



Home Runs, a Hiccup and Holdovers

By Rebecca Patrick

Action, not distraction, marked the 2017 session.

With the election in the rearview mirror, heavy lifting was able to occur on key public policies – some of which were years in the making.

Sure, several items weren't addressed to their fullest, or at all, but even in a good year that's the nature of the General Assembly.

To replay the most memorable moments and assess where lawmakers should go from here are:

- Kevin Brinegar, Indiana Chamber of Commerce president and CEO, at kbrinegar@indianachamber.com
- Christina Hale, former state representative from Dist. 87 (D-Indianapolis), at chale1722@gmail.com
- Brandon Smith, Indiana Statehouse reporter for Indiana Public Broadcasting and host of *Indiana Week in Review*, at bsmith@ipbs.org
- Randy Truitt, former state representative from Dist. 26 (R-West Lafayette), at randy.truitt@mainstreetmanagementllc.com

Infrastructure infusion

"I think maybe the one surprise was how relatively easy it went," Smith says, referencing the \$1.2 billion long-term road funding plan for the state.

"Really, at the end, (House Bill 1002) centered around whether to shift the sales tax on gasoline entirely to pay for roads (from much of it going to the state's general fund). And I suppose it was a little surprising that the House did get that total shift that they wanted, just over time. It won't finish until 2025. I wasn't sure that the Senate was ever going to go along with that entirely," he maintains.

"We'd already seen basically this package go through the House last session. But in the Senate, there was also pretty much agreement about the tax increase, for the most part. It was 'We know we need to

do this. We spent the year studying it in 2016. We have to do this. It's important. Hoosiers will go along with it if we show we're actually using it for roads.' So for the most part, as a tax-raising, fee-creating, billion-dollar spending bill goes, it was pretty easy to get through!"

That's because it was completely necessary, asserts Truitt, who along with Hale enjoyed their first session in years as interested bystanders.

"The dollar amount was just astronomical, but you drive on any road anywhere in our state and it was a no-brainer that it was something that we needed to do."

Truitt also emphasizes that infrastructure offers a first impression to potential businesses – and Indiana's needed to be a more positive one.

Adds Hale, "You drive from Ohio through Indiana to Illinois, and you feel it with every bump and scratch and pothole that you drive over. So, people did buy that this was something that we could not continue to defer maintenance for any longer."

Brinegar stresses it's about more than the condition of roads; it's also the congestion.

"The volume of traffic on some of our interstates and highways is excessive to the point that it's dangerous. Hardly a day goes by that you don't hear about wrecks on I-70 and I-65 in particular, even I-69, and similarly on the highways and interstates up north, because there are too many trucks and cars and too little space."

It's one thing that the Legislature opted not to do that left Brinegar scratching his head.

"There was no replacement revenue to the general fund (after the gas tax shift), which is going to make budgeting considerably more difficult, not in this biennium, because they postponed it until afterwards, but in the future bienniums to come."

Tolling times ahead?

While the Legislature certainly provided a variety of financial resources, they won't generate enough money to meet future needs without tolling.

The group agreed that's going to be a much harder sell to the



“It was kind of surreal watching it from afar, and, of course, I miss the camaraderie and the relationships with individuals. But I didn’t miss all the extra baggage, per se.”

– Randy Truitt

public than the increased gas tax and additional user fees in the successful 2017 plan.

Perhaps that’s why less than a month after the end of session, Sen. Luke Kenley, chair of the Senate Appropriations Committee, was already making the case for tolling – to add lane miles to two of our major and most costly interstates, I-65 and I-70.

“He penned an op-ed in the *Indianapolis Business Journal* not talking about all of the important things that were in HB 1002, but talking more next steps for our overall plan. He had an estimated number, I think it was \$4 billion, to take (I-65 and I-70) to six lanes throughout the entire state,” Brinegar relays.

Smith makes the point that there was a build-up to HB 1002 with at least a year of promoting it to citizens.

“But there’s a luxury in that it’s not like the tolling could start tomorrow anyway. It’s going to be five years before you could even realistically do it because of everything you have to go through, particularly the federal government. ... But they might have to sell it for five years to start getting people comfortable with the idea.

“(Legislators) don’t see a path forward without tolling. Maybe there is, but they don’t see it right now,” he concludes.

Hale brings some optimism to the topic.

“I think people will be more willing to pay a little bit. It’s happened in other states, and it’s becoming the normal for younger generations, if not those that will be leaving the workforce before these tolls come into play.”

The expected and the shocker

Expanding the state’s pre-K pilot for children from low-income families is a far more popular policy, and it was a priority for

Gov. Eric Holcomb, Speaker of the House Brian Bosma and many other interested parties.

“In the end, we made a significant additional investment in pre-K, both in terms of expanding the number of counties and students that will be in the pilot program with a doubling of dollars,” Brinegar says. “While that wasn’t as much as we would have liked to have seen, I challenge you to go through the state budget and find 10 lines where the appropriation doubled. There won’t be many. So it’s not insignificant.”

Hale has another dose of reality for “those voices who challenge the efficacy of strategies like pre-K over time: They also need to consider that many of our teachers are strapped because they have the burden of doing a lot of social work within the classroom.

“I’m hoping that the state Chamber continues to emphasize the critical role of school counselors as well because we’ve got to at least parse apart social work from school counseling. So that we can be more targeted and strategic, and connect people with those real opportunities where we know they’re going to be; we need more engineers rather than basket weavers.”

The education arena also brought what the panel agreed was the session’s single most shocking development: the defeat in the Senate of the original bill to make the Superintendent of Public Instruction a position appointed by the Governor.

Surmises Smith, “For something that was a Governor’s priority bill and a priority of both caucuses, it has to be a perfect storm to go down like it did.”

And that’s what happened according to Brinegar. The bill’s author didn’t take it to caucus or do a whip count before the floor vote because he thought the votes were there. The lieutenant governor, who presides over the Senate, was new to the process and didn’t realize that voting could be held open longer or the bill withdrawn since they weren’t up against the deadline for passage.

Quips Hale: “It was a catastrophe of insider baseball.”

The miscue ultimately led to the House-passed version being substantially altered, per Senate rules, so the Senate could consider the same topic again. Most significantly, the final bill pushed the effective date to 2025 and mandated certain credentials for the position.

Smith says he’s not ruling out new legislation in 2018 that moves the start back

up to 2021 and takes out some of those requirements.

“I know that Gov. Holcomb wanted to see it at 2021. He would now no longer have the ability to ever appoint a superintendent, assuming that he wins re-election, So, we’ll see what happens.”

Snuffed out ... for now

An effort that fell short in 2017 was the overall anti-smoking reform package promoted by the Alliance for a Healthier Indiana – of which the Indiana Chamber is a founding member.

Brinegar tells that the group poured over data related to smoking, obesity and opioids that showed Indiana’s negative outcomes.

“The group then decided to first focus on smoking, and obviously the Governor decided to focus on opioids, and that’s fine. But we had an ambitious four-point agenda: substantially raise the cigarette tax, raise the legal age (of purchase) to 21, repeal what we call the special privileges for smokers in the hiring process (the group is the only protected class for a behavior under state law) and then restoring \$235 million a year for smoking cessation programs that have been cut in recent years,” he explains.

“In the end, there was a little bit of money, I think \$2.5 million, added for smoking cessation, but that was the only piece of this that survived.”



“We have seven counties that are on mandatory needle exchange today. Let’s deal with that and dial off Channel Silly. Let’s solve some of the issues that suck all the air and time out of the room so we get some more real work done next year.”

– Christina Hale



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Brinegar notes the positive aspect of having elevated the conversation on this topic, but in hindsight recognizes the timing wasn’t ideal.

“Clearly it wasn’t the right year given that taxes and fees were going to have to be raised for infrastructure. There were many in legislative leadership that told us, ‘We can’t do that in the same year.’”

Another rationale for holding off involves the impact that reworking the federal Affordable Care Act might have on HIP 2.0, the Healthy Indiana Plan.

“Including in our conversation with the Governor, the approach was, ‘Let’s wait and see what happens, because if the federal share of funding for HIP goes down to just the normal Medicaid share, we’re going to have a \$500-million hole and we’re going to need some tax source to pay for that, and we think that the cigarette tax might be most appropriate,’” Brinegar shares.

Smith could see that scenario coming to pass soon.

“Of those four priorities that the Alliance pushed, the cigarette tax is a very realistic possibility, I would say, in the next budget cycle.

“What’s interesting, though, is it isn’t, in many cases, a public health debate, as much as the Alliance and others would like it to be. In many ways, it’s really about the funding,” he contends.

“I don’t think that’s something Luke Kenley in particular talked about – why he couldn’t get it through his caucus; it’s (because) he really wants to hold onto that for the next funding crisis that comes down the pike.”

Technology Triumphs

Technology impacts our lives more and more each day. And when looking at business growth and expansion announcements, it’s evident that the technology ecosystem has taken root and is growing in Indiana.

That trend wasn’t lost on legislators in 2017, says Bill Soards, president of AT&T Indiana.

“They are beginning to realize the significance. Historically we’ve thought of technology and innovation as a segment of our economy. But increasingly, people are realizing it permeates every aspect of our economy.”

He continues, “It’s smart as a state for us to continue to modernize our regulatory framework to make sure we’re as welcoming and conducive for technology companies as possible.”

Several new laws will help Indiana along that path.

A potential game-changer is the \$250 million Next Level Trust Fund for entrepreneurial investing – a top objective for Gov. Eric Holcomb that was passed in the state budget.

Soards believes it will be “foundational in giving innovative start-ups the needed capital to launch their businesses.”

Meanwhile, House Bill 1470 “embraces the power of data and seeks to fuel our growing economy with data.”

In practicality, it makes the Management Performance Hub (MPH), which was created by executive order by then-Gov. Mike Pence, permanent and fully funded. The MPH also now has ownership of all the state’s data. This will benefit Indiana government and taxpayers, as well as be another tool to assist with start-up companies.

5G technology is the focus of Senate Bill 213.

“There are great advances in wireless broadband that are occurring and the passage of that bill will make sure Indiana stays on the cutting edge as those services are deployed more rapidly around the state,” Soards reports.

“Those three pieces of legislation will all be beneficial to helping the state move forward in this whole arena. All of them equally; they all achieve something different but critical in moving the state forward.”

Also of note, the Venture Capital Investment (VCI) Tax Credit was made permanent – though not yet transferable.

Soards, however, feels good progress was made on that front.

“Clearly there was greater recognition than any session we’ve had in the past about the importance of capital to technology and innovation. That’s why we got the Next Level Trust Fund. ... Making the VCI Tax Credit transferable, I think will happen, but it’s just going to take a little more education.”

There is no shortage of those willing to help with that, thanks in part to the Indiana Technology & Innovation Council formed last summer by the Indiana Chamber. Soards is vice chair of the group’s policy committee and believes the session would not have been nearly as successful without it.

“A number of these issues have been talked about for years and we’re now seeing an increased level of awareness and engagement ... that Council and deep engagement of its members made impacts this year that surpassed our expectations.”

Soards also gives kudos to the Governor.

“His embracing of technology and innovation sets the tone for the state. The Legislature capitalized and enacted several of those ideas, but his leadership, engagement and willingness to embrace this new economy is significant.”

RESOURCE: Bill Soards, president of AT&T Indiana, at engage.att.com/indiana



The odds of the other anti-smoking reforms being adopted aren’t very high, Smith asserts. Raising the smoking age and repealing the special privileges of smokers “stopped where they are likely to stop for a long time – in the Senate.

“That caucus is more conservative on issues like that. There is a decent chunk of the members of that caucus who still don’t think

you should have to wear a seat belt, for instance. I don’t see that discussion getting very far in that caucus anytime soon.”

Is water on tap next?

Hopefully a better prognosis awaits water resources. But it’s tricky. Water is one of those things that people take for granted; you expect the water to come out when you



"I don't want this to happen, and I hesitate to say it, but I think to get the public focused on water resources and water infrastructure, we're almost going to need a good drought."

— Kevin Brinegar

turn the faucet on.

Add to that, Hale worries Hoosiers "may not yet be connecting the dots" on why water infrastructure is so important because it's not visible.

"I've often said if the public could see the infrastructure need below the ground, they'd storm the Statehouse with tridents and pitchforks! ... In many places around the state, we still have that 100-year-old wooden water pipe," she declares.

"We also have people who have very little water management expertise running (municipal utilities) in far too many cases — and it just really contributes to a significant problem."

Interjects Brinegar, "We did take additional steps this session with House Bill 1519 and Senate Bill 416 toward developing water infrastructure for the future and getting to some of those bigger questions of how do we organize and structure the governance of this.

"So, we've made good progress, albeit incremental, since a water study was released by the (Indiana) Chamber Foundation in 2014. But in the very near future, we're going to need to take bigger and bolder steps," he insists.

Smith concurs, predicting that water will be the big conversation in the next biennium.

"A couple of studies came out last summer about the cost of water infrastructure and what is needed in the state. It's not quite a billion dollars, but it's in that upper range," he begins.

"Luke Kenley knows it's coming and has said he's really concerned about that and how you find the money, and it's probably going to be another tax — a water bottle tax or some sort of fee — because that money isn't there right now."

Truitt applauds all the study that has gone into the water issue, saying, "This shows a more purposeful approach and helps identify other things that are going to be coming down the road. I think it will pay dividends into the future if (legislators) have the guts to do (something about) it."

Farmers and the agribusiness community already get this, Hale praises. "They're going to lead the way for us to tell the story of why this is so critical, and while it might not be the most urgent issue today, it very well might be the most important."

Final say

For his part, Truitt liked the overall agenda and tone of this year's debate.

"I thought it was successful. In 2017, we stayed away from some of the hot-button issues that, at least from my tenure, we always seem to get in the middle of," he remarks.

"I saw a lot of the bipartisan conversations and collaboration, which I think is what voters need to understand about our state. We do work together."

While Hale thinks Hoosiers are better off for the accomplishments this session, she still yearns for increased focus.

"We have to get our priorities in order and stop wasting so much time on issues like who gets to sell cold beer and who doesn't, because we have real problems here. We have serious issues.

"We have seven counties that are on mandatory needle exchange today. Let's deal with that and dial off Channel Silly. Let's solve some of the issues that suck all the air and time out of the room so we get some more real work done next year," she urges.

Smith and Brinegar think Hale may get her wish — at least with the cold beer carryout and Sunday sales matters finally being addressed.

"The Ricker's (convenience store/restaurant) discussion this year may have been the straw that broke the camel's back, and these calls to review that law and rewrite it feel more real this year than they've ever felt before. It might be two or three years down the road, but I think we're going to have a new alcohol system in this state," Smith predicts.

Or it could be even sooner.

After this meeting, in early June, legislative leaders announced the establishment of the Alcohol Code Revision Commission, which has been charged with making recommendations on alcohol sales to the Legislature.

That would seem to signal that lawmakers got the message, one that Brinegar himself hears all too frequently.

"Everywhere I go, friends and family are like, 'What in the heck are these people doing, and why are our laws the way they are?'"

"For legislators, I think it takes — particularly on this type of public policy issue that's not fiscal in nature — a kind of uprising, and I think that uprising is starting to occur."