

Legislative Forecast

Chamber Announces ‘Top 10’ Goals

By Rebecca Patrick

Budget years are inherently challenging for the Indiana General Assembly. The 2013 session is shaping up to be no different – but with several twists. A state budget surplus has legislators from both sides of the aisle wanting to restore K-12 education funding that was trimmed in recent lean years. Implementing federal health care is a must and a huge variable, with Indiana having significantly increased Medicaid obligations. At a minimum, it's expected 100,000 more Hoosiers will be enrolled in Indiana's Medicaid program. Add to that a new governor with (naturally) his own fiscal agenda; ditto for legislative leaders, including the new House Ways and Means Committee chairman (Rep. Tim. Brown).

“We won't be able to do it all and there is never enough money to go around. We have to set aside funds for health care, so the curious aspect is where the prioritization takes place thereafter,” offers Indiana Chamber President Kevin Brinegar. “The budget debate will take center stage immediately and likely won't be resolved until April.”

Walkouts by the House Democrats the last two years have halted proceedings to varying degrees. With Republicans now in possession of quorum-proof supermajorities in both the House and Senate, Hoosiers can expect no such delays. (See sidebar on this national statehouse trend.)

The impact of the election will be felt in other ways too. The 25 new faces in the House mean that nearly half of House members will have served no more than two years in office. On the education front, new Superintendent of Public Instruction Glenda Ritz will look to slow the wave of education reform witnessed in recent years.

Wish list

Protecting the K-12 education laws that were put into place in 2011 and enacting targeted pre-school initiatives are among the top legislative priorities for the Indiana Chamber.

“Governor Pence and legislative leaders remain committed to charter school expansion, school choice, merit pay for teachers and teacher collective bargaining. However, with a new state superintendent, we expect efforts to roll back these laws,” Brinegar reasons.

“There also will be proposals to expand various components of these reforms, which are the most significant enhancements to the state's education system in more than 20 years. We need to make sure these laws stay intact.”

On the workplace front, addressing unemployment insurance and business personal property tax head the list for the Indiana Chamber.

“There is much more that can and should be done to limit the amount of fraud in unemployment collection. Putting that safeguard in place will take some of the burden off the system and give greater incentive to some individuals to find work,” Brinegar asserts.

“Meanwhile, business investments in machinery and technology are the engine of innovation and competitiveness, and therefore shouldn't be taxed,” he contends. “It's important we begin the push now to eliminate this tax burden.”

While it remains to be seen how much of Pence's *Roadmap for Indiana* policy guide will be attempted in his first session, one idea that has already caught the Indiana Chamber's attention is for a state-sponsored entity called the Indiana Applied Research Enterprise. Brinegar believes it would generate new innovations and should garner serious consideration.

Following is the complete list of the Indiana Chamber's top priorities for the 2013 General Assembly; these key public policies have been identified to help maintain and promote a pro-jobs, pro-economy climate.



A “long session” of the Indiana General Assembly means an adjournment no later than April 29.

ECONOMIC DEVELOPMENT

- **Support establishment of new state-sponsored research institute.** Governor Pence, in his *Roadmap for Indiana*, outlines a new entity, Indiana Applied Research Enterprise, to accelerate commercialized innovation in our universities and life sciences companies. The Indiana Chamber believes that this idea has much merit and would spawn new innovations.

EDUCATION

- **Support maintaining and implementing the 2011 reforms involving charter school expansion, school choice, merit pay for teachers and teacher collective bargaining.** Pence and legislative leaders remain committed to these reforms. Nonetheless, efforts are expected to roll them back or, at the least, slow them down. These laws are the most significant enhancements to the state's education system in more than 20 years; they put the focus where it should be – on students and increasing their potential for academic achievement. The Indiana Chamber will work to keep these reforms intact.
- **Support the development of certain publicly-funded preschool initiatives.** There is critical need for improved preschool opportunities, especially for low-income children whose families may not have the means to provide a high-quality preschool experience or to provide needed learning opportunities in the home. The Indiana Chamber supports publicly-funded preschool programs that are: focused on those families in greatest need, limited to initiatives that maintain parental choice, focused on concrete learning outcomes and integrated with reforms at the elementary school level that will maintain and build upon the gains.
- **Support increased focus and refinements for performance-based funding at public higher education institutions; incentivize degree completion, student persistence and STEM degrees.** This is even more important during tough fiscal times.

ENERGY/ENVIRONMENT

- **Support a water policy to stabilize our economic future and effectively compete with other states.** Indiana has significant water resources. A firm policy/plan is needed in order for the state to effectively manage these resources, as well as to ensure delivery of an adequate, reliable and affordable supply of water.

HEALTH CARE

- **Support reinstating the wellness tax credit.** The Indiana Chamber supports this incentive to start a wellness program, which can increase attendance, boost morale and productivity, as well as positively impact health care coverage costs.

LABOR RELATIONS

- **Support improvements to state's unemployment insurance system regarding eligibility.** Benefits should not be so high as to provide a disincentive to actively seek employment. Eligibility requirements should be strengthened to provide benefits only to those who have been unemployed through no fault of their own and have a demonstrated work history. The Indiana Chamber seeks to decrease the amount of fraud

in the system and make better use of limited unemployment insurance tax revenue.

LOCAL GOVERNMENT

- **Support common sense simplification and reforms to local government structures and practices.** Creating the option for counties to have a single county commissioner and county councils with legislative and fiscal responsibilities is one that several Indiana counties desire. There should be incentives to reward local government efficiencies and performance in the delivery of services to taxpayers.

TAXATION

- **Support steps to reduce the dependence on the taxation of business machinery and equipment.** This tax discourages capital investment, places a disproportionate property tax burden on businesses and puts Indiana at a competitive disadvantage with surrounding states that have eliminated it or are moving to do so.
- **Support a prudent, structurally-balanced state budget that balances and properly prioritizes state needs.** The biennium budget always presents difficult decisions regarding the level and manner of funding Indiana's critical needs, the appropriate rates and forms of taxation and the maintenance of adequate reserve balances.

Supermajorities and Partisan Rule

This isn't Indiana's first rodeo with supermajorities in the General Assembly, but it's been a while. In 1969 and 1970, Hoosier Republicans also held that power – when only a few years earlier (1965 and 1966) Democrats were the ones calling the shots in both chambers of state government.

What exactly will Indiana's Republican supermajorities be able to do? These lawmakers can do business even if the opposing party elects not to participate since they will have the numbers (69 of 100 in the House and 37 of 50 in the Senate) for a quorum. They can also override a governor's veto and take such actions as putting a constitutional amendment on the ballot all by themselves.

Nationally, 22 of the state legislatures now have supermajorities of the same party controlling both chambers of government; three other states have a supermajority in one chamber. The number of veto-proof legislatures is at its highest level in at least a decade.

When you expand to look at one party controlling both legislative chambers – supermajority or not – and the governor's office, the total is a staggering 37 states; 24 are controlled by Republicans and 13 by Democrats.

That means you could have neighboring states with far different laws on taxes, education, you name it – all dependent upon if Democrats or Republicans have the supermajority or which party has control of both the Legislature and the governor's office.

Resources: Indiana Chamber of Commerce and National Conference of State Legislatures