



January 16, 2015

Some Bills of Interest and Concern Heard in Committee This Week

While things haven't reached a breakneck pace, it was a full week at the legislature. In addition to the Governor holding the [State of the State](#) address and the Indiana Supreme Court offering its annual [State of the Judiciary](#), House and Senate committee hearings got underway. The final crop of bills filed this week are still making their way into the system and committee chairs are awaiting bills to be assigned to their committees. Now the flood of incoming introduced bills will come to a halt. There were a handful of bills of interest or concern to IACT that were heard in committee this week. See below for more information and for an update on the IACT initiatives!

IACT Initiatives

Committee Hearing Expected on IACT Assessment Appeals Initiative

SB 118 Assessment Appeals (Kruse, R-Auburn; Head, R-Logansport)

SB 118 requires the appropriate county or township official to send notice of a property tax appeal to the fiscal officer of each affected city or town. Additionally, the county assessor sends the compiled list of affected cities and towns to the Indiana Board of Tax Review who is then required to notify the affected city or town of any hearing date set. SB 118 was heard in the Senate Committee on Local Government on Wednesday, January 13. IACT is working with Senator Kruse and other interested parties to address concerns brought up during testimony before the next hearing, which is scheduled for Wednesday, January 21. Chairman Head has agreed to sign on as a co-author of this IACT initiative.

IACT Position: Support

Senator Pete Miller (R-Avon) Expected to File Bill to Consolidate TIF Reporting

IACT's lobbyist met with Senator Pete Miller this week to follow-up on the TIF reporting consolidation bill. It is our understanding that the bill has been filed, but we are awaiting for a bill number and first reading. IACT members voted to initiate a TIF reporting consolidation bill because over the past few years, the legislature has made several amendments to the statute on Tax Increment Financing (TIF), particularly in the area of greater transparency and additional reporting. The reporting has become quite cumbersome and in some places duplicative. IACT worked with the Redevelopment Association of Indiana (an IACT affiliate group) to prepare a plan for TIF reporting consolidation. After meeting with the Commissioner of the Department of Local Government Finance (DLGF) to discuss our suggested changes, we began working with key Senators to get the legislation drafted and introduced. We will have further updates for you in next week's Legislative Summary.

IACT Position: Support

Bill Filed re: Municipal LOIT Authority and Consolidation of Local Income Taxes

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

One of IACT's two cornerstone initiatives is to pass legislation which gives municipalities the authority to adopt a local option income tax directly without the county council or COIT council. In addition, we have consistently lobbied that the pre-condition be removed requiring adoption of either a property tax relief LOIT or levy replacement LOIT *before* the public safety LOIT can be adopted. This year, we are hopeful for more discussion on an overhaul of local option income taxes. Representative Jeff Thompson has filed HB 1485 which suggests comprehensive changes to the LOIT statutes including renaming CAGIT, COIT and EDIT as Local Income Taxes.

IACT Position: Support

IACT Initiative Scheduled for Second Hearing Next Week

SB 116 Property Tax Refunds (Kruse, R-Auburn; Head, R-Logansport)

SB 116 requires a county auditor to pay a property tax refund on February 1 of the calendar year following the calendar year in which the refund is allowed. It also requires the county auditor to provide notice to the fiscal officer of each affected taxing unit that the refund will be paid in the following calendar year. In essence, this gives cities and towns more time to plan for reduced revenues. SB 116 was heard in the Senate Committee on Local Government on Wednesday, January 14 where it was held to work on issues identified during testimony. IACT will continue to work with Senator Kruse before the next committee hearing on Wednesday, January 21.

IACT Position: Support

Food and Beverage Bill Pursued by IACT is Assigned to House Committee

HB 1368 Uniform Municipal Food and Beverage Tax (Price, R-Greenwood; Morrison, R-Terre Haute)

HB 1368 allows all cities and towns in Indiana the ability to have a local discussion about whether or not their communities would benefit from a food and beverage tax. Only 13 municipalities have been granted the ability to have this discussion to date. This IACT initiative has been assigned to the House Committee on Ways and Means. Representative Morrison (R-Terre Haute) has agreed to co-sponsor this IACT initiative. Please contact your legislators and asked them to sign on to HB 1368.

IACT Position: Support

Bills We're Engaged In

Bill Prohibiting Regulations on Livestock Buildings Likely to Be Amended

SB 249 – Agricultural Structures (Leising, R-Oldenburg)

SB 249 was heard in Senate Agriculture Committee on Monday, January 12. Sen. Leising said she filed the bill to bring attention to the issue of local government moratoriums against livestock. As filed, the bill would prohibit a county, municipality, or township from adopting an ordinance, resolution, rule, policy, or other requirement that prohibits a person from building or repairing an agricultural building or structure that is or will be used for livestock. This applies to buildings located in an area zoned or dedicated to agricultural use. Sen. Leising chairs Senate Agriculture Committee, where they heard testimony on the bill, but did not take a vote. Sen. Leising said she is considering offering an amendment to the bill that would remove the local government prohibitions and instead assign a department or organization to study the issue further. She concluded her committee saying, "It really all comes to down the smell of poop!"

IACT Position: Opposed as Filed; Working with Author on Concerns

Bill Which Freezes Criteria for Farmland Assessments Heads to Senate Tax & Fiscal Policy for Further Discussion

SB 205 – Soil Productivity Factors (Leising, R-Oldenburg)

SB 205 was passed out of Senate Agriculture Committee on Monday, January 12 with a unanimous vote and was referred to Senate Tax & Fiscal Policy Committee. One of the factors that impacts the final assessment of farmland is the Soil Productivity Factor. All farmland starts with a base value per acre assessment. The base value is then adjusted by the Soil Productivity Factor, which is a calculation that represents the quality of the soil for raising crops. In February 2012, the DLGF released updated soil productivity factors for use in farmland assessments. These updated factors would have caused an estimated 25.5% increase in farmland assessments, according to the Legislative Services Agency. Since 2012, a bill has passed each year (SEA 19-2012, SEA 319-2013 and SEA 111-2014) to delay the use of these new soil productivity factors. SEA 319-2013 also required the DLGF work with Purdue University College of Agriculture to develop new soil productivity factors, which were presented during the 2013 interim. Legislative Services Agency estimates the amended Soil Productivity Factors would increase the total farmland assessed value on average by 5.9%. SB 205 delays the implementation of the amended Soil Productivity Factors again for another year, payable in 2017.

IAC Position: Watching

No Vote Yet on Bill That Limits When School and Controlled Project Referendums Can Occur

HB 1027 Referenda for School Projects and School Levies (Dave Frizzell, R-Indianapolis)

On January 15, the House Elections and Apportionment Committee heard testimony on HB 1027, which would limit school general fund referendums and controlled project referendums to general elections only (November of even years). Current law allows for the referendum to be held in the next upcoming election, including provisions for a special election. School referendums comprise a majority of referendums held, but current law also allows cities and towns to hold a referendum for controlled projects. Controlled projects generally include a project that exceeds \$2M and bonds are issued to be paid by property tax levies. IACT, AIC and school representatives testified in opposition to the bill. Rep. Frizzell explained he proposed the bill, because he believes referendums should be held when the most voters show up to vote. After hearing testimony and committee discussion, Rep. Frizzell said he will work on an amendment, possibly allowing for an election to be held every November. The committee chair held the bill. IACT appreciates Rep. Frizzell's time discussing the bill and hearing our concerns.

IAC Position: Opposed

Bill Proposes Changes to Business Personal Property Taxes and Farmland

SB 436 State and Local Taxation (Brandt Hershman, R-Buck Creek)

SB 436 impacts several areas of local taxation, including: personal property taxes, farmland assessments and agricultural land classification.

On Business Personal Property Taxes, the bill:

- Exempts personal property taxes for taxpayers with less than \$20,000 of total business personal property in a county. Prior fiscal analyses have projected a net statewide loss of \$7-8M across taxing units.
- Changes the valuation floor for Pool 3 equipment (from 30% to 25%) and Pool 4 equipment (from 30% to 15%) for property tax assessment purposes. There is not a current fiscal analysis available on this change.

On Farmland, the bill:

- Delays the implementation of the Soil Productivity for one more year, but does require the new factors to be used for assessment dates occurring after March 1, 2015. There is not a current fiscal analysis on this provision.
- Recommends for study committee the issue of “alternative means of agricultural land assessment.”
- Changes how agricultural land is classified for purposes of tax assessment so that certain land, such as land enrolled in conservation programs, is assessed as agricultural land. There is no current fiscal analysis on this provision.
- Changes what is classified for agricultural land so that land purchased for residential use is still classified as agricultural land for tax assessment purposes. (Today ag land that is purchased for industrial, commercial and residential use is not assessed as ag land.) There is no current fiscal analysis on this provision.

Some of the provisions contained in SB 436 were discussed by the Commission on Business Personal Property Tax and Business Taxation last fall. For more information on the Commission’s meetings and final report, visit: <http://www.citiesandtowns.org/ppt>

IACT Position: IACT is concerned about the provisions contained in SB 436 which reduce business personal property taxes without replacement revenue. We are still evaluating the impacts of the other provisions. Our goal is to work with Sen. Hershman and the members of the legislature toward a solution that ensures local units are not adversely impacted by this bill or other related proposals that may be considered.

Public Mass Transportation Funding Frozen for the Past Seven Years

HB 1215 Public Mass Transportation (Truitt, R-West Lafayette; Soliday, R- Valparaiso)

For the past seven years, the funding for the Public Mass Transportation fund (PMTF) has been frozen at \$42.5 M. HB 1215 seeks to increase the PMTF funding to \$60 M for both years of the next biennium. IACT believes the increase in funding is needed to adjust for the growth in the number of eligible agencies included in the distribution formula over the past several years as well as adjust to the costs associated with operating transportation services. Since 1996, the Indiana Department of Transportation has added 29 new systems to the distribution formula without an increase in funding for the past seven years.

IACT Position: Support

Bill Would Help Locals Capture Lost Revenue on Roads

SB 348 Advanced Technology Vehicles (Yoder, R-Middlebury)

This bill imposes an annual registration fee on advanced technology vehicles such as electric, hybrid and plug-in vehicles. The fees are estimated to generate an additional \$1.8 M in FY2016 and \$3.8 M in FY2017 for the Motor Vehicle Highway Account. SB 348 is attempting to address the fact that these fuel efficient and hybrid cars either fill up at the gas station much less or not at all but still put wear and tear on our roads.

IACT Position: Support

Bill Expands Indiana Department of Homeland Security’s Powers

SB 100 Homeland Security Emergency Actions (Buck, R-Kokomo; Steele, R-Bedford)

SB 100 was voted 6-3 out of the Senate Committee on Environmental Affairs on Monday, January 12. This bill allows the Executive Director of the Department of Homeland Security to issue a cease and desist order when two conditions are met. First, a political subdivision is taking an action that violates any state or federal statute or

local ordinance, any state administrative rule or federal regulation, or any contract for the receipt of any form of federal governmental assistance. Second, the violation creates an immediate risk that the state will lose grant funds under the Federal Emergency Management Agency mitigation grant program or that property owners in any part of Indiana will become ineligible to purchase insurance through the federal flood insurance program. It also provides that the cease and desist order may be issued against and be binding upon the political subdivision, the executive of the political subdivision, the members of the executive and a contractor or subcontractor.

IACT Position: Investigating

Bill Requires Public Water Systems to Submit Water Plan to IDEM

SB 312 Tank Registration and Water Threat Minimization (Charbonneau, R- Valparaiso; Stoop, D- Bloomington)

SB 312 has two main provisions. First, it requires the owner of an above ground storage tank to register the tank with the Indiana Department of Environmental Management (IDEM) if it has a capacity of at least 200 gallons and contains any liquid other than drinking water or residential heating fuel. Second, it requires the person responsible for the operation of a public water system that uses surface water as a source of drinking water to develop and maintain a surface water threat minimization and response plan, which must be approved by the IDEM Commissioner. SB 312 was heard in the Senate Committee on Environmental Affairs but was held without a vote. IACT is working with interested parties next week to work on improving the bill.

IACT Position: Investigating

More Information Needed on Reserve Officer Training Bill

HB 1242 Reserve officer training (Leonard-R, Huntington)

On Tuesday, January 20th, the House Veterans Affairs and Public Safety will hear HB 1242. In this bill the Law Enforcement Training Board is directed to create an in-service training program for police reserve officers in interacting with persons with mental illness, addictive disorders, mental retardation, autism, developmental disabilities, and Alzheimer's disease or related senile dementia, human and sexual trafficking and high risk missing persons. IC 36-8-3-20 is amended by the bill to provide that after June 30, 2015 a police reserve officer who has successfully completed the pre-basic course and thus may have obtained arrest and other powers must also complete the new training described above. Payment for this new training is not mentioned in the bill.

IACT Position – Investigating the ramifications to police reserve programs

Bill Aims to Cut Costs to Cities and Towns

HB 1175 Companion Animal Sterilization (Karickhoff, R-Kokomo;)

HB 1175 requires a dog or a cat in an animal care facility be spayed or neutered before being adopted. It also establishes a new fund and program to provide reduced charge spaying or neutering services for a dog or cat owned or harbored by individuals whose annual income does not exceed 200% of the federal poverty level. HB 1175 was voted out of the House Committee on Agriculture and Rural Development on Thursday, January 15, 2015. Due to the bill's fiscal impact, it will likely be reassigned to the House Committee on Ways and Means.

IACT Position: Support

Bill Seeks to Keep Railroad Crossing Clear of Stopped Trains

SB 27 Railroad Obstructions (Kruse, R-Auburn; Yoder, R-Middlebury)

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. However, there is an exception to this law in cases where the train may not be moved by reason of circumstances over which the railroad corporation has no control. SB 27 bill imposes civil penalties on railroad corporations for obstructions of grade crossings that exceed 10 minutes. This bill was heard in the Senate Committee on Homeland Security and Transportation where it was held without a vote. IACT will continue to work on this issue and expect the bill to be voted out of committee next week.

IACT Position: Support

For more information on these and other bills please contact Rhonda Cook at rcook@citiesandtowns.org and she will direct you to the appropriate IACT Legislative team member.

2015 Legislative Dates & Deadlines

Wednesday, January 21

Last day for Senate bills to be assigned to committees

Friday, January 23

Last day for House bills to be assigned to committees

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



REGISTER ONLINE!

IAC
LEGISLATIVE DAY

March 16, 2015
Hyatt Regency, Indianapolis