



Dear ISBA Members:

Key Bill Activity for Week #6

With the conclusion of the sixth week of the 2023 session, top K-12 education bills and issues are crystallizing. This update provides timely information on some of these bills. ISBA members who are attending the 5th Annual State House Day will receive a comprehensive update about these key bills and the progress of the ISBA Legislative Priorities. Please note that the Week #8 Legislative Update will give a mid-session status report on bills aligned to our Legislative Priorities.

There are a couple of key bill deadlines occurring next week. First, the House of Representatives has a committee report deadline on Tuesday. Second, the Senate has set its committee report deadline for Thursday, February 23. For bills to continue in the bill process, they must be voted out of committee by these respective deadlines. Bills not moved out of committee will be ineligible for further action. The third reading deadline for bills to get out of the House will be February 27, followed by February 28 in the Senate. Bills then cross over to the second chamber for the next phase of the session.

TIF Legislation Updates

[HB 1081 Residential Tax Increment Financing](#) (Author: Representative Heine) was brought back to the House Local Government Committee for a vote

on Tuesday. Representative Doug Miller submitted an amendment to remove school board approval of residential housing development programs and the creation of a tax increment allocation area for the programs. The amendment was adopted by the Committee by a vote of 8-3. The bill was then voted out of committee by an 8-4 vote. **ISBA now opposes HB 1081** with the removal of both the “good governance” provision of school board sign off on Housing TIFs and the “1% threshold or cap” used to determine which communities can use this fiscal management tool. With removal of the “1% cap,” there will be a proliferation of Housing TIFs, including many that won’t meet the “but for” test (would the development happen but for the TIF? If yes, TIF should not be used as a tool and all local units of government would then benefit from the growth in AV). A cap should be maintained in this bill, but increased to a higher percentage to accommodate the reasonable goal of promoting an increase in housing development. We also wish to maintain the “good governance” provision requiring school board sign-off on HoTIFs. A total of 32 school boards have approved by resolution support for HoTIFs in their communities, while only two have not. This has increased local government communication, collaboration, and community planning. ISBA members should email or call your area state representative to **OPPOSE** this bill for these reasons.

[HB 1085 Tax Increment Financing](#) (Author: Representative Clere) establishes that one member of a redevelopment commission must be appointed by the governing body of the school corporation within the territory. Requires a commission to provide an annual spending plan listing planned expenditures for the next calendar year. Provides that except for property tax proceeds transferred to a school corporation or public school, including a charter school, allocated property tax proceeds may be expended for projects located outside an allocation area only if the commission adopts a declaratory resolution that finds that the expenditures: (1) will directly benefit the allocation area; or (2) will result in the creation or retention of jobs in the private sector. Provides that 10% of the excess proceeds collected in an allocation area must be allocated to school corporations in the allocation area and another 10% to taxing units that provide police or fire services in the allocation area. Provides that the amount of assessed value in excess of the 200% required to make principal and interest payments on bonds may be used for non-debt, one-time purposes within a calendar year before allocating the balance of the excess assessed value to the respective taxing units. Provides that the expiration date of an allocation area may not be extended. This bill was amended on second reading today to lower the excess proceeds to passthrough from 10% to 5% each to school corporations and police and fire units. **ISBA testified in support of this bill** on

Monday. It will be on the third reading calendar in the House on Monday.

Property Tax Control Measures

[HB 1499](#) **Property tax matters** (Author: Representative Thompson) provides, among other provisions, that the circuit-breaker credit is equal to the amount by which a person's property tax liability attributable to the person's homestead exceeds, for property taxes first due and payable: (1) in 2024, 0.95%; and (2) in 2025, 0.975%; of the gross assessed value of the property that is the basis for determination of the property taxes. Increases the amount of the supplemental homestead deduction for property taxes first due and payable in 2024 and 2025. Provides that, notwithstanding any increase in assessed value of property from the previous assessment date, the total amount of operating referendum tax that may be levied by a school corporation for taxes first due and payable in 2024 may not increase by more than 3% over the maximum operating referendum tax that could be levied by the school corporation in the previous year. Increases the renter's state income tax deduction to \$4,000. Increases the residential property state income tax deduction to \$3,500. Authorizes a county fiscal body to adopt an ordinance to provide property tax relief for property tax liability attributable to homesteads for qualified individuals. Modifies the threshold amounts used for determining whether a political subdivision's project is a controlled project and whether the petition and remonstrance process or the referendum process applies based on the political subdivision's total debt service tax rate. Provides a calculation to be used in determining the maximum levy growth quotient in 2024 and 2025. This bill will have a significant impact on the levies school corporations receive for the Operations Fund over a three-year period. The change in the circuit breaker credit alone will be a loss totaling about \$180 million for school corporations. The bill author argued that this is a "decrease to the increase" in levy dollars that local units are to receive, but still an increase. Please see [HB 1499 Fiscal Impact Statement](#) for a detailed financial analysis of the bill. This legislation has significant long-term implications for school corporations, and ISBA will continue to closely monitor this legislation.

Other Key Bill Activity This Week

[SB 12](#) **Materials Harmful to Minors** (Author: Senator Tomes) was heard in the Senate Judiciary Committee on Wednesday. Current law makes it a crime for a person to disseminate materials harmful to minors, however, a person charged with the crime can assert the legal defense that the matter was disseminated for legitimate scientific or educational purposes or that the matter was disseminated by a bona fide school or an employee of a school. The bill as

introduced removed the ability of a person to assert the legal defense that the materials were disseminated for educational purposes and that the materials were disseminated by a school or an employee of a school. The committee chairperson announced an amendment to the bill that restored the legal defenses but required school boards to post on their websites a list of all books in a school library and to adopt complaint procedures for parents to utilize. After testimony began, the chair announced there was some confusion about the amendment and that the amendment deleted the legal defenses available to school employees, as outlined in the introduced bill, and was adding the complaint procedure to the bill. After lengthy testimony for and against the amended bill, the Committee voted the bill out by a 7-4 vote. The chairperson announced there would be additional amendments on the second reading.

[HB 1410](#) Multiple Employer Welfare Arrangements (Author: Representative Carbaugh) was heard in the House Insurance Committee on Wednesday. The bill requires a MEWA to provide specified information to participating employers and to participating employers that are public entities. The bill also requires a MEWA to provide the loss history information upon the insurer providing the group insurance policy if the MEWA provides benefits for the public entity through a group insurance policy and upon the health maintenance organization if the MEWA provides benefits for the public entity through a group health maintenance contract. The bill also provides that a policy of insurance issued by a reinsurer to a MEWA for stop loss coverage must contain both specific and aggregate coverage with: (1) an aggregate retention of not more than 125% of the amount of expected claims for the next plan year; and (2) a specific retention amount annually determined by the actuarial report required by the department of insurance. Lastly, the bill makes the violation of any requirement of the MEWA law an unfair method of competition and an unfair and deceptive act and practice for which the insurance commissioner may issue a cease and desist order, impose a civil penalty, and suspend or revoke a MEWA's certificate of registration. Several superintendents and insurance trust representatives testified against the bill, but the Committee voted 8-5 to pass the bill out.

[HB 1638](#) Education Matters (Author: Representative Behning) was heard in House Education on Wednesday. The bill incorporates the recommendations adopted by the Interim Study Committee on Education. The bill repeals the school corporation annual performance report law and the performance-based awards laws. The bill requires the Department of Education to establish or license for use an online platform for providing certain teacher training

programs. An amendment was adopted that will establish an education information committee, charged with the task of studying and making recommendations for reducing and streamlining information and production requests from school corporations. ISBA worked with the chairman to add an ISBA representative to the education information committee. Another provision of the amendment eliminates the annual financial report that school corporations must publish. The bill passed out of the Committee by a 11-0 vote. ISBA recommended many of these regulatory relief measures to the Interim Study Committee on Education, and for these reasons SUPPORTS HB 1638. We thank Representative Behning for his collaboration with the Association on bringing this bill forward and his work on the bill.

Bill Tracking List

ISBA makes available to members an automated bill tracking list to assist you in following the status and progress of all the bills that the Association will be monitoring. ISBA presently is tracking 223 bills that address local or school governance matters, taxation, children, or K-12 education policy. Check the ISBA Bill Tracking List [HERE](#).

Thank you for reading the ISBA Weekly Legislative Update and your efforts and contributions to engage in the ISBA Legislative Action Network!

Sincerely,



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