



**Members**

Rep. Scott Reske, Co-Chairperson  
Rep. Suzanne Crouch  
Sen. Brandt Hershman, Co-Chairperson  
Sen. Sue Errington  
Sonny Beck  
Nancy Guyott  
Mark GiaQuinta  
Al Hubbard  
Gary Lehman  
Mark Becker  
Mayor Shawna Girgis  
Jeff Quyle  
Tom Easterday  
Angela Faulkner  
Mickey Maurer  
Mitch Roob

# INTERIM STUDY COMMITTEE ON ECONOMIC DEVELOPMENT

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George Angelone, Attorney for the Committee

Authority: P.L. 113-2010

## MEETING MINUTES<sup>1</sup>

Meeting Date: October 26, 2010  
Meeting Time: 10:00 A.M.  
Meeting Place: State House, 200 W. Washington St.,  
House Chamber  
Meeting City: Indianapolis, Indiana  
Meeting Number: 4

**Members Present:** Rep. Scott Reske, Co-Chairperson; Rep. Suzanne Crouch; Sen. Brandt Hershman, Co-Chairperson; Sen. Sue Errington; Al Hubbard; Mayor Shawna Girgis; Jeff Quyle; Tom Easterday; Mitch Roob.

**Members Absent:** Sonny Beck; Nancy Guyott; Mark GiaQuinta; Gary Lehman; Mark Becker; Angela Faulkner; Mickey Maurer.

Rep. Reske called the meeting to order shortly after 10:00 a.m. Rep. Reske and Sen. Hershman, Co-Chairmen of the Committee, thanked the Committee members for their participation and cooperation.

### I. Katrina Hall, Indiana Farm Bureau

Ms. Katrina Hall, Tax and Local Government Specialist, Indiana Farm Bureau, was recognized to speak on the impact of the personal property tax in relation to agricultural equipment (Exhibit A). She explained that the agricultural sector is very important to Indiana's economy, and that it is a capital intensive industry. She provided estimates of various types of farming equipment and explained that the personal property tax is a burden for young farmers starting out in the business. Ms. Hall also commented that eliminating the personal property tax on agricultural equipment will increase the profitability of farming in Indiana and improve the competitiveness of the agricultural sector in Indiana.

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<sup>1</sup> These minutes, exhibits, and other materials referenced in the minutes can be viewed electronically at <http://www.in.gov/legislative>. Hard copies can be obtained in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for hard copies may be mailed to the Legislative Information Center, Legislative Services Agency, West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for hard copies.

## II. Bill Waltz, Indiana Chamber of Commerce

Bill Waltz, Vice President for Taxation and Public Finance, Indiana Chamber of Commerce, also provided testimony on the impact of the personal property tax on business. He explained that the personal property tax discourages capital investment, which makes growth problematic. Because of the impact of the tax on capital investment, startup companies must either wait longer to make investments or scale back their investment. Mr. Waltz reported that the neighboring states of Ohio and Illinois do not have a personal property tax and that Indiana's tax is a factor when companies are choosing where to locate in the Midwest region. He also suggested that the fiscal impact of eliminating the personal property tax should account for the positive economic impact that will occur as a result of elimination of the tax.

## III. Consideration of Final Report

The Committee then considered the proposed final report. Committee members discussed the findings and recommendations of the report. The Committee moved to make four amendments to the report and to include in the report a summary of the testimony received at the final meeting. The motions were adopted by consent. The amendments are described below.

The Committee amended finding (5) of the of the proposed report as follows:

**"(5) Indiana's corporate income tax rate is and personal property tax rates are high in comparison to Midwestern states and other U.S. states and may be a hindrance to Indiana's competitiveness."**

The Committee amended recommendation (1) of the proposed report as follows:

**"(1) Make the Economic Development Study Committee a statutory committee to sunset on December 31, 2014, with a membership including legislative and non-legislative members, in order to study economic development on a regional, national, and global scale."**

The Committee amended recommendation (14) of the proposed report as follows:

**"(14) Maintain the Neighborhood Assistance Program tax credit."**

The Committee amended the proposed report to add the following recommendation:

**"(16) Encourage further study to determine the methods for eliminating or reducing the personal property tax statewide. Consider providing local governments the option of eliminating or abating personal property tax for new investment and economic development purposes."**

A motion was made and seconded to adopt the proposed final report as amended. The motion carried with a vote of 9 to 0.

Sen. Hershman adjourned the meeting at 11:50 a.m.

**2007 pay 2008 per LSA Handbook of Taxes, Revenues and Appropriations**

							<b>Elimination of 30% Floor?</b>			
	Abstract Net Assessed Value	% of Total	% of Total if Ag PP Exempt	Estimated Net Levy	% of Total	% of Total if Ag PP Exempt	Reduction in Ag Personal Property Tax, if 30% of Property value retained by 30% floor	Estimated Net Levy if 30% floor removed for Ag Equipment assessed as personal property	% of Total Tax Base with Elimination of 30% Floor for Ag Equip	Change
<b>Personal Property</b>										
Commercial	\$13,324,198,260	3.96%	3.97%	\$388,676,361	6.30%	6.32%		\$389,041,711	6.31%	0.01%
Industrial	\$10,803,710,529	3.21%	3.22%	\$305,223,377	4.95%	4.96%		\$305,510,283	4.95%	0.00%
Agricultural	\$1,050,229,543	0.31%		\$19,326,469	0.31%		\$5,797,941	\$13,528,528	0.22%	-0.09%
Utilities	\$9,778,897,714	2.90%	2.91%	\$238,884,567	3.87%	3.89%		\$239,109,115	3.88%	0.00%
<b>Total Business Personal</b>	<b>\$34,957,036,046</b>	<b>10.38%</b>	<b>10.10%</b>	<b>\$952,110,774</b>	<b>15.44%</b>	<b>15.17%</b>		<b>\$947,189,638</b>	<b>15.36%</b>	<b>-0.08%</b>
Individual Personal	\$686,523,267	0.20%	0.20%	\$12,919,527	0.21%	0.21%		\$12,931,671	0.21%	0.00%
<b>Total Personal Property</b>	<b>\$35,643,559,313</b>	<b>10.58%</b>	<b>10.30%</b>	<b>\$965,030,301</b>	<b>15.65%</b>	<b>15.38%</b>		<b>\$960,121,309</b>	<b>15.57%</b>	<b>-0.08%</b>
<b>Real Property</b>										
Commercial	\$54,763,884,904	16.26%	16.31%	\$1,324,248,208	21.47%	21.54%		\$1,325,492,983	21.49%	0.02%
Comm Apartments	\$11,964,853,565	3.55%	3.56%	\$297,234,936	4.82%	4.83%		\$297,514,333	4.82%	0.00%
Industrial	\$19,576,340,965	5.81%	5.83%	\$486,010,588	7.88%	7.90%		\$486,467,431	7.89%	0.01%
Agricultural	\$24,635,724,729	7.31%	7.34%	\$400,374,702	6.49%	6.51%		\$400,751,049	6.50%	0.01%
Residential Hmstd	\$133,079,591,695	39.50%	39.63%	\$1,590,707,440	25.79%	25.87%		\$1,592,202,683	25.81%	0.02%
Ag Hmstd	\$8,553,656,626	2.54%	2.55%	\$71,668,479	1.16%	1.17%		\$71,735,846	1.16%	0.00%
Non Hmstd	\$46,761,662,431	13.88%	13.92%	\$985,660,246	15.98%	16.03%		\$986,586,753	15.99%	0.02%
Utilites	\$1,135,600,536	0.34%	0.34%	\$27,707,148	0.45%	0.45%		\$27,733,192	0.45%	0.00%
Exempt	\$759,344,885	0.23%	0.23%	\$19,471,822	0.32%	0.32%		\$19,490,125	0.32%	0.00%
<b>Total Real</b>	<b>\$301,230,660,336</b>	<b>89.42%</b>	<b>89.70%</b>	<b>\$5,203,083,569</b>	<b>84.35%</b>	<b>84.62%</b>		<b>\$5,207,974,395</b>	<b>84.43%</b>	<b>0.08%</b>
<b>Total All Property</b>	<b>\$336,874,219,649</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$6,168,113,870</b>	<b>100.00%</b>	<b>100.00%</b>		<b>\$6,168,095,704</b>	<b>100.00%</b>	<b>0.00%</b>

Estimate of impact resulting from elimination of 30% floor on Ag Equipment personal property - based on "non-scientific survey" of members' personal property returns a few years ago. No LSA data on 30% floor.