



Indiana Association *of*
Cities and Towns

POLICY PLATFORM
2013

The Indiana Association of Cities and Towns believes that government services, such as economic development, community development, environmental quality, transportation and public safety are best delivered when cities and towns self-govern in a manner that meets the needs of the citizens in their community.

I. Municipal Finance and Fiscal Home Rule

Municipal governments are enterprises that employ workers, provide critical public services, and work within budget constraints. For over three decades, Indiana local governments have been under strict revenue controls. Cities and towns account for only a portion of the total property tax levy, and city and town levies have grown at a very modest rate despite increasing taxpayer demands and federal and state mandates on municipal governments to provide more and better services.

Municipalities have little or no discretion in diversifying revenues to fund their budgets. Greater flexibility must be available to establish local option revenue sources. These options need to be available to all municipalities on a state-wide basis. Although the property tax should remain available as a revenue source, less reliance could be placed on the property tax as a source of local revenue if other measures are available.

Indiana's municipalities are adjusting to the imposition of property tax caps that were passed by the General Assembly in 2008. Now that voters have decided that tax caps be included in the Indiana Constitution, IACT strongly urges the General Assembly to provide cities and towns true fiscal home rule in order to have alternate revenue resources to respond to property tax shortfalls and taxpayer demands for services.

Community programs and regulations mandated by the state or federal government stretch the financial resources of municipalities. These unfunded mandates prevent municipalities from fulfilling local needs and priorities.

Association Position:

- The Association supports legislation that provides all municipalities with complete fiscal home rule and provides municipal officials with the flexibility to choose which combination of funding sources best and most equitably provides revenue to fund services.
- The Association supports continued local revenue sharing from gaming sources.

- The Association supports legislation granting flexibility with public works projects and in local purchasing preferences and encourages the local decision making authority to enter into joint purchasing arrangements where practical for added cost savings.
- The Association supports providing necessary services to citizens, however opposes the enforcement of unfunded mandates by rule or by law that require municipalities to provide additional public services without funding provided by the entity that imposes the mandate.
- The Association supports maintaining stable revenue streams and therefore opposes the reduction or restriction on municipal revenue sources where no replacement revenue is provided.
- The Association supports fiscal home rule and therefore opposes further restrictions on the maximum levy controls.
- The Association supports state revenue sharing and compensation means to offset the costs related to providing municipal services to tax-exempt properties.
- The Association supports measures that eliminate duplication of services, double taxation upon citizens or provision of services in unincorporated areas.
- The Association supports limited liability for municipalities or their agents.
- The Association supports regular fee reviews that are tied to inflation/growth factors when municipalities are the recipients of revenues generated by state imposed fees.
- The Association supports public bidding laws that focus on the lowest life cycle cost versus lowest initial cost.
- The Association supports measures to increase budgeting and fund accounting flexibility and efficiencies, including utilizing electronic banking.
- The Association supports setting additional levies outside of the circuit breaker caps which will be used to fund any spending mandates set forth by the state government.
- The Association opposes legislation that proposes the appointment instead of election of clerks and clerk-treasurers in cities and towns.
- The Association supports complete fiscal home rule for Indiana municipalities which is especially necessary due to the placement of property tax caps in the Indiana Constitution.
- The Association opposes changes in administrative rule or statute which would increase the effect of the circuit breaker impacts.
- For the integrity of the municipal legislative body and in order to avoid conflicts of interest, the Association supports the prohibition of allowing municipal employees from serving on the council for which they work.

- The Association supports greater accountability by the state on the collection of local income tax revenue and a more equitable distribution of local income tax revenue. The Association opposes the requirement to implement a property tax relief component before a local income tax can be adopted.
- The Association supports legislation that would permit referendums for mass transit, which if approved, would allow mass transit debt to be outside of the property tax caps.
- The Association supports due process and access to the courts before a public officer (elected or appointed) can be removed from office for infractions related to accounting of public funds and accounting procedures.
- The Association supports the ability for all elected and appointed officials to waive all, or a portion, of the salary for their office.
- The Association supports greater transparency and accurate accounting of all revenues, including local income tax revenues, which are collected by the state and distributed to local units. Cities and towns should recoup any revenue that has mistakenly been withheld by the state.

II. Community and Economic Development

Cities and towns are centers of culture, tourism, arts and education throughout the state. Often, a community's identity is defined by the value it places on community development initiatives such as parks and recreational programs, festivals and special events, cultural activities and programs that promote youth development. Other municipalities place great importance on neighborhood development, urban renewal and affordable housing. Promoting community development enables cities and towns not only to retain its workforce, but aids in attracting new businesses and new residents, and is an important tool in improving the quality of life in cities and towns.

The economic health of municipalities affects all Indiana residents. City and town officials understand their unique role in sustaining the economic vitality of their communities by promoting a quality of life that makes their communities more attractive places to live, work and raise a family. Quality of life begins with good jobs, and local officials make important decisions to increase their community's well-being by encouraging investment, job creation and job retention.

Economic development begins at the grassroots level, with local officials creating economic development plans, investing in infrastructure and public improvements. Municipal officials encourage economic development through the use of various economic development tools, primarily tax increment financing, tax abatement and

direct investment, including the issuance of municipal bonds. Cities and towns also seek economic development through land use policies, sound state government regulations and tax policies that promote an overall economic climate conducive to business expansion.

A number of areas in Indiana are experiencing rapid growth. While growth is generally beneficial, it bears certain costs which must be addressed through sound policy. Rapid growth strains existing infrastructure, such as streets, water and wastewater systems, drainage control, parks and recreation and public safety. In order to deal with these strains, additional revenues to local governments are needed to help meet the financial burden to fund the increased demands on public services and facilities. Under current law, growth procedures provide few additional revenues and, therefore, the effect is that existing residents bear the financial burden of new development.

Association position:

- The Association supports tax increment financing (TIF), including residential TIF, as an economic development financing tool and opposes further erosion of local control of TIF.
- The Association supports having local flexibility to expand TIF areas to respond to market forces and economic development needs.
- The Association supports funding for community and economic development activities, including tourism, through the municipal adoption of local food and beverage taxes and innkeeper's taxes.
- The Association supports updating Indiana's Economic Improvement District statute to facilitate making Indiana's downtowns a better place to work, live and grow.
- The Association supports efforts to increase quality affordable housing opportunities.
- The Association supports the ability for cities and towns to exercise annexation powers granted by the Indiana General Assembly and the Association opposes any additional restrictions placed upon cities and towns.
- The Association supports legislation giving all cities and towns the local authority to annex property that is non-contiguous to the municipal boundaries when municipal resources have been extended for the development of the property.
- The Association supports home rule and therefore opposes limitations on annexation and local planning, zoning and redevelopment authority.

- The Association supports tools providing additional resources for extending service to newly developed or redeveloped areas within the municipal boundaries
- The Association supports municipal growth and opposes the continuing subsidy of unincorporated areas.
- The Association supports sustainable development and orderly growth.
- The Association supports legislation that promotes economic development, and job creation and retention.
- The Association supports locally granted tax incentives as economic development tools, such as tax abatements.
- The Association supports meaningful partnership between the state and local governments for the purpose of economic development where risks and rewards are shared by both state and local units.
- The Association supports the ability to use sales tax increment financing (STIF) for all cities and towns.
- The Association supports meaningful partnerships between counties and municipalities including partnerships for land use and storm water planning.
- The Association supports legislation that would allow for local redevelopment commissions to have land banking authority to help manage and redevelop blighted properties.
- The Association supports having local authority to hold financial institutions responsible for the maintenance of properties that are under their control because of foreclosure.

III. Utilities

Telecommunications services are no longer narrowly defined as the delivery of phone service or cable service across the public network. The telecommunications industry has expanded to include the delivery of multiple services over non-traditional platforms. This development has provided citizens and businesses with greater access to information. As a result, telecommunications services have become a fundamental part of the public infrastructure system, as essential as other traditional forms of public infrastructure. The access and efficiency by which the information is delivered is an important tool for attracting and retaining business, promoting education and delivering social services.

As telecommunications services expand and upgrade in our communities, they use public property, including right-of-ways, to install these networks. Local

governments hold in trust the valuable asset of public rights-of-way, which are maintained and acquired at public expense through property taxes and other local actions. The fundamental responsibility and liability for facilitating the safety and convenience of all users of public rights-of-way falls to cities and towns.

Association position:

- The Association supports competition among entities who offer advanced telecommunications services and therefore opposes any further effort that creates barriers to entry, or otherwise prohibits or discourages, any public or private entity from offering advanced telecommunications services.
- The Association supports competition in the telecommunications industry and therefore opposes federal or state legislation that discourages open competition for all types of telecommunications technology.
- The Association supports local zoning authority over locating cellular and wireless towers and receiving compensation for such siting if located on publicly held property and therefore opposes legislation that removes this authority and compensation rights.
- The Association supports local authority to continue to receive compensation for the use of its public rights-of-ways, including the collection of cable franchise fees, and therefore opposes any legislation that weakens this local authority.
- The Association supports legislation to bring telecommunications technology to rural areas.
- The Association supports allowing municipalities the ability to enforce Federal Communication Commission (FCC) customer service standards, or the local amending of those standards, and complaint mediation with regards to cable and video services.
- The Association supports legislation that would permit interruption of cable programming in order to warn citizens about emergency conditions.
- The Association supports clarification of laws regarding the provision of Public, Educational and Governmental (PEG) cable access channels.
- The Association supports clarification of laws regarding the timeliness of removing public utility facilities located in the public right of way to not hinder efficient and effective public works projects.

IV. Environmental Infrastructure

Cities and towns have primary responsibility for environmental quality in the state. Municipal programs include water treatment and distribution, sewage treatment, utilities, brownfield redevelopment, drainage control, air quality, phase II storm water management, watershed planning and solid waste management. A large percentage of a city/towns' workforce and budget is dedicated to ensuring that these programs and facilities are well managed and meet the ever changing, complex state and federal laws, regulations and requirements.

Association position:

- The Association recommends that the Indiana Department of Environmental Management reinstitute funding for the Circuit Rider Program.
- The Association supports expanded environmental training and technical assistance opportunities for local government.
- The Association supports restoring funding for brownfield remediation, the state revolving fund, and new grant funding for environmental infrastructure needs.
- The Association supports environmental quality however opposes additional environmental mandates that unnecessarily inhibit the ability of municipal government to provide services.
- The Association supports determining all fiscal impacts and costs versus benefits of new rules and policies and therefore opposes the adoption of state environmental rules and policies affecting municipalities without first conducting a fiscal impact analysis, including a cost benefit analysis.
- The Association supports tax and other economic incentives for voluntary initiatives for brownfield redevelopment, energy conservation programs and green building initiatives.
- The Association supports a balanced approach to economic development and environmental stewardship.
- The Association supports the continuance of solid waste districts and opposes legislation that would restrict their current authority.
- The Association supports a review of the attainability standard for Combined Sewer Overflow (CSO). The Association opposes mandates for storm water attainability on a CSO community until the CSO community can first solve its CSO problem or the storm water and CSO attainability plan can be integrated.

V. Local Roads and Streets

Safe and dependable transportation networks are an essential component of a successful economic development program. Efficient transportation systems increase mobility, enable businesses to transport goods from place to place and provide residents with access to employers and to services. A reliable transportation system also supports local tourism, safety and a positive image for communities. However, in recent years, state funding for local roads and streets has significantly declined and the condition of our local roads and streets has deteriorated as a result. At the same time, the costs of construction are increasing well beyond normal inflation. In addition, more streets are needed to accommodate growing populations and communities.

Association Position:

- The Association supports legislation that provides additional, long-term, stable and sustainable revenue for the Motor Vehicle Highway Fund (MVH) and the Local Road and Street Fund (LRS) to be permanently dedicated for distributions to local governments for local roads and streets and opposes changes to the distribution of MVH and LRS Funds that result in reduction in funding for local government.
- The Association supports eliminating existing diversions to the highway funding formula and opposes efforts to divert revenues collected for the purpose of the MVH and the LRS to other state agencies or purposes. This specifically refers to the portion of the gas tax which is diverted to fund the state police and Indiana Bureau of Motor Vehicles.
- The Association supports receiving reimbursement from the counties and State to municipalities for services rendered to these other entities, such as services which municipal public safety units provide to state parks or state highway systems.
- The Association supports upgrading Indiana's highway network to improve economic development opportunities and safety, reduce congestion and improve air quality.
- The Association supports adequate gasoline and fuel taxes that are dedicated to municipal government for street projects, and to environmental issues related to transportation.
- The Association supports inclusion of municipalities in the planning process of the Indiana Department of Transportation (INDOT) and streamlining the planning and implementation process.

- The Association supports new funding for mass transportation.
- The Association supports the local authority to use MVH and LRS revenues for interchangeable purposes.

VI. Public Safety Pensions and Labor

Municipalities pay a portion of the pension costs for police officers and firefighters hired after April 30, 1977 based on a percentage of the base salary of a first class officer. For pre-1977 plan members, municipalities also pay for administrative costs, health insurance and any other expense outside of the monthly benefit payment paid by the State. Cities and Towns are employers in any pension system, and therefore are concerned about the benefits of their employees and the cost to taxpayers.

Association position:

- The Association supports pension benefits for public safety employees however opposes any proposal to increase benefits that do not include increases in state funding and/or member contributions.
- The Association supports funding the 1977 police and fire pension plan, but opposes any changes to this plan that are not actuarially sound.
- The Association supports measures to improve funding to the Pension Relief Fund to address the long-term costs associated with the unfunded liability of the pre-1977 police and fire pension plans.
- The Association supports providing pension benefits, yet opposes direct or indirect increases to employer pension costs without additional measures to provide funding.
- The Association supports home rule and opposes state-imposed personnel or labor related rules, regulations and restrictions regarding municipal employment except in regard to safety-related issues.
- The Association supports home rule and opposes legislation that would mandate municipalities to recognize formal labor organizations to be covered by collective bargaining laws.
- The Association supports home rule and opposes legislation that mandates municipalities to establish formal merit systems for public safety employees.
- The Association supports early retirement incentives for municipal employees.
- The Association supports greater flexibility to move public safety employees from PERF to the 1977 Fund.

VII. Public Safety

Providing for the public's safety is the legal responsibility of municipal government and one of its highest priorities. "Public safety" means combating crime, violence, substance abuse and hazards to the general community, delivering life-saving rescue services, preventing fires and preparing for and responding to natural and man-made disasters. The level of elimination of hazards to the general community should be determined by each municipality.

The primary goal of local public safety and crime prevention efforts is to ensure that Indiana cities and towns are a safe, healthy environment in which residents may live. Public safety requires the commitment of all levels of government. The State, counties, cities and towns must work together to identify priority security measures and communicate and act effectively for the safety and benefit of the residents.

Through the joint efforts of local, state and federal governments, and the responsible actions of residents and corporate citizens, we can successfully control threats to the safety and well-being of our business and civic communities.

Association Position:

- The Association supports equitable allocation by the state of federal funding for homeland security.
- The Association supports community policing efforts empowering its residents to aid in safer communities.
- The Association supports legislation that permits public safety vehicle operators to pursue criminals in a reasonably safe manner without exposing municipal taxpayers to protracted litigation expenses.
- The Association supports maintaining control of municipal public safety units.
- The Association supports each municipality's ability to enforce building and safety regulations absent from state interference.
- The Association supports the authority for local units to install "red light cameras" at intersections within their jurisdiction and use digital photography as a means of proof that a driver violated the law by not stopping at a red light.
- The Association supports legislation which gives counties the authority and responsibility for operating and funding the public service answer points (PSAPs) for the purposes of answering E911 calls and dispatching services unless there is an inter-local agreement between the county and a city or town to operate and fund a PSAP otherwise.
- The Association supports allowing local units to have greater flexibility to control illegal drug and substance use such as methamphetamine, K-2 spice, and

bath salts. It encourages the state to provide more resources to cities and towns to deal with drug and substance abuse.

VIII. Federal

Federal funding supports important local initiatives. Municipalities rely on adequate, stable funding from the federal government to provide necessary services to their citizens and encourage community and economic development.

Many issues are brought before the United States Congress which impact municipalities. IACT, as well as many of Indiana's municipalities, are members of the National League of Cities (NLC). This organization lobbies on behalf of municipalities and IACT supports their efforts at the federal level.

Association Position:

- The Association supports federal funding of the Community Development Block Grant program as an important economic development tool.
- The Association supports changes to the Community Development Block Grant program that allow municipalities to fund broader programs, focus on long-term planning goals and maintain local control.
- The Association supports measures to provide flexibility in using state and federal funds to support community development.
- The Association supports measures to optimally leverage federal dollars.
- The Association supports new funding for mass transportation.
- The Association supports comprehensive immigration reform that provides federal funds to help cities and towns integrate new residents into their communities and opposes mandates which require local law enforcement officers to enforce civil laws that divert local personnel from their primary public safety duties.
- The Association supports initiatives by the state to be more aggressive in procuring federal funding in the form of grants versus loans.
- The Association supports the adoption of federal climate change policy provided that it is a part of a global effort to reduce greenhouse gas emissions and is fair, balanced and affordable for electricity consumers and industrial manufacturers in Indiana and the Midwest.