

PRESORTED
STANDARD
US POSTAGE PAID
INDIANAPOLIS, IN
PERMIT NO. 8644

STATE SENATOR
KAREN TALLIAN

INDIANA STATEHOUSE
200 W. WASHINGTON ST.
INDIANAPOLIS, IN 46204
www.IN.gov/S4



FOR INFORMATION ON SUMMER STUDY COMMITTEES, VISIT www.IN.gov/legislative/interim



STATE SENATOR **KAREN TALLIAN**

Serving Senate District 4



2010 SESSION REPORT: **NEW INCENTIVES FOR ECONOMIC RECOVERY**

Throughout the 2010 legislative session, creating jobs and supporting Indiana businesses in this difficult economic climate were top priorities. During the first quarter of 2010, the state's unemployment rate remained slightly higher than the national rate, with nearly 1 in 10 Hoosier adults unemployed.

As part of its efforts to get Hoosiers back to work, the General Assembly passed Senate Enrolled Act (SEA) 23, co-authored by Senator Tallian, which included several job creation and worker protection provisions. These initiatives range from providing businesses with tax incentives to hire Hoosiers, to ensuring that state job creation funds are effectively used.

Incentives for hiring Hoosier workers

SEA 23 provides a new employer tax credit for companies that begin doing business in Indiana or expand operations to add at least 10 new employee positions. The credit is 10% of the wages paid to the employees during a 24-month period. Another job creation incentive gives the Indiana Family and Social Services Administration the authority to apply for federal funds to implement a subsidized employment program for unemployed or underemployed individuals. If implemented, this program would allow Indiana to subsidize all or part of the wages for employees hired by participating businesses for a predetermined amount of time. This program was made available by the federal government to create and preserve jobs and support small businesses in their efforts to hire as the economy improves.

The General Assembly also focused on ensuring that incentives are targeted at rehiring laid off Hoosiers. When awarding incentives to businesses, the Indiana Economic Development Corporation (IEDC) must consider businesses that are located in a county where workers have been impacted by a permanent plant or facility closure or another significant reduction in the workforce. The General Assembly further required the IEDC to establish a program to ensure that dislocated workers from Indiana are given consideration for jobs created by businesses receiving job creation incentives.

The initiative also included language to reduce regulatory burdens on small businesses by requiring the IEDC to designate an ombudsman within state government to provide assistance to the state's small business owners and operators.

Employer unemployment fund contributions

In recognition of the hardships Indiana businesses face in the current economic climate, SEA 23 delays from January 1, 2010, to January 1, 2011, the increase in the taxable wage base and changes to employer contribution rates made by the 2009 General Assembly. The delay was limited to one year because the changes are needed to raise an additional \$358 million annually to help return Indiana's struggling Unemployment Insurance Trust Fund to solvency. Indiana has borrowed approximately \$1.8 billion from the federal government to pay unemployment benefits since the fund became insolvent in 2008.

ONLINE
www.IN.gov/S4

E-MAIL
s4@iga.in.gov

TELEPHONE
1.800.382.9467

WRITE
200 W. WASHINGTON ST.
INDIANAPOLIS, IN 46204

SCHOOLS PROVIDED FLEXIBILITY IN RESPONSE TO FUNDING CHALLENGES

Indiana continues to improve opportunities for all students to reach their education and career goals with a renewed focus on meaningful evaluation and rewarding excellence. Making the commitment to provide the highest quality of instruction will have an impact on the education system and our communities for decades to come.



To protect instructional programs and afford classroom costs in light of financial constraints, schools require more flexibility

in their budget management. The national recession and diminished resources resulting from recent tax policy changes present increased challenges for Indiana schools. In January 2010, Governor Mitch Daniels announced funding cuts of \$300 million for K-12 education due to a decline in state revenue.

In response, the General Assembly approved House Enrolled Act 1367 allowing school districts to transfer up to 5 percent of their capital projects fund to the district's general fund in the 2010-2011 school year. A school district's capital projects fund comes from property tax levies, and the general fund dollars are distributed by the state. If the district's school employees agree to forgo a raise for the upcoming school year, the district may transfer up to 10 percent of the capital projects fund to its general fund. Schools could still provide incremental increases up to 2 percent to teachers and increases due to changes in job duties or the completion of licensing requirements. The state will monitor actions taken under this new law through reports by school districts to the Department of Education on the purpose, amount and impact of any fund transfers.

Additionally, a legislative study committee was created last year to examine the state's school funding policies, with outcomes expected to impact the new two-year state budget that will be approved in 2011.

PROPERTY TAX CAPS REFERENDUM

This year the General Assembly approved a resolution to let voters decide whether or not to place property tax caps into the state constitution. The property tax caps are already in state law. Current law states that property tax bills must not exceed 1 percent of a home's gross assessed value; 2 percent of the gross assessed value for all other residential property, including apartments, and farmland; and 3 percent of the gross assessed value for all other real and personal property. There are a number of arguments both for and against the caps, and even more contention over whether they should be placed in the constitution. One of the prevailing concerns is that the long-term impact of the caps on local government, including schools, libraries and public safety, is unknown.

We do know that in 2010, only 24 percent of all homeowners will be eligible for the property

tax caps. In 2011, that figure increases to 29 percent. This is primarily due to the impact of other provisions from the 2008 property tax reform, such as the state takeover of the school general fund and child welfare levies and the new supplemental standard deduction, which have reduced property taxes so drastically that the property tax cap thresholds are not reached by the majority of homeowners. Consequently, most of the relief resulting from the caps goes to benefit owners of property under the 2 percent and 3 percent thresholds.

What is most important now is that voters fully understand the proposal and its implications for both taxpayers and local services. Voters can expect to see this referendum question on the general election ballot in November.

SENATOR KAREN TALLIAN INITIATIVES BECOME LAW

Unemployment insurance: See article "New incentives for economic recovery" for more information on Senate Enrolled Act (SEA) 23, co-authored by Senator Tallian.

Public-private partnership: SEA 382 authorizes public-private partnerships for the construction and development of the Illiana Expressway. The new law provides authorization for a private company to build and operate a toll road connecting I-65 in Lake County with I-57 in Illinois. The new bypass will create thousands of jobs and stimulate economic development opportunities as well as relieve congestion on the I-80/94 Borman Expressway, one of the most congested thoroughfares in the state.

Ethics reform: House Enrolled Act (HEA) 1001 requires uniform reporting by all lobbyists, reduces the threshold for reported one-time lobbyist expenses from \$100 to \$50 as well as the annual total from \$500 to \$250, and requires legislators to wait one year after leaving office before becoming lobbyists.

Public employee pension funds: SEA 30 allows members of the Indiana Public Employees' Retirement Fund and the Indiana Teachers' Retirement Fund to withdraw from their annuity savings account if they have separated from employment and are not employed in a covered position after 30 days, instead of 90 days. The act also allows members to petition a fund's board of trustees to correct an error in a determination of creditable service or benefit at any time.

HEA 1008 allows law enforcement officers and firefighters who move to Indiana to purchase service credit for their Indiana retirement plan for service in another state. SEA 172 and HEA 1050 allow for a member of the 1977 Police Officers' and Firefighters' Pension and Disability Fund to designate one or more beneficiaries to receive the member's contributions plus interest if the member dies without collecting benefits.

Earned income tax credit: HEA 1021 allows a debtor's Indiana Earned Income Tax Credit to be considered exempt property under Indiana bankruptcy laws.

Display of political signs: SEA 64 prohibits a homeowners association from enforcing rules that bar the display of political signs on a member's property. The act allows homeowners to display signs from 30 days before to five days after the election to which the sign relates.



Senator Tallian received the Tommie Blaylock Award for Outstanding Leadership from the United Steelworkers of America (USWA) Local #104. She is pictured with Chris Horn, of Local #104, and Nancy Guyott, Indiana State AFL-CIO President.

EMS suspension and termination: SEA 87 entitles EMS personnel to a hearing and an appeals process if a medical director refuses to supervise that individual or suspends the individual without just cause. The act requires that the process include consultation with an independent medical expert who is unaffiliated with the same hospital as the medical director whose opinion is being challenged.

Property tax collections: HEA 1059 requires counties that anticipate being behind schedule with spring property tax bills to send provisional bills by April 1, in which 50 percent of the previous year's total tax liability would be due by May 10. If the final property tax bills are not determined by fall, the remaining 50 percent of the previous year's bill would be collected by November 10th. If the final amount for the current year can be determined, a reconciliation bill for the remainder of the current year's taxes would be issued and due in November.

