

INDIANA BUILDERS ASSOCIATION
Legislative and Regulatory Report #15
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HIGHLIGHTS

Last Week of 2007 Session

The last day of the Indiana Legislative Session, Sine Die, is scheduled to be Sunday, April 29th this year. This upcoming week will be a very busy week at the Statehouse. IBA Staff will continue to monitor the budget, property tax proposals, and other various issues that we have tracked this Session. We will update you on the status of all legislation that relates to IBA once Session is adjourned for the year.

Howard County Members Meet With Governors Office and Leaders in Senate and House

HBA of Howard County members teamed up with their local Realtor Association and several local elected officials to bring their voice to the Statehouse earlier this week to discuss property tax reform in Indiana. Howard County's new tax bills are out and in some areas of Kokomo, tax bills have increased over 55%. The meeting was hosted by Senator Kenley, Chair of the Senate Tax and Fiscal Policy Committee, and Senator Drozda. Also present was Senator Hershman, Rep. Buck, Rep. Herrell, and two officials from Governor Daniels' office.

Good News on Indiana's Home Front

According to Foreclosures.com, Indiana is making some positive news in terms of foreclosure rates. Studies show that the number of Indiana properties that reverted back to lenders dropped a significant 42% in the fourth quarter of 2006. This is highly encouraging news for all of Indiana.

NAHB's 2007 Legislative Conference, June 6th

The NAHB's Legislative Conference is in DC on June 6th. Everyday in DC, legislators make decisions that affect your company. Tax policies, environmental regulations, and health care costs are just a few examples of policies that your congressional members are voting on that could affect your business. The NAHB Legislative Conference provides you with an opportunity to discuss builder issues on Capitol Hill. The Conference

enables one on one, valuable face time with your members of Congress. It could be an invaluable experience to your business.

Due to our struggling market, it is important for builders to have a strong turnout to the June 6th conference. A strong turnout sends a powerful message that housing must remain a priority to our Congressional members. To register for the conference, go to www.nahb.org/legcon or call Jessi Boyce at 800-368-5242 ext 8334

Indiana Department of Labor Collaborates with Safety Resources, Inc.

According to the Indiana Department of Labor's (IDOL) Commissioner, Lori Torres, IDOL will join forces with Safety Resources, Inc to provide Residential Roof Training through IDOL's INSafe Division. The free training will be offered beginning in the middle of May.

A division of IDOL, INSafe works with employers, employees, labor unions, trade associations, and other organizations to strive for job safety and health management. The INSafe/Safety Resources, Inc. training will be offered free of charge and will take place in various locations identified by the partnership, including Terre Haute, Indianapolis, Evansville, and Fort Wayne.

Classes will be four hours long and will discuss residential roofing statistics, IOSHA compliance requirements, residential roofing best practices, techniques, equipment, and fall protection. For more information or to register for the INSafe-Safety Resources, Inc Residential Roofing Safety Training, go to www.safetyresources.com or call 800-641-5990.

Legislative

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 Conference Committee this week. IBA is working in coalition with the Indiana Chamber of Commerce, Indiana Association of Realtors, Indiana Petroleum Market & Convenience Store Association, and the Indiana Retail Council to find a compromise for the recording fee language, that we are opposed to, which was inserted into SB 500. A letter, signed by the above organizations, was sent to Senate and House Leadership along with any conferees for the Budget Bill and SB 500. In the letter, a solution was offered that would allot a general fund appropriation to fund affordable housing as a substitute for the recording fee language.

HB 1525 New Home Construction and Homeowner Construction (Murphy, R-Indianapolis)

<http://www.in.gov/apps/lsa/session/billwatch/billinfo?year=2007&request=getBill&docno=1525> Provides that after June 30, 2007, a builder may not enter into a home construction contract with a prospective home buyer unless the builder first gives the prospective home buyer a written estimate of the property taxes that: (1) will be owed by the prospective home buyer on the new home; and (2) are based on an assessment made on the first assessment date after the construction of the new home is complete. Specifies that the required estimate may not be based on an assessment of unimproved real estate. Requires the Indiana housing and community development authority (authority) to prescribe a form to be used by builders in making the required disclosure. Defines an "at risk home buyer" as a person who: (1) has a credit score that is less than 620; and (2) seeks to obtain a home loan from a creditor. Requires the authority prepare and make available to creditors home ownership educational materials for use by at risk home buyers. Provides that after June 30, 2007, a creditor may not enter into a home loan with an at risk home buyer unless the creditor first gives the at risk home buyer the educational materials prepared by the authority.

HB 1525 is still eligible to be inserted into any germane legislation this week. Proponents for the language that places the burden on builders to provide the property tax estimates for newly constructed homes based on an assessment made after the construction for the new home is complete are looking to insert the language into any potential homes during conference time. Your IBA Governmental Affairs team has drafted a letter stating our opposition to this proposal. It includes reasons why this is not a builder issue and potential burdens that could result in the legislation. IBA Staff encourages you to contact your state legislators and explain our opposition to this legislation.

HB 1478 Taxation (Kuzman, D-Crown Point)

<http://www.in.gov/legislative/bills/2007/EH/EH1478.2.html> taxation matters.

- The creation of county review boards to approve, modify, or disallow taxpayer-financed capital projects which are in excess of \$2 million;
- Expand the authority of counties to apply local option incomes taxes to reduce local government dependence on property taxes;
- Increase state funding for K-12 education, child welfare and juvenile incarceration. Currently, these items are funded by the property tax;
- Eliminate current state subsidies for local property taxes by abolishing the Property Tax Replacement Credit;
- Increase state-funded homestead credits to reduce all homeowners' property taxes and increase current homestead deductions to provide further relief for lower valued homesteads, which are usually paid for by higher valued homesteads.
- Increase the "Circuit Breaker" to 3% for non-homestead properties while preserving a 2% circuit breaker for homesteads; and
- Create an appeal process and a state review board for civil units that are affected by the adjusted circuit breaker.

HB 1478 is scheduled for a conference committee on Monday, April 23rd at 9:00 a.m. IBA Staff will be in attendance at the conference committee to watch for any changes or proposals made to the property tax legislation. We will keep you informed of the bill's status.

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

<http://www.in.gov/apps/lsa/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.

A dissent for SB 334 has been requested to be removed after IBA Staff worked with Senate Conferees regarding the legislation this week. A concurrence is expected at the beginning of next week. IBA Staff will continue to monitor the bill's status and keep you informed.