

**ANNUAL REPORT  
OF THE  
COMMISSION ON STATE  
TAX AND FINANCING POLICY**



**Indiana Legislative Services Agency  
200 W. Washington Street, Suite 301  
Indianapolis, Indiana 46204**

**December, 1998**

# INDIANA LEGISLATIVE COUNCIL

1998

Speaker John Gregg

Chairman

Sandborn

Senator Robert Garton

Vice-Chairman

Columbus

Representative Paul Mannweiler

Indianapolis

Senator Richard Young

Milltown

Representative Mark Kruzan

Bloomington

Senator Harold Wheeler

Larwill

Representative Dale Grubb

Covington

Senator Joseph Harrison

Attica

Representative William Cochran

New Albany

Senator Patricia Miller

Indianapolis

Representative Charlie Brown

Gary

Senator Thomas Wyss

Fort Wayne

Representative Jeffrey Linder

Waldron

Senator James Lewis

Charlestown

Representative Richard Mangus

Lakeville

Senator Earline Rogers

Gary

Philip J. Sachtleben  
Executive Director  
Legislative Services Agency

# COMMISSION ON STATE TAX AND FINANCING POLICY

## Membership Roster

### Representatives

B. Patrick Bauer, Chairperson  
South Bend

Lawrence Buell  
Indianapolis

William Cochran  
New Albany

### Senators

Lawrence Borst  
Indianapolis

### Staff

Ross Hooten  
Attorney for the Commission

Michael Landwer  
Attorney for the Commission

Diane Powers  
Fiscal Analyst for the Commission

## **I. LEGISLATIVE COUNCIL DIRECTIVES**

The Legislative Council Resolution 98-2 assigned the Commission on State Tax and Financing Policy the following responsibilities:

- (1) Analyze the issue of renaissance zones.
- (2) Study tax credits for donations to private sector charities and churches that operate food banks, shelters, drug and alcohol counseling centers, vocational counseling centers, and other poverty relief programs.
- (3) Study motor vehicle transportation oversight. Oversee motor vehicle transportation funds and needs in Indiana. Study funding and distribution of highway funds as well as alternative financing techniques and other motor vehicle transportation issues.

## **II. INTRODUCTION AND REASONS FOR STUDY**

Established in 1953, the Commission is charged by IC 2-5-3-5 to study and investigate the following:

- (1) The present state, county, and city tax structure of the state of Indiana.
- (2) Its revenue-producing characteristics and effects upon the economy of the state of Indiana.
- (3) Its equalities and fairness.
- (4) The enforcement policies and administrative practices related to that tax structure.
- (5) The costs of collection in relationship to the burden of the tax.
- (6) The overall administrative matters, fiscal matters, and procedural problems of the various departments of the state, county, and city governments as they relate to tax and financing policy.
- (7) Any tax or financing problems referred to the commission for study and research by a resolution of the legislative council.

## **III. SUMMARY OF WORK PROGRAM**

The Commission met one time. The Commission met on October 7, 1998 to study the issues assigned by the Legislative Council and the following topics:

- (1) Public Employees' Retirement Fund investment policies.

- (2) Teachers' Retirement Fund investment policies.
- (3) Income tax reciprocity with Illinois.
- (4) 1998 federal tax changes.
- (5) Gambling debts/losses and taxation.
- (6) The Bureau of Motor Vehicles need for motor vehicle highway funds for operating expenses.

#### **IV. SUMMARY OF TESTIMONY**

The Commission heard testimony from 11 witnesses. Representatives of the Public Employees' Retirement Fund and the Teachers' Retirement Fund described the funds' recent activities and investment policies.

The Commission received testimony from the Department of State Revenue updating the status of the income tax reciprocity dispute with Illinois.

The Legislative Services Agency presented memoranda describing the 1998 federal tax changes and the fiscal impact of the changes. The Legislative Services Agency also presented memoranda concerning renaissance zones, tax credits for certain charitable contributions, and gambling and taxation.

The Commission also received testimony concerning transportation oversight and the new federal highway funding law.

The Bureau of Motor Vehicles described its efforts to reduce costs while improving service. The Bureau testified that the Bureau of Motor Vehicles Commission requires motor vehicle highway fund money for operating expenses.

#### **V. COMMITTEE FINDINGS AND RECOMMENDATIONS**

The Commission made no findings of fact and made no recommendations to the General Assembly.

**A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for**

**this Commission can be accessed from the General Assembly Homepage  
at <http://www.state.in.us/legislative/>.**

WITNESS LIST

Mary Beth Braitman  
Ice, Miller, Donadio & Ryan

Diann Clift  
Public Employees' Retirement Fund

Thomas D. Conley  
Indiana Department of Revenue

Dennis Faulkenburg  
Indiana Department of Transportation

Gary Gibson, Commissioner  
Bureau of Motor Vehicles

Ross Hooten  
Legislative Services Agency

Michael Landwer  
Legislative Services Agency

Senator James Merritt

Mary J. Pettersen, Director  
Teachers' Retirement Fund

Diane Powers  
Legislative Services Agency

Mark Webb  
Public Employees' Retirement Fund