

INDIANA BUILDERS ASSOCIATION
Legislative and Regulatory Report #12
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HIGHLIGHTS

Legislative Reports Posted Online

For your convenience, all past legislative reports are posted on the Indiana Builders Association's website. If you would like to reference back to a previous article, please go to: <http://www.buildindiana.org/LegislativeReports2007.htm>

IBA's Build-PAC Tournament of Champions

IBA's annual Build-PAC golf tournament is set this year for May 22nd at the Battle Ground Golf Club in Lafayette. There is less than two months until this great outing, so please make sure to register soon for a foursome or a sponsorship! Attached is a link to IBA's website where you can find a registration form or feel free to call Brooke at the IBA office to sign up at 800-377-6334. <http://www.buildindiana.org/GolfOuting.htm>

Ex-Sheriff Succeeds Senator Bowser

Jim Arnold has been sworn in to succeed State Senator Anita Bowser, who lost her battle to cancer in March. Senator Arnold was sworn in on Monday, March 26th for the State Senate District 8. He is a former Sheriff from LaPorte County. The term expires in 2008.

House Republicans Offer Property Tax Relief Plan

Ranking Minority Member of the House Ways and Means Committee, Representative Jeff Espich (R-Uniondale) has announced a Local Government Finance Reform Plan to provide immediate property tax relief for the 2007 property tax bills. The proposal also removes the burden of school construction costs from property taxes. Across Indiana property taxes are predicted to rise by an average of 15% this year. A supplemental Homestead Credit would offset this increase by roughly 8%. Representative Espich put forth this proposal because HB 1001, which passed out of the House of Representatives on a party line vote, offered no property tax relief for homeowners in 2007. The main components of Rep. Espich's proposal are:

- 8% Additional State-funded Homeowner Property Tax Relief in pay 2007 & beyond: provides immediate property tax relief;
- School construction income tax; this removes the single largest source of property tax shocks;
- Incremental local option income tax; this will reduce dependency on property taxes to government services;
- Referendum for approval of new school or civil unit construction; this allows taxpayers to have more input on major government construction projects;
- State pays for all future growth in child services costs; this improves access to child services across the state; and
- 2% of AV circuit breaker remains intact; this protects property tax payers.

Senate Republicans Offer Property Tax Plan

Senator Luke Kenley (R-Noblesville) also laid out details for his property tax relief plan this week. When announcing his plan, Senator Kenley did note that it does not provide immediate property tax relief, like Rep. Espich's plan. However, it does provide relief over time as the fastest growing property tax levies are funded by both state and local income tax revenues and are substituted for property taxes for future funding increases of local government. The main components of Senator Kenley's plan are:

- State Government would end subsidies to local property taxes. For example, it eliminates the Property Tax Relief Credits (PTRC);
- To offset the PTRC elimination, the state would take over the funding for school general funds, juvenile incarceration at state correctional facilities and some portion of child welfare property tax levies;
- Local capital project control boards would be established;
- Additional local option income taxes would be provided for future local government funding needs; and
- The two percent "circuit breaker" would be maintained for homeowners but raised to a three percent level for all other properties.

Senator Kenley's proposal will be heard in a public hearing on Tuesday, April 3rd. IBA Staff will continue to monitor both Senator Kenley's and Rep. Espich's proposals. We will keep you informed of their status.

LEGISLATIVE

SB 334 Restrictive Covenants Regarding Modular Homes (Riegsecker, R- Goshen)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=334> Provides that a deed restriction, restrictive covenant, or agreement recorded after June 30, 2007, may not prohibit or restrict the erection of an industrialized residential structure on real property. Provides that a deed restriction, restrictive covenant, or agreement that applies uniformly to all homes and industrialized residential structures in

a subdivision may impose aesthetic compatibility requirements on an industrialized residential structure in the subdivision.

SB 334 was heard on Wednesday in the Indiana House of Representatives Committee on Small Business and Economic Development. IBA was able to get our concerns addressed by having an amendment inserted during Committee regarding Indiana Residential Codes, however the bill was tabled before a vote was taken on the amended version of the bill. IBA Staff had a meeting on Thursday with both people representing the Modular Homes industry and legislators on the Committee to address any concerns left in the bill. The legislation is scheduled to be heard on Wednesday, April 4th.

HB 1753 Mortgage Foreclosure Counseling (Summers, D-Indianapolis)

<http://www.in.gov/legislative/bills/2007/EH/EH1753.1.html> Mortgage foreclosure counseling. Authorizes the Indiana housing and community development authority (authority) to establish a program to provide free mortgage foreclosure counseling and education to homeowners who have defaulted on or are in danger of defaulting on the mortgages on their homes. Provides that the program may include a central toll free telephone number that homeowners may call to receive mortgage foreclosure counseling and education. Authorizes the authority to award grants for the training of counselors who will provide mortgage foreclosure counseling and education. Provides that the authority may establish standards for the certification of counselors. Provides that the authority may solicit contributions and grants from the private sector, nonprofit entities, and the federal government to assist in carrying out the program. Requires the authority to submit a report to the legislative council annually.

HB 1753 was heard in Senate Appropriations Committee this week. It passed out of the Committee with a 9-0 vote. It will now move to the Senate Floor for full debate. IBA supports the establishment of the toll free number set up for mortgage foreclosure counseling.

SB 500 Tax Procedures and Administration Changes (Kenley, R-Noblesville)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=500> Makes various tax procedures and administration changes and adds language regarding the Affordable Housing Fund.
<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&session=1&request=getBill&docno=1351>

SB 500 was heard in the House Ways and Means Committee this week. It was amended to include the real estate recording fee language that was originally in HB 1351. The bill passed out, as amended, with a 17-5 vote. It now goes to the House Floor for full debate. IBA remains opposed to the language dealing with the recording fees and will continue to track the bill's status.

