

INDIANA BUILDERS ASSOCIATION
Legislative and Regulatory Report #4
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HIGHLIGHTS

SUBCONTRACTOR LIENS

HB1163 Subcontractor liens. (Orentlicher, D-Indianapolis)

<http://www.in.gov/apps/lsa/session/billwatch/billinfo?year=2007&request=getBill&docno=1163> Provides that a contractor must pay all subcontractors within five business days after receiving payment from a homeowner or builder. Provides that a builder must disclose to a purchaser all subcontractors used in new home construction. Requires a contractor to provide notice to all subcontractors when the contractor has been paid by a homeowner or builder. Prohibits a subcontractor from filing a lien against a property if the primary contractor has received full payment for the contract. Allows a subcontractor to file an action against a prime contractor to recover any unpaid claims due under a contract between the prime contractor and the subcontractor.

The House Small Business and Economic Development Committee heard HB 1163 earlier this week, but no vote was taken. IBA staff and members testified in opposition to the bill and urged the Committee to defeat the measure. No second hearing has been scheduled for the bill as of press time.

LEGISLATIVE

The following bills will be heard in committees next week:

HB 1214 LANDLORD TENANT ACT (Pierce, D-Bloomington)

<http://www.in.gov/apps/lsa/session/billwatch/billinfo?year=2007&session=1&request=getBill&docno=1214> Specifies circumstances in which a landlord may enter a tenant's dwelling unit.

HB 1033 WEATHER RADIOS IN MOBILE HOMES (Hoy, D- Evansville)

<http://www.in.gov/apps/lsa/session/billwatch/billinfo?year=2007&request=getBill&docno=1033> Requires that a mobile home that is installed in a mobile home community be equipped with a weather radio.

HB 1548 VARIOUS ENERGY INCENTIVES (Stevenson, D- Highland)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=1548> Provides various energy related tax incentives.

HB 1210 HOMEOWNER PROTECTION UNIT ACCOUNT (VanHaften, D- Evansville)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=1210> Provides that money in the homeowner protection unit account administered by the attorney general does not revert at the end of a state fiscal year. Continually appropriates money in the homeowner protection unit account.

HB 1496 RENEWABLE ENERGY RESOURCES (Grubb, D- Covington)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=1496> Requires the Indiana utility regulatory commission to consider certain expenditures related to ethanol construction projects in the rate base of certain public utilities. Permits an electricity supplier to recover costs associated with electric lines facilities projects. Permits certain utilities to recover certain distribution system improvement charges. Requires an electricity supplier to: (1) supply a certain percentage of its total electricity supply from renewable energy resources; and (2) include certain information concerning energy sources in customers' bills. Establishes the renewable energy resources fund. Requires an electricity supplier that fails to supply electricity from renewable energy resources to pay a penalty. Deposits the penalties in the fund.

SB 1 INDIANA COMMERCE CONNECTOR & ILLIANA EXPRESSWAY (Wyss, R- Fort Wayne)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=1> For purposes of the statute concerning tollways, permits the designation of the Indiana Commerce Connector, the Illiana Expressway, or both (instead of a part of Interstate Highway 69) as a tollway. For purposes of the statute governing public-private agreements concerning toll roads, deletes the prohibition against a public-private agreement (without legislative authorization) that would permit an operator to impose tolls for the operation of motor vehicles. For purposes of the statute governing public-private agreements by the department of transportation: (1) authorizes public-private agreements for the Indiana Commerce Connector, the Illiana Expressway, or both (instead of a part of Interstate Highway 69); and (2) deletes the current authority for offerors that submit a proposal on a project that consists in whole or in part of a tollway to submit alternative proposals based upon the assumption that a different part or none of the project will consist of a tollway. For purposes of the statute governing the designation of state highways as tollways, permits the designation of the Indiana Commerce Connector, the Illiana Expressway, or both (instead of a part of Interstate Highway 69) as

a tollway without legislative authorization. Creates legislative review committees for proposals concerning the Indiana Commerce Connector and the Illiana Expressway. *This bill passed out of a Senate Committee earlier this week and now heads to the floor of the Senate for consideration.*

SB 430 LOCAL OPTION TAX DISTRIBUTIONS AFTER ANNEXATION (Gard, R- Greenfield)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=430> Adjusts the formulas for distribution of revenue from the county adjusted gross income tax, the county option income tax, and the county economic development income tax to reduce the share of a municipality that annexes territory.

SB 432 ENVIRONMENTAL FEES (Gard, R- Greenfield)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=432> Modifies various environmental fees. *The measure would increase several environmental permit fees. IDEM Commissioner Tom Easterly intends to move the agency toward user-supported financing. The bill would significantly increase permit fee revenue to the state. At present, IBA is concerned with the increase and is reviewing data from IDEM that is being used to justify the increase.*

SB 490 REGISTERING INTERIOR DESIGNERS (Kruse, R- Auburn)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=490> Changes the board of registration for architects and landscape architects to the board of registration for architects, landscape architects, and interior designers (board). Adds an interior designer to the board. Requires the board to register interior designers. Establishes the requirements for registration and fees. Requires the board to deposit the fees into the registered architects, registered landscape architects, and registered interior designers investigative fund. Provides that a person: (1) may not use the title "registered interior designer" or any title designation sign, card, or device indicating the person is a registered interior designer unless the person has a certificate of registration; and (2) is ineligible for registration if the person has a civil judgment for negligence, recklessness, willful misconduct, or another breach of a standard of care in the practice of interior design entered against the person.

LEED STANDARDS

Earlier this week, IBA staff attended a meeting with Reps. Austin, Pierce, and Dvorak regarding their House Bills over LEED (Leadership in Energy and Environmental Design). Also in attendance were the Indiana Architects Association and someone from LEED.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=1812> (HB 1812 Pierce, D-Bloomington)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=1658> (HB 1658 Austin, D-Anderson)

The Representatives along with the other attendees are pushing for a merger of the two bills that they believe can be passed by the Senate. Rep. Pierce is going to take both bills to Senator Bev Gard (who has expressed an interest in his bill and is the Chairwoman of the Senate Environmental Committee) to see what she thinks could be combined from the two bills to be able to pass out of the Senate. IBA has sent Rep. Austin's bill to NAHB and they had two main concerns:

1. LEED is still in the pilot version and will probably not come out until the fall.
2. Rep. Austin's bill does not specify between residential/commercial and it only mentions LEED- no other green building systems.

NEWS

HOUSING

According to the Mortgage Bankers Association, mortgage loan action fell 8.4% last week from the previous week. 47.8% of loans were accounted by refinancings, which was also down from the previous week at 49.9%. This was the first decline in four weeks. Interest rates on 30-year fixed-mortgages were up .03% from the prior week at 6.22%. This is a significant increase from last year's 6.04%. Another increase seen this year was for rates on fixed 15-year mortgages, which averaged at 5.93% this year.

JUMP IN NEW HOME SALES FOR MONTH OF DECEMBER

There was good news for home builders in December with a 4.8% increase in new-home sales according to the US Census Department. The report supported NAHB's recent survey findings, which show that due to price adjustments and widespread sales incentives, there is an increase in potential buyers. NAHB Chief Economist David Seiders listed three steps in putting the housing market back on track: stabilization of home sales and housing demand; cut down the inventory overhang; and the final step will be to bring housing starts back up to sustainable levels.

WHO IS AT FAULT FOR INDIANA'S HIGH FORECLOSURE RATES?

Who is at fault when it comes to Indiana's high amount of foreclosures? Many say that there needs to be restraint and practicality by lenders, sellers, and potential buyers to help decrease Indiana's high foreclosure rates. Although Indiana did fall from 1st to 3rd in national foreclosure rates, lenders took back 48,000 homes in 2006. This is an increase of 36% from 2005. Who is at fault here? Many say that a decline in blue-collared jobs has been a potential catalyst for foreclosures, however evidence also points to enthusiastic buyers that are taking the plunge of buying a home without sufficient assets and earnings.

To try and combat this problem, State Representative Mike Murphy, R-Indianapolis, has introduced a bill in this 2007 legislative session that would require first-time buyers that are financed through the state housing authority to have 8 hours of education on home ownership prior to the sale of the home. House Bill 1525 also makes lenders place enough in escrow from the mortgage payments on new houses to anticipate the second year's round of taxes; which are often thousands more than the first year's. Education and awareness could both potentially help to allow Indiana to keep moving down in the foreclosure rankings.

<http://www.in.gov/legislative/bills/2007/IN/IN1525.1.html>

INDIANA LAND RESOURCES COUNCIL

On Wednesday, January 31st, the Indiana Land Resources Council (ILRC) met to discuss the recent public hearings held regarding Confined Animal Feeding Operations (CAFOs). The ILRC reviewed the comments received from the statewide listening sessions in this meeting. The majority of the public comments made throughout the three statewide listening sessions were directed towards environmental concerns. After reviewing the comments, the public appearing at this meeting was allowed to make comments. Most were appreciative remarks to the committee for their willingness to hear public input in this controversial subject matter. The next ILRC meeting will be held on February 27, 2007 in the Indiana Government Center.