

Aim 2019 Legislative Session Update

May 2, 2019



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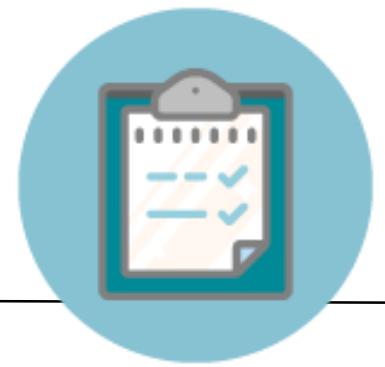
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Budget Session



- **January 3rd - April 29th**
- 1,358 bills introduced
- Aim tracked about 600 of the introduced bills
- 419 bills passed the original chamber
- 293 bills passed both chambers
- No Governor vetoes yet

Sine Die

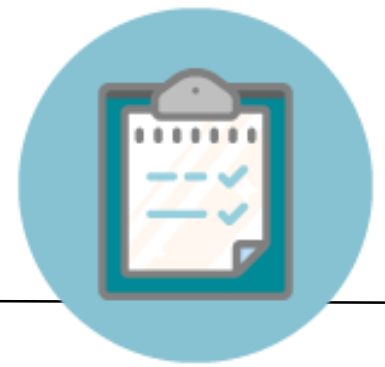


- **The House and Senate adjourned Sine Die on Wednesday, April 24, 2019 – ahead of schedule.**
- A technical corrections bill was one of the last bills to pass which addressed conflicts between various bills.
- If a technical corrections day *is* needed, it is tentatively set for Tuesday, June 4, 2019.
- Legislative Council is scheduled to meet on Tuesday, May 21, 2019 and will pass a resolution assigning topics to interim study committees.



Aim Operational Initiatives

- **HEA 1116: Various Local Government Matters**
 - Suggested items from members, Aim worked with the legislature on this bill to make government more efficient and reduce bureaucracy.
 - The bill:
 - Allows executive sessions to be held for selling property;
 - Allows the fiscal officer to appropriate any type of funds received for damaged property;
 - Removes partisan affiliation requirement for the utility service board and storm water management boards in second and third class cities;
 - Clarifies the description of “unsafe premise” in the unsafe building code;
 - Allows more flexibility in determining note repayment dates.



Aim Operational Initiatives

- **HEA 1427: Local Government Matters**
 - This bill was home to several local government provisions, including one of Aim's operational initiatives.
 - It addresses a problematic timing issue that can occur if a mayor chooses to veto the budget and the council fails to override the veto. This bill provides for an extension of time to submit a city's budget in the case of a veto after October 1st.



Aim Operational Initiatives

- **SEA 582: Clarification – User Fees are NOT Taxes**
 - In December, the Tax Court handed down a decision ruling that storm water user fees were taxes. The ruling could have had severe implications for local government finance and is a major departure from how user fees have been treated in the past.
 - The legislation defines the term “user fee” and specifies that circuit courts, standard superior courts, and superior courts (not the Tax Court) have jurisdiction over claims concerning user fees.
 - The bill is retroactive to December 1, 2015 and addresses the concerns resulting from the December Tax Court decision.

Aim Initiative - Investment Hubs

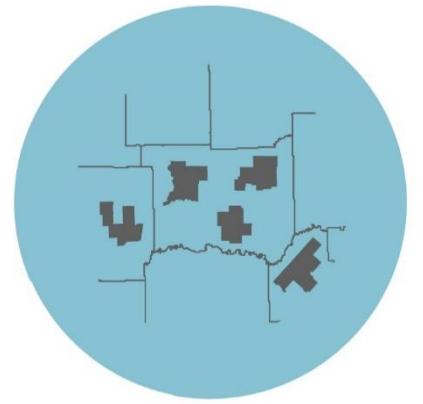
- **SEA 565: Various Income Tax Matters and Regional Development Authorities**
 - SB 565 had been the home to Aim's "Investment Hub" language that would have enabled RDAs to raise local revenue on a sustainable, ongoing basis to fund transformative capital projects within the region.
 - In the final days of session, the investment hubs language was removed and replaced with language which urges interim study of the criteria for which governmental entities may form an RDA and the imposition of taxes by an RDA.
 - Aim looks forward to continuing the productive conversations we've had about incentivizing regional collaboration among local units of government.

Budget

- **HEA 1001 – State Budget**

- An item of concern during budget negotiations was the possibility that there would be a reversion of road funding dollars from the road funding formula to meet the full funding request of the Department of Child Services (DCS).
- Aim worked with legislators to ensure the new revenue from the 2017 road funding bill remained dedicated to roads.
- Provides \$200M in increased match of state funds for double tracking South Shore Rail
- Provides \$100M for broadband grant program
- Provides \$9M annually for SRF loan program

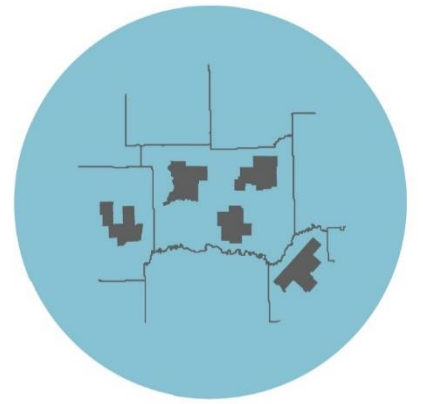
Annexation



- **HB 1359: Annexation**

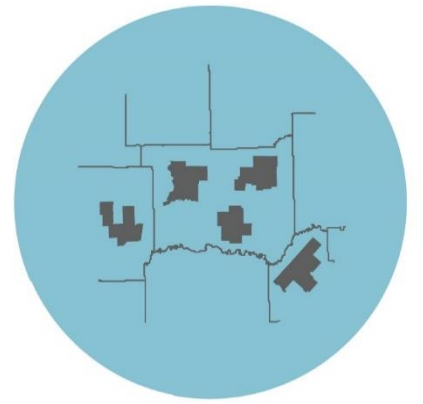
- Aim initiated annexation legislation which would have cleaned up a problematic timing issue with voluntary annexations, addressed issues with annexation waivers, required the disclosure of remonstrance waivers on real estate disclosure forms, and changed a provision passed in 2015 which prohibits annexations from the boundary line of newly annexed territory unless it is a voluntary annexation.

Annexation



- **HEA 1427: Local Government Matters**
 - A provision passed in this bill which voids remonstrance waiver agreements that are older than 15 years and puts a 15 year expiration date from the date of execution on waivers signed before 2015.
- **SB 94: Annexation (Interim Study Committee)**
 - As it passed out of the Senate, this bill would have prevented any further municipally-initiated annexations and voided all remonstrance waiver agreements.
 - Aim worked with legislators to get this language removed and instead replace it with language that calls for annexation to be studied during the interim.

Annexation



- **SB 556: Annexation**

- This bill would have allowed a county executive to review and deny certain annexations.
- This bill was defeated on the Senate floor for the 2nd year in a row.

Finance-Related Bills

- **SEA 233: Business Personal Property Tax Exemption**
 - Increases the threshold for the business personal property tax exemption from \$20,000 to \$40,000.
 - There was chatter of a broader expansion during the House committee process but it never materialized.

Finance-Related Bills

- **SB 623: Property Tax Matters**
 - SB 623 was intended to address the Dark Stores issue. It provided that a county assessor may ask the DLGF to perform a state conducted assessment of a particular commercial building or structure used for retail purposes.
 - It provided that the true tax value of a commercial property shall use the cost approach for the first 10 years of occupancy, less normal depreciation and normal obsolescence.

Planning and Zoning

- **SEA 535: Extraterritorial Powers of Cities and Towns**

- Repeals the general authority of a city or town to exercise powers outside of its corporate boundaries to:
 - Regulate conduct or property for health, safety, welfare
 - Capture and destroy animals
 - Use eminent domain to acquire property for parks or operate parks after June 30, 2019
- Prohibits the exercise of eminent domain powers outside the municipality unless a statute specifically allows it.
- Repeals the statute that allows municipalities to regulate watercourses 10 miles outside the boundaries.
- Makes various changes to the 2-mile planning and zoning “fringe” jurisdiction statute
 - For municipality exercising fringe jurisdiction for the 1st time: commissioner approval required
 - For municipality currently exercising fringe jurisdiction: no change unless the county commissioners take required steps to assume jurisdiction
 - For municipalities in counties with no zoning: no changes

Housing

- **HB 1625: Housing Cost Information**

- This bill would have required that a community prepare a fiscal analysis if a unit's proposed ordinance or regulation may directly or indirectly increase or decrease the cost of housing in the municipality.
- Further, it required every municipality to annually prepare a housing fee report to be posted on the municipality's web site and provided that a municipality may not impose any housing related fee that is not: (1) included in the fee report; or (2) posted on the municipality's web site.

Housing TIF

- **SEA 566: Residential Tax Increment Financing**
 - Permits a redevelopment commission to establish a program for residential housing development and a TIF allocation area for that program.
 - Provides that a program may not take effect until the governing body of each school corporation affected by the program passes a resolution approving the program.

TIF

- **SEA 549: School Financial Matters / HB 1166: Redevelopment Commission Membership**
 - Both bills attempted to add a school board member as voting members on RDCs.
 - HB 1166 did not move out of House Ways and Means Committee.
 - SEA 549 passed, but now only calls for an interim study committee to study best practices in: (1) the governance structure and oversight of tax increment financing to promote transparency and economic development in Indiana; and (2) reporting mechanisms between local government units to facilitate better collaboration and decision making.

Utilities



- **HEA 1347: Municipally Owned Utilities**

- The bill provides that all rates, charges, and other fees for services rendered by a municipally owned utility to property occupied by someone other than the owner are payable by the person occupying the property if the account or other customer or billing records maintained by the utility for the property indicate that: (1) the property is occupied by someone other than the owner; and (2) the person occupying the property is responsible for paying the rates, charges, and fees.
- It provides that upon applying for utility service from a municipally owned utility, the person occupying the property shall provide the utility with the name and contact information of the owner or manager of the property.
- The bill also specifies that these provisions do not prohibit a municipal legislative body from imposing any requirement to ensure payment by or the creditworthiness of the person occupying the property.

Utilities



- **HEA 1266: Sediment and Erosion Control in Construction**
 - This bill mandates that local storm water regulations cannot be more stringent than related requirements of the Indiana Department of Environmental Management.
 - Permit approval process improved from introduced version
 - Modified our ability to red tape a construction site

Utilities



HEA 1406: Water Infrastructure Assistance Fund and Program

- A positive bill designed to assist local units with a meaningful tool for addressing Indiana's aging underground infrastructure.
- Establishes parameters for the state's Water Infrastructure Assistance Program. The initiative will be administered via the State Revolving Fund. Program guardrails include some that are similar to those included in the Community Crossings transportation program.

• SEA 4: Water and Wastewater Utilities and Runoff

- Establishes a storm water management task force to study issues related to storm water management systems.
- Creates water study areas.
- Requires annual water audits.
- Removes cybersecurity plans from APRA.

Utilities



- **SEA 193: Sewer and Water Connections**

- Provides that a unit may not prohibit a property owner from installing a sewer line or other sewage works: (1) in or through a public right-of-way owned or controlled by the unit; and (2) for the purpose of connecting the owner's property to a sewer system owned or operated by another unit or entity; if the owner provides to the unit a written determination from a specified authority that the owner's existing sewage disposal system is failing, and if certain other conditions are met.
- Provides that in the case of a connection to a sewer system made under these provisions, a municipality that owns or operates the sewer system to which the connection is made may require that the property owner must release the property owner's right to remonstrate against pending or future annexations.

Utilities



- **SEA 472: Utility Matters**

- This bill addresses the sale of utilities and connections to sewer service in Marion County.
- It urges interim study on the issue of connecting unserved properties to sanitary sewer systems owned or operated by various public and private entities.

Public Safety

- **HEA 1170: Public Safety Officer Contract Negotiations**
 - This bill requires local police and fire departments to include a clause in all future contracts requiring non-binding mediation if a subsequent contract negotiation reaches an impasse. It mandates the continuance of service and compensation under the preceding contract in the meantime.
- **HEA 1258: Department of Homeland Security**
 - Allows members of police and fire departments to reside within a county that is noncontiguous to the county where the police or fire department is located but is not more than 50 miles from the closest boundary of the city, town, or township where the police or fire department is located.

Pensions

- **SEA 85: 1977 Fund Retirement and Surviving Spouse Benefits**

- Increases the basic monthly pension benefit payable to a member of the 1977 fund who retires after June 30, 2019, with 20 years of service from 50% to 52% of the monthly salary of a first class patrolman or firefighter in the year the member ended active service.
- Increases from 60% to 70% of the member's monthly benefit the monthly benefit paid to a surviving spouse of a 1977 fund member who dies after June 30, 2019, other than in the line of duty.

Broadband



- **SEA 460: Broadband**

- The bill establishes the rural broadband fund for the purpose of awarding grants. It requires the Office of Community and Rural Affairs to establish procedures for the awarding of grants to eligible broadband service providers for eligible broadband projects in rural areas of Indiana.

Alcohol



- **HEA 1518: Alcohol Matters**

- The bill addressing alcohol issues and permits in Indiana.
- The bill limits the amount of time a permit that is not currently in use can remain in escrow to two years, with a possibility of up to three 12-month extensions granted by the Alcohol Tobacco Commission.

Preemptions

- **SEA 529 Beekeeping**
- Prohibits a county, city, town or township from prohibiting beekeeping.
- Local units may only regulate the number of active bee hives and the location of the hives on the property in conformance with standards set by the Apiary Inspectors of America.

Preemptions

- **Architectural Design Standards**

- The Homebuilders Association made several attempts to prevent local units of government from regulating architectural design standards such as:
 - Siding materials and color
 - Roofing materials and slope
 - Fencing materials
 - Number of rooms
 - Minimum square footage

Thank You!

- Keep an eye out for the Aim 2019 Statehouse Report that provides comprehensive information on each bill with municipal impact. It will be accessible on the Aim website in the coming weeks.
- The Aim Legislative Wrap-Up Webinar is May 14.
- Start thinking about initiative suggestions for 2020.
- Stay engaged with legislators over the interim.

Questions?