expenses. Under current law, cities and towns are given the discretion on what benefits they can afford to provide for these volunteers. If you have police reserve officers, what type of benefits do you provide and at what cost? IACT is concerned this bill will have the unintended consequence of making the service these volunteers unaffordable to many cities and towns. Please contact Justin Swanson with this information via email: jswanson@citiesandtowns.org.

IACT Position: Oppose

Minimum Fine Increased for Blocked Railroad Crossings

SB 27 – Railroad Obstructions at Grade Crossings (Kruse, R-Auburn)

Under current law, a railroad corporation may not permit a train, railroad car, or engine to obstruct public travel at a railroad-highway grade crossing for a period in excess of 10 minutes, except in those cases where the vehicle may not be moved for reasons the railroad corporation has no control. SB 27 imposes a minimum judgment of \$200 for blocking a railroad grade crossing and urges the Legislative Council to assign to an interim study committee for the 2015 interim period the topic of blocked railroad grade crossings.

IACT Position: Support

IACT Working to Improve Responsiveness of a State Agency

HB 1300 Ordinances Related to Building and Housing Laws (McMillin, R-Brookville)

HB 1300 moves administrative rules covering local fire and building ordinances into statute with two exceptions. First, it puts a shot clock of 30 days on a city or town to submit a fire or building ordinance to the Fire Prevention and Building Safety Commission before the ordinance is valid. Second, it permits a commission member to introduce a fire ordinance if the city or town does not submit it to the commission within the new 30 day shot clock. IACT will continue to work with Representative McMillin to ensure this state agency is responsive to local needs by requiring a reciprocal shot clock on the approval of a submitted local ordinance.

IACT Position: Neutral

Bill Gives New Options for TIF in Transit and School Transportation

SB 478 Transportation Funding (L. Brown, R-Fort Wayne)

SB 478 passed out of Senate Tax & Fiscal Policy Committee on Tuesday and gives new options for TIF expenditures. The bill allows for a redevelopment commission of a municipality to provide revenue to a public transportation corporation from TIF equal to what the corporation's property tax rate would provide otherwise. It requires a joint public hearing of the city/town council and redevelopment commission to approve a resolution authorizing the one-time payment. During the committee, Sen. Kenley offered an amendment to include a provision that also allows a redevelopment commission to provide revenue to a school corporation for deposit in their transportation fund in a similar manner. The bill is scheduled for 2nd Reading in the Senate on Monday.

IACT: Support Local Options

Governor's Regional Cities Initiative Receives a Hearing in Ways & Means

HB 1403 Regional Cities (Torr, R-Carmel)

HB 1403 was heard for the first time in House Ways & Means Committee, with several organizations testifying in support. During the committee, the bill was amended to allow for all cities (class I, II and III) to participate in the program. The amendment also clarified the board composition. 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."

HB 1403 provides 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. 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. The appropriation for grant funds will be contained in the budget, HB 1001. The Governor's budget proposed \$84 M for the Regional Cities Initiative. The final amount will be up to the General Assembly.

Recent articles and resources: IEDC's webpage: <http://indianaregionalcities.com/> and Indiana Chamber Biz Magazine's "[Regional Power](#)"

IACT Position: Support

Concerning Confined Feeding Bill Amended in Committee

SB 249 Agricultural Structures

SB 249 as originally filed would have prohibited 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 provision applied only to buildings located in an area zoned or dedicated to agricultural use. The author expressed her concern around a debate happening primarily in counties, where some counties have passed or considered moratoriums on livestock building construction. In committee last Monday, Sen. Leising amended her bill to instead require further study of the issue. The amended bill requires Purdue Extension and the Purdue University College of Agriculture to study the impact of local land use ordinances (including cities and towns) on the construction of buildings or other structures used in the breeding, feeding, and housing of livestock. The study shall also examine any

possible economic effects, such as whether ag-related businesses have located outside Indiana as a result of these regulations.

IACT Position: Neutral

Bill Requiring Local Internal Controls Moving in House

HB 1264 Internal Controls (Koch, R-Bedford)

HB 1264 passed out of House Government & Regulatory Reform Committee last Tuesday and requires legislative bodies of a political subdivision to ensure appropriate training of personnel concerning internal control systems and annually certify with the State Board of Accounts (SBOA) that certain internal controls are in place. The bill includes a penalty provision that ties the annual certification to the budget approval, effective beginning for 2017 budgets. IACT has expressed concerns with this provision and is working with the author to clarify the role of the SBOA in training and to streamline the certification process.

IACT Position: We support encouraging public integrity in public offices and the concept of internal controls. We have concerns with the penalty provisions and possible added fiscal impact to the units. We appreciate Rep. Koch's willingness to listen and work further on this bill.

PROPOSED CONSTITUTIONAL AMENDMENTS

SJR 2 Right to Hunt, Fish, and Harvest Wildlife (Steele, R-Bedford)

Senate Joint Resolution (SJR) 2 passed out of the Senate Natural Resources Committee without amendment (7-1). It is now eligible for 3rd reading in the Senate. SJR 2 is the proposed amendment to the Indiana Constitution that would provide additional language in the State's Constitution that says that the right to hunt, fish, and harvest wildlife is a valued part of Indiana's heritage and shall be forever preserved for the public good; that the people of this state have a right, which includes the right to use traditional methods, to hunt, fish, and harvest wildlife, subject only to the laws prescribed by the general assembly and rules prescribed by virtue of the authority of the general assembly to: (1) promote wildlife conservation and management; and (2) preserve the future of hunting and fishing; that hunting and fishing are the preferred means of managing and controlling wildlife; and that this constitutional amendment does not limit the application of any laws relating to trespass or property rights. If there is no change to this Resolution and it passes both the Senate and the House this session, it goes on the November 2016 ballot for ratification by a majority of the state's voters. It is effective upon a majority vote. This proposed amendment will likely lead to litigation over the parameters of state and local government's authority to regulate citizens in matters involving hunting, fishing, and harvesting wildlife and thus could restrict local decision-making. For more information view the linked news media's report: [Should Hoosiers have a constitutional right to hunt and fish? \(Indianapolis Star\)](#).

IACT Position: Opposed

SJR 12 Right to Farm and Ranch (Steele, R-Bedford)

SJR 12 would add to the Constitution of the State of Indiana a guarantee to the people of Indiana the right to engage in diverse farming and ranching practices; a provision that the general assembly may not pass a law that unreasonably abridges the right of farmers and ranchers to employ or refuse to employ effective agricultural technology and livestock production and ranching practices; and a provision that the new constitutional provision does not modify any: (1) provision of the common law; (2) statute relating to trespass or eminent domain; or (3) other property right, existing or previously enacted statute, or existing or previously adopted administrative rule. To be effective this proposed amendment must be agreed to by two consecutive general assemblies and ratified by a majority of the state's voters voting on the question. It has not yet been approved by one general assembly. This proposed amendment would also likely lead to litigation over the parameters of state and local government's

authority to regulate citizens in matters involving farming and ranching and thus could restrict local decision-making.

IACT Position: Opposed

Save the Date! Statehouse Road Funding Day Set for March 17

IACT is partnering with several other associations to continue to educate lawmakers on the need to bridge the road-funding gap experienced by cities and towns by holding a Road Funding Day at the Statehouse on March 17. IACT's Legislative Day is scheduled the day before, so IACT is encouraging members to stay the night in Indianapolis in order to join IACT and our partners on March 17. More information to come!

2015 Legislative Dates & Deadlines

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



