

INDIANA BUILDERS ASSOCIATION
Legislative and Regulatory Report #8
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HIGHLIGHTS

MODEL HOME ACT PASSES SENATE

House Bill 1164, the Model Home Act, passed the Senate 45-0. The bill provides a 50% property tax exemption on the structure of three model or speculative homes per company for up to three years or until sold. After approval from the House and Senate, IBA will be working to concur with the amendments added in the Senate and try to send it to the Governor's office for his signature into law.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2008&session=1&request=getBill&docno=1164>

MANDATE REMOVED FROM GREEN BUILDING LEGISLATION

House Bill 1280 required certain public works contracts to build or remodel certain buildings to LEED silver rating, Green Globes two globes level, or an equivalent ANSI-certified standard but was amended in committee to send the issue to summer study committee for further review. The bill will be debated by the full Senate next week and likely go to conference committee to work out the differences in language. IBA will be closely monitoring the bill and oppose mandate language going back into the bill.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2008&request=getBill&docno=1280>

EMPLOYMENT CLASSIFICATION LANGUAGE RETURNS, PASSES HOUSE AGAIN

Earlier this session the House passed House Bill 1269, employee classification, which would essentially require independent workers to become employees of the contractor on building jobs. The bill was sent to the Senate where IBA worked to stop the bill from receiving a hearing. On Thursday, Representative David Niezgodski (D-South Bend) amended the language into Senate Bill 345 in an attempt to revive the issue. IBA is working with the bill's author, Senator Tom Weatherwax (R-Logansport) to take the bill to conference committee to reevaluate the bill where IBA will be working to oppose the language added on second reading in the House.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2008&request=getBill&docno=345>

IMMIGRATION HITS BUMP IN ROAD

Senate Bill 335, dealing with immigration, was amended in House Public Policy committee early in the week but the committee report was never adopted, a procedure that must occur before the bill is eligible for further action on the House floor. Senate Bill 335 is now ineligible for further action but the issue is still alive as House Democrats are attempting to amend immigration language into Senate Bill 345.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2008&request=getBill&docno=345>

WEATHER SIRENS BILL AMENDED

Senate Bill 334, which required developers to pay for weather sirens through an impact fee for the installation of weather sirens was amended in committee this week to require the Department of Homeland Security to establish weather siren standards. The bill now moves to the House floor for further debate and IBA will be monitoring any changes to the bill.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2008&request=getBill&docno=334>

LEAD BILL UNDERGOES CHANGES, PASSES COMMITTEE

Senate Bill 143, childhood lead poisoning prevention legislation, was amended in committee to recognize workers trained in HUD practices and removed the section requiring inspection of a rental property before building permits can be pulled. The bill passed out of committee 7-2 and will move to the full House for further debate. Several of IBA's major concerns with the bill have been addressed and IBA will be monitoring any further changes.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2008&request=getBill&docno=143>

REGISTRY BILL STOPS DUE TO IBA CONCERNS

Senate Bill 257, the bill that would have created a statewide construction registry online, was amended in committee this week to send the issue to a summer study committee for further review. IBA cautioned legislators that the bill inadvertently changed existing law and suggested further review before taking action. IBA's Mechanic's Lien Task Force will study the issue this summer in hopes of bring forth a better bill next session. The bill now moves to the entire House for further debate and IBA will monitor any changes to the bill.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2008&request=getBill&docno=257>

PROPERTY TAX CAPS IN LIMBO

Senate Joint Resolution 1, designed to amend the state constitution to make property tax caps in Governor Mitch Daniels plan permanent, was amended in House Ways and Means Committee this week. The amendment requires property tax caps for homeowners be based on one-percent of their income, as opposed to one-percent of the home's assessed value. This is much different than language that passed the Senate and suspect if the resolution passes it will be sent to conference committee where differences will be worked out. The resolution is an important part of the Governor's property tax

reform proposal and has indicated he may call the General Assembly into special session if caps are not included in the final plan.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2008&session=1&request=getBill&docno=0001&doctype=SJR>

SENATE AMENDS PROPERTY TAX PROPOSAL – HB 1001

The Senate Tax and Fiscal Policy Committee amended the House property tax reform bill in committee this week before voting it out and sending the bill to the full Senate floor.

Some major changes include:

- Delays implementation of property tax caps until 2010.
- Removal of local boards that would have to approve local budgets and called for limiting local spending growth to a county's average income growth over six years.
- Removal of doubling renters' deduction and increasing it by only \$500.
- Having the state assume pre-1977 police and fire pension payments which could save counties \$92 million annually statewide.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2008&request=getBill&docno=1001>

GOVERNOR SIGNS GREAT LAKES COMPACT LEGISLATION

The Governor signed Senate Bill 45, the Great Lakes Compact legislation Wednesday afternoon, making Indiana the first state to adopt the updated compact. The bill aims to protect the Great Lakes and largely prohibit diverting water from lakes and rivers linking them, which hold nearly 20% of the world's supply of surface fresh water.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2008&request=getBill&docno=45>

ARCHEOLOGY LEGISLATION PASSES SENATE

House Bill 1129 which deals with artifacts, burial grounds and also shortens the time provided to the Department of Natural Resources for responding to calls of a potential site once it is unearthed passed the Senate 46-0 this week.

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2008&request=getBill&docno=1129>

REGULATORY

The Indiana Office of Energy and Defense Development is still seeking applicants for the Geothermal Heat Pump rebate to homeowners who replace a traditional heating and cooling system. The maximum award is \$2,000 and anyone interested should visit www.in.gov/energy.

NAHB

HOUSING STARTS REMAIN VIRTUALLY FLAT IN JANUARY

Total housing starts remained virtually unchanged in January although single-family builders continued to pull in the reins on new-home production, according to newly released data from the U.S. Commerce Department. Starts rose by 0.8 percent for the month to a seasonally adjusted annual rate of 1.01 million units, with single-family

production down 5.2 percent to a rate of 743,000 units and multifamily production – which tends to display significant month-to-month volatility –up 22.3 percent to a 269,000-unit rate that was still well below the previous quarterly average.

INDIANAPOLIS MAINTAINS TITLE OF NATION'S MOST AFFORDABLE HOUSING MARKET

Indianapolis maintained its standing as the most affordable major U.S. housing market for a 10th consecutive time in the fourth quarter of 2007, according to NAHB/Wells Fargo Housing Opportunity Index.

ECONOMY SKATING CLOSE TO RECESSION

Economic growth slowed to a crawl (0.6%) in the final quarter of 2007, according to the “advance” GDP report released by the Commerce Department on January 30th, and data received since then does not point toward upward revisions.

HOUSING REMAINS A HEAVY DRAG ON THE ECONOMY

The housing contraction continues to exact a heavy toll on the U.S. economy. Residential Fixed Investment contracted at a 24% annual rate in the fourth quarter of 2007, knocking off more than a percentage point from the GDP growth rate. Also, associated setbacks in related parts of the economy, such as mortgage lending, have compounded housing's negative economic impacts.

ECONOMIC STIMULUS PACKAGE WILL HELP SOON

The Economic Stimulus Act is centered on \$117 billion in rebates of personal income taxes, to be distributed in May, along with \$51 billion in business investment incentives. The bill also substantially raised loan-size limits for both the FHA mortgage insurance program and for conventional loans eligible for purchase by the secondary-market GSE's. The personal income tax rebates and the business investment incentives figure to provide a bit of support to GDP growth in the second quarter and solid support in the second half of this year, actually pushing growth above trend in the second half. These effects naturally will dissipate early next year, making the economy vulnerable to relapse into a slow growth mode.

2ND ROUND OF ECONOMIC STIMULUS FOCUSED ON HOUSING IS NEEDED

Despite recent glimmers of hope about the interest of prospective home buyers, the dramatic housing contraction still has substantial downward momentum and the situation needs a second round of temporary economic stimulus to address:

- The substantial tightening of lending standards is occurring in all components of the home mortgage market, as recently documented by the Fed, and this tightening may make it impossible for prospective home buyers to obtain financing they can afford.
- A record volume of vacant homes on the for-sale market inevitably will put persistent downward pressure on home prices, further sapping the quality of outstanding mortgage credit and making it even more difficult to refinance or restructure adjustable-rate mortgages facing payment resets.

NAHB believes a temporary program of tax credits for home buyers should be provided.