

'08

WHERE WE STAND
SHAPING PUBLIC POLICY
Legislative Agenda
and **Outcomes**

INDIANA

The Chamber
Chamber of Commerce of St. Joseph County
*advancing regional
economic prosperity*

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2008 Legislative Agenda: Legislative Priorities and Outcomes

LEGISLATIVE FOCUS

The Chamber of Commerce of St. Joseph County is a proactive advocate for its broad and diverse member businesses, working to create a climate for growth and success. This *Where We Stand* document presents the outcomes of the Indiana General Assembly related to our Chamber's established legislative agenda for the 2008 legislative session. The Chamber's public policy program monitors all issues which could potentially affect business, economy and quality of life in our region; therefore we also provided testimony on areas not part of our adopted legislative agenda that were introduced and heard during the session.

BUSINESS AND WORKFORCE DEVELOPMENT

The Chamber supports the focus areas of Indiana's Strategic Economic Development Plan. It outlines a coordinated and aggressive economic development strategy that encourages both private and public initiatives to accelerate investment, create private-sector jobs and grow the population. This will be accomplished by the retention and growth of existing companies and by attracting targeted industries to the state.

The Chamber supports legislation and leadership that:

- ❖ Encourage regional collaboration of business, local governments and development agencies.*
- ❖ Develop and fund initiatives to stimulate entrepreneurial activity, innovation and research within businesses and institutions of higher learning.*
- ❖ Facilitate access to seed capital and venture capital funds through increased small business financing resources, either privately or state-funded.*
- ❖ Increase Hoosier workforce skill attainment and productivity to be globally competitive by supporting initiatives through the Department of Workforce Development to move existing workers up one talent level.*
- ❖ Improve the health status of all Hoosiers; their access to and cost of quality care.*
- ❖ Allow small businesses to purchase basic health plans for their workers that might not include all of the state-mandated medical benefits.*
- ❖ Accelerate investment in key infrastructure.*

OUTCOME:

The 2008 General Assembly neither heard nor passed any significant legislation related to business and workforce development.

* Indicates a regional position, representing the agenda of several chambers of commerce from northern Indiana.

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EDUCATION

The Chamber believes that Indiana must further raise the bar with regard to education. In order to remain competitive in our global environment, changes must be made in our K-12 education system and access to higher education must be affordable and without barriers.

K-12 EDUCATION

- ❖ The Chamber calls for the state of Indiana to fully fund and mandate compulsory student attendance in full-day kindergarten.*
- ❖ The Chamber supports elimination of textbook rental fees in Indiana.
- ❖ The Chamber endorses legislation that changes the Indiana kindergarten enrollment cut-off date to September 1.
- ❖ The Chamber supports increased assistance for English as a New Language/English as a Secondary Language (ENL/ESL) programming in the schools.*
- ❖ The Chamber supports a mechanism of review of teacher training programs in the areas of math, science and technology to ensure students in Indiana are receiving the highest level of preparation in these respective areas.*
- ❖ The Chamber supports a strong entry-level standard in preparation for college or other post-secondary education to ensure students are prepared for continuing education.*

HIGHER EDUCATION

- ❖ The Chamber believes business and government must commit to creating opportunities for internships, training and scholarship funding to make higher education more affordable.*
- ❖ The Chamber supports a strong entry-level standard in preparation for college or other post-high school education to ensure students are prepared for continuing education.*

OUTCOME:

Before this session, 85 percent of the general fund school costs were borne by the state while the remaining 15 percent was funded through local property taxes. In an effort to further reduce the local property tax burden, the state will now assume 100 percent of school general fund costs. This does create concern due to the fact that the state funds its budget with sales and income taxes. These taxes fluctuate with the economy and, therefore, could affect future school budgets.

Referendums are now required for elementary school construction projects costing \$10 million or more and for high school construction projects costing \$20 million or more.

To help ensure quality teachers in math and science, legislation was passed that allows flexibility in teacher licensing. Adults with advanced degrees and some teaching experience can now gain a license without having to take additional undergraduate courses. Our Chamber views this as a positive -- as schools can now tap into those who have valued experience in their field.

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LOCAL GOVERNMENT TAXATION AND REFORM

It is nearly impossible to implement tax reform without considering government reform. After all, local taxes are a product of local spending by government, schools, libraries and various other taxing districts. This past summer, the Indiana Commission on Local Government Reform issued their recommendations to bring Indiana local government into the 21st Century. The Chamber strongly supports consideration of local government reform before property tax reform measures are enacted.

The Chamber supports a reduced reliance on property taxes but at a level that supports a balanced tax system between property, income and sales tax. Current proposed legislation appears to create a disparity among the different classes of property. We support further analysis of the property tax structure in order to determine if the proposed legislation is appropriate.

TAXATION

- ❖ The Chamber supports state legislation that enacts a countywide poor relief tax levy.
- ❖ The Chamber supports allowing local government flexibility in developing revenue sources based on their respective community needs.*
- ❖ The Chamber supports the transfer of the local welfare levy to the state, but currently, opposes transfer of the local school tax levy.
- ❖ The Chamber supports state-enacted controls that contain the growth of the local property tax levy.
- ❖ The Chamber supports the current petition and remonstrance process and opposes state-mandated referendums.

REFORM

- ❖ The Chamber supports legislation that permits local government to reform and enhance efficient delivery of services.* Specifically, The Chamber endorses the following government reform measures:
 - ❖ The Chamber supports legislation creating a single assessment official in the county who is responsible for countywide assessments in place of the current township assessment system.
 - ❖ The Chamber supports granting counties the option to implement a single county executive in place of the current three-member board of commissioners.

OUTCOME:

The primary focus of the legislative session was property tax reform. We believe more attention and discussion should have been given to the recommendations from the Kernan-Shephard report (Indiana Commission on Local Government Reform) before tax reform was finalized. The commission's recommendations reduce unnecessary levels of local government and make it more efficient and accountable while, at the same time, reduce costs to taxpayers. Nevertheless, some government reform measures were passed.

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LOCAL GOVERNMENT TAXATION AND REFORM OUTCOME: *cont.*

County assessors will now assume all township assessor duties beginning July 1, 2008 with one exception. Those township assessors in areas with 15,000 or more parcels will remain as a township assessor unless voters request differently in the November 2008 election. There is a requirement that a referendum question be placed on the ballot in November asking whether or not such township assessors should be retained.

There was a major attempt to pass a bill eliminating the county board of commissioners and create a single county executive, but after several committee meetings and drafts, the bill died. This will more than likely be introduced in the 2009 session.

A bill was passed that mandates only one 911 center in each county. After 2014, no county will be allowed to have more than one Public Safety Answering Point (PSAP). St. Joseph County currently has several 911 communication centers.

Property tax reform was the highlight as the General Assembly capped residential property taxes at 1 percent of assessed value. Businesses were capped at 3 percent, while other properties such as rental and agriculture were capped at 2 percent. These caps will be phased in over a two-year period beginning in 2009. Homeowners were also given additional homestead deductions.

Referendums will be required for local construction projects costing at least \$12 million or 1 percent of the taxing district's total assessed valuation.

Funding of child welfare was moved from counties to the state.

Local governments did retain the ability to raise local option income taxes to provide dollar for dollar property tax relief, public safety expenses and budget increases to a certain extent.

Sales tax increased from 6 percent to 7 percent effective April 1, 2008 to fund the assumption of levies and other assumed costs by the state.

The General Assembly moved forward with making property tax reform final by passing a resolution to make the reform constitutional. This concept will undoubtedly raise questions about fairness among differing classes of taxpayers.

It would not be surprising if the General Assembly revisited property tax reform in the 2009 session. The effects of the reform are still uncertain in various areas of local government. Our efforts will continue to focus on fair tax reform while preserving a quality life standard we expect in our county.

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TRANSPORTATION AND INFRASTRUCTURE

INTERSTATE-STANDARD U.S. 31

- ❖ The Chamber supports full funding to interstate standards of the U.S. 31 corridor between South Bend and Indianapolis.

TRANSPORTATION FUNDING

- ❖ The Chamber supports the full dedication of all highway user fees and taxes to road and bridge maintenance and constructions with no diversion to other state agencies for use on non-road expenditures.
 - ❖ The Chamber opposes any repeal of the sales tax on gasoline without replacement revenue.
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OUTCOME:

A bill was passed designed to protect the U.S. 31 corridor and other corridors for future highway projects.

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