

# Legislative Outlook

## Chamber Outlines Top Priorities

By Rebecca Patrick

Closing the skills gap to enable more jobs to be filled and ensuring the state's tax environment is ripe for business expansion are top priorities for the Indiana Chamber of Commerce in the new legislative session.

These and other initiatives were initially announced at the organization's 2018 Indiana Legislative Preview, where General Assembly caucus representatives also weighed in on those matters and what other policies may take center stage.

### Readying the workforce

"As we increase the number of jobs in the tech sector, it becomes even more important to have additional STEM (science, technology, engineering and math) offerings for K-12 students – especially computer science," states Caryl Auslander, Indiana Chamber vice president of education and workforce development.

"Currently there is not a computer science requirement for graduation; we believe that needs to change. All students should have access to fully explore skills like this that are in demand."

Auslander notes that these goals align with Gov. Eric Holcomb's agenda item to have all schools offer computer science courses by 2021.

Senate Minority Leader Tim Lanane (D-Anderson) agrees with the push. "I think it's a smart move, but the state has to provide the resources to allow local school corporations to engage in that type of

curriculum. ... We can't lay that down as an unfunded type of mandate.

"It (a computer science requirement) will help prepare the workforce for the jobs we're seeking to come to the state of Indiana."

House Speaker Brian Bosma (R-Indianapolis) adds, "It's absolutely critical. Overseas, they are much more focused on this intersection between man and machine. ... We've got to have these skills in place, and they've got to be in place in every school, not just charters and those public schools focused on tech."

Additionally, the Indiana Chamber wants to see more coordination between the state's education and workforce programs and with the business community. Auslander offers: "This would result in more Hoosiers being educated, trained and subsequently employed in higher-wage jobs that are available but too often are going unfilled."

Scott Pelath (D-Michigan City), who was the House Minority Leader the last five sessions, echoes that call.

"We absolutely need to do a better job of talking to the employers themselves. They are the ones who know not (only) what jobs they need today but what jobs they are going to need five years from now.

"I don't think we do a good enough job of allowing that type of feedback to percolate into public policymaking. Then, we have all these disjointed workforce development silos; we've tried to some degree to break them down, but they are still there."

Bosma labels workforce development shortcomings as one of the top two most pressing issues facing the state (along with the drug epidemic) and "will work closely with the Governor, who has a strong agenda in this regard."



The 2018 Indiana Legislative Preview featured a panel discussion with state lawmakers, including Sen. Brandt Hershman (far left) and Sen. Tim Lanane. Then-House Minority Leader Scott Pelath (far right) explained his decision to leave the post and not seek re-election, as House Speaker Brian Bosma and the Indiana Chamber's Jeff Brantley look on.

## Tax status defined

Another area of focus for the Indiana Chamber is to clarify how taxes should be calculated for software-as-a-service (SaaS) and cloud-based services; it's also included in the Governor's plan.

"This item is important not just for tech companies, but for those who do business with them. There is too much inconsistency and ambiguity relating to the exempt status of software services," explains Bill Waltz, vice president of taxation and public finance for the Indiana Chamber.

"Having clarity around that would help to grow Indiana's software development economy, as well as prevent onerous taxation of other necessary business expenses throughout the business community."

Senator Brandt Hershman (R-Buck Creek), the majority floor leader, understands why this issue has come to the forefront.

"It's indicative of the fact that tax policy needs to be examined and changed in light of changing conditions within the economy and technology.

"Software has changed from where you go to the store and buy a physical product, a good, which would clearly be taxed, to where it's becoming much more of a subscription-based online model that is arguably defined as a service," he explains.

"My opinion is they make a very good case to not tax software because it is a service."

## Smoking, townships and water

There are several repeats on the Indiana Chamber's priority list, but most come with new twists.

With the upcoming session being a non-budget year, there will not be a push for a cigarette tax increase to reduce the state's smoking rate. Instead, the focus will be on raising the legal smoking age from 18 to 21 and enabling employers to ask prospective employees if they are smokers.

"Already this year, several states have taken the step to raise the age limit, and for good reason. Data has shown that if you can stop or discourage the smoking habit early, it's more likely to have an impact," says Mike Ripley, Indiana Chamber vice president of health care policy and employment law.

"Smoking is also the only voluntary action that has special protection in Indiana's constitution during the hiring process. We don't agree with that. Employers foot the bill for the bulk of coverage costs for their workers, so they should be able to learn upfront if a potential employee is a smoker."

Caryl Auslander, vice president of education and workforce development for the Indiana Chamber, unveils the organization's top policy issues for the 2018 General Assembly.



## Indiana Chamber's Priorities

- Making computer science coursework a high school graduation requirement for Hoosier students
- Better alignment of the state's various education and workforce programs, with overall efforts inclusive of business needs
- Clarifying software-as-a-service tax-exempt status for software and cloud-based businesses
- Maintaining and enhancing our attractive tax climate, with particular attention on reducing government reliance on business personal property tax, thus lessening the burden to businesses
- Transparency in asbestos trust claims so it's known if a claimant has already been awarded money from a trust before a monetary judgment for the same health issue is made against the business
- Decreasing the state's smoking rate through raising the legal age limit for smoking and purchasing cigarettes, as well as removing the state's special protections given to smokers
- Increased water resources management and, ultimately, a statewide water policy to assure future resources and our economic prosperity
- Meaningful township government reform, with a focus on township mergers in low-population areas
- Establishing a state work share program, which will allow employers to maintain a skilled stable workforce during temporary downturns

Those are reasonable asks given the climate, according to Pelath.

"Evidence clearly shows that we are going to have to continue to reduce smoking if we are ever going to have any hope at containing health care costs. That's going to fit hand-in-hand a little bit with what we may have to do on health insurance.

"I don't know a lot of other places to go except for this one thing (age limit) that has shown to be able to reduce smoking rates over time. There is clearly an interest in doing it; the day may come where we are not going to have a choice (but to do it)."

The Indiana Chamber also "hopes to

finally see some movement on township government reform by targeting items where there may be some common ground with groups previously opposed to more wholesale efforts," Waltz states. "This includes reducing the number of townships through mergers in low-population areas and providing enhanced oversight of fiscal matters."

Another area of consensus is effective water resources management, with the Indiana Chamber, Governor and legislative leaders recognizing both the pending crisis and the impact water has on the economy. Bosma predicts more policy groundwork will be laid in the 2018 short session that will set the stage for future action.

**RESOURCE:** A detailed rundown of the Indiana Chamber's 2018 key legislative initiatives (top priorities and additional areas of focus) is available at [www.indianachamber.com/priorities](http://www.indianachamber.com/priorities)