

INDIANA BUILDERS ASSOCIATION
Legislative and Regulatory Report #5
February 9, 2007

Rick Wajda- (800) 377-6334- rick@buildindiana.org
Roger Stephens- (800) 377-6334- rogers@bagi.com
Brooke Burtnett- (800) 377-6334- brooke@buildindiana.org

House of Representatives- (800) 382-9842
Indiana Senate- (800) 382-9467

HIGHLIGHTS

HOUSING

According to the Mortgage Bankers Association, mortgage loan activity was up 3.2% last week over the previous week. Also, compared to the same week last year, applications were up 0.7%. In other housing related news, the refinance share of all applications fell from 47.8% to 47.4% and the average interest rate for a 30 year fixed mortgage rose from 6.22% to 6.29%. 15 years mortgages rose from 5.93% to 6.01%.

TAXES

Indiana's tax system is split into three major tax bases: property, income, and consumption. In 2005, the total from the three taxes was \$19.7 billion dollars, according to the "Handbook of Taxes, Revenues, and Appropriations". While both local and state governments impose all three; the state relies more heavily upon income and consumption taxes and local governments rely most on property taxes. Two examples of this include:

- Transportation: roads, highways, and streets are primarily funded by a state tax but provided by both local and state governments.
- K-12 education: provided locally but funded by both local and state taxes.

When combined, in 2005, Indiana's tax system displays balance because no one tax dominates over the others:

- Property taxes account for 31.2%
- Income taxes account for 32.2%
- Excise taxes and general sales account for 32.4%
- And gaming taxes (started in the mid 1990's) now create 4.2%, over \$800 million

Overall, Indiana's structure remains balanced as the dependence on property taxes diminishes.

LEGISLATIVE

HB 1351 AFFORDABLE HOUSING AND COMMUNITY DEVELOPMENT FUND (Bardon, D-Indianapolis)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&session=1&request=getBill&docno=1351> Establishes a fee of: (1) \$10 for the first page; and (2) \$2 for each additional page; of each document recorded by the county recorder. Provides that proceeds of the fee are to be deposited in the affordable housing and community development fund.

An amended version of HB 1351 was discussed in committee this week. The amended version requires a fee of \$5 for the first page and \$1 for each additional page of the document recorded by the county recorder. IBA Staff testified against the funding sources of the legislation. It was decided by the Committee and the author that more work is needed on the bill before a vote is taken, which more than likely will be Thursday, the 15th. IBA Staff will continue to monitor the bill's transition and will keep you updated.

HB 1763 ARCHEOLOGY (Pierce, D- Bloomington)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&session=1&request=getBill&docno=1763> Defines "artifact" as an object made by a human before December 31, 1870. Requires a person disturbing ground to use reasonable care and diligence to determine if the ground that may be disturbed is within 100 feet of a cemetery or burial ground. Requires a person who disturbs buried human remains or artifacts to cease disturbing the remains or artifacts and the surrounding area within 100 feet; makes it a Class A infraction to fail to do so. Makes reports concerning the location of historical or archeological sites confidential under some circumstances. Allows certain persons to accompany a conservation officer to investigate a violation of historic preservation and archeology law. Establishes a fund to assist private homeowners who accidentally discover an artifact, a burial object, or human remains and need assistance to comply with an approved archeological or development plan. Allows a court to order restitution for certain costs related to the violation of historic preservation and archeology law. Makes it a Class D felony to possess looted property and a Class C felony if the cost of carrying out an archeological investigation on the site that was damaged to obtain the looted property is more than \$100,000. Provides that a disinterment under a plan approved by the department of natural resources is exempt from other disinterment procedures. Makes conforming changes. Makes an appropriation.

HB 1763 was voted upon and passed out of Committee this week. IBA staff is working with DNR to make some small changes to the current bill; a meeting has been set for Tuesday to discuss the legislation. IBA staff will attend the meeting and monitor the bill. We will continue to keep you posted on the bill's status.

SB 112 and SB 161 ANNEXATION (Gard, R- Greenfield)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=112> Requires a municipality that initiates an annexation to pay all court costs and reasonable attorney's fees if the annexation is remonstrated against and the court enters judgment against annexation.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=161> Reduces the number of landowner signatures required for a remonstrance against an annexation: (1) from at least 65% to at least 51% of the owners of land in the annexed territory; or (2) from the owners of more than 75% to the owners of at least 51% of assessed valuation of the land in the annexed territory. Removes a provision that requires 75% of the owners of land in annexed territory to sign a remonstrance if the territory consists of not more than 100 parcels and 80% of the boundary of the territory proposed to be annexed is contiguous to the municipality.

SB 112 and 161 were discussed in the Local Government and Elections committee this week. After hours of testimony, the Committee Chairwoman, Sen. Lawson decided that additional time was needed for the bills. Senator Gard was encouraged to review the language of the bills and bring them back in amended versions within the next two weeks. IBA staff will continue to track both bills and keep you informed.

HB 1163 SUBCONTRACTORS LIENS (Orentlicher, D-Indianapolis)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&session=1&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.

HB 1163 has been placed on the Committee calendar for Wednesday, February 14th. IBA staff testified in opposition to the bill at the previous Committee meeting and received favorable response from the other Committee members. IBA staff will continue to monitor the bill and work for its defeat if called for a vote.

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.

An amended version of SB 490 will be voted upon in Committee on Wednesday morning. IBA will continue to track this bill and keep you abreast of the changes made.

SB 260 PRIVATE USE HOSPITAL HELIPORTS (Heinhold, R-Kouts)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&session=1&request=getBill&docno=260> Establishes imaginary surfaces for private use hospital heliports for purposes of regulating tall structures and utilities. Requires a utility whose overhead utility lines interfere with an imaginary surface of a private use hospital heliport to relocate the lines at the expense of the hospital. Allows an airport authority board, after consulting with the local zoning authority, to adopt an ordinance establishing an overlay zoning district for a noise sensitive area: (1) to promote aviation safety; or (2) to provide for land uses within the noise sensitive area that are compatible with and support airport operations.

SB 260 is expected to get a hearing in the Commerce, Public, & Interstate Cooperation Committee. Please feel free to contact IBA staff with your input on this bill. IBA will monitor the legislation and keep you informed on its status.