

# Important Wins But More Action Needed on Complex Matters

By Kevin Brinegar, President and CEO

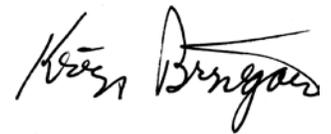


Before the start of each legislative session, the Indiana Chamber announces its priority policies and areas of focus. These are matters that would have wide impact on businesses and citizens throughout the state. All are tied to goals in the Chamber's *Indiana Vision 2025* long-term economic development plan for the state, which has 36 goals under four drivers: Outstanding Talent, Attractive Business Climate; Superior Infrastructure, and Dynamic and Creative Culture. Beginning on page 4 are the bills that contain those priority goals, their outcome and why they matter to us – and why they are good policies for the state.

For 2018, it's important to note that two of our priorities are not included in this analysis because no floor votes were taken due to leadership decisions. Those were measures to raise the smoking age from 18 to 21 and township reform for the smallest townships in the state. The Indiana Chamber firmly believes the former would have passed the full House; the latter we never got to find out! For this exercise, it means that two complex and critical pieces of legislation never came into play, so "tough votes" weren't taken and overall vote scores are higher as a result.

For the 28 bills that are included in this report, you can see if your legislators supported a pro-jobs, pro-economy agenda by viewing their scores on page 3.

We also encourage you to review *Indiana Vision 2025* at [www.indianachamber.com/2025](http://www.indianachamber.com/2025); we believe the report will prove insightful for all engaged in efforts to make Indiana an even better, more prosperous place for its citizens.



## Developing the Business Agenda

The Indiana Chamber provides more information on important pro-jobs, pro-economy issues to legislators and businesspersons than any other organization in the state. In preparation for each legislative session, the Indiana Chamber's numerous policy committees study the various public policy issues impacting businesses and their employees and formulate positions on these issues.

Following review and adoption by the Indiana Chamber's board of directors, a publication titled *Legislative Business Issues* is sent to all legislators, Chamber members, local chambers of commerce and coalition members. This publication outlines the Indiana Chamber's position on important public policy issues and provides invaluable analysis.

During the legislative sessions, lawmakers are kept advised on key business issues through various editions of the *Legislative Agenda* report and other communications that detail the Indiana Chamber's position on every bill that has a pro-jobs, pro-economy impact. The *2018 Legislative Vote Analysis* then measures the voting performance of individual legislators on bills that best reflect the Chamber's policy positions.



# 2018 Priority Legislation

## ENVIRONMENT / INFRASTRUCTURE

**Our Priority:** Support prudent and effective water resource management, culminating in a statewide water policy to assure availability of resources, our economic future and ability to effectively compete with other states.

**Legislation:** House Bill 1267 – Establishes a water infrastructure taskforce; signed by the Governor.

A plan to address drinking water, wastewater and storm water management needs in Indiana must happen sooner rather than later; this bill starts that long-awaited process.

Access to water is a jobs and economic development issue. Our state's economy is growing more diverse, but we always will make things. And it often takes large, reliable supplies of water to do so. A policy/plan is needed in order for the state to effectively manage its significant water resources, as well as to ensure delivery of



Water resources was a frequent topic in 2018 for the Chamber's Greg Ellis and Sen. Ed Charbonneau (R-Valparaiso).

an adequate, reliable and affordable supply of water. Our August 2014 research study and subsequent data-gathering legislation have set the stage for plan development.

## EDUCATION

**Our Priority:** Support requiring computer science courses for primary and secondary students.

**Legislation:** Senate Bill 172 – Requires computer science course offering; signed by the Governor.

As we increase the number of jobs in the tech sector, it becomes even more important to have required STEM (science, technology, engineering and math) coursework – especially computer science. All students should have access to explore skills like this that are in demand. This will better prepare students and help improve the skills gap. These course offerings, which will be required in all K-12 public schools in 2021, provide not only an incredible foundation for a high-wage field, but also provide critical thinking and soft skills that are important to employers.

**Our Priority:** Support better alignment of the state's various education and workforce programs, with overall efforts inclusive of business community needs

**Legislation:** House Bill 1002 – Various workforce-related provisions; signed by the Governor.

## Vote Selection Criteria and Scoring

The Indiana Chamber has well-established criteria for selecting votes to be included in the *Legislative Vote Analysis (LVA)*. Bills included meet the following four criteria:

1. Votes on all subject matter used in LVA are based on and best reflect the Chamber's legislative policy as determined by the Chamber's board of directors and expressed in *Legislative Business Issues*, *Legislative Agenda* or other Chamber communications to legislators.
2. Each member of the Indiana General Assembly is informed of all bills the Chamber is following, including the Chamber's position on each, the reasons for the position and the name and contact information of the specific Chamber issue expert to contact for more information.
3. Each member of the Indiana General Assembly is informed of the Chamber's position on the issue and bill prior to the vote. This notification was provided in editions of the *Legislative Agenda* or other communications with legislators.
4. Only floor votes for which there is a public record are used.

Base scores for each legislator are calculated as a percentage of votes cast in agreement with the Chamber's position on the bills included in LVA. Select pro-economy, pro-jobs legislation has been double-weighted to reflect its importance. A modest adjustment factor (positive or negative) has been added to the LVA scoring model to factor in very important legislative activities outside of floor votes on bills the Chamber has taken a position on, including whether a legislator sponsored/authored these bills and whether committee chairs held hearings or killed these bills. This adjustment factor is applied as a net positive or negative number of additional scored votes and is capped at +/- 10 votes.

The end result everyone wants is more Hoosiers being educated, trained and subsequently employed in higher-wage, in-demand jobs. A key to achieving this is having direct involvement by the business community. In HB 1002, we support the return on investment reports, the grants and the CTE (career and technical education) student info availability to employers. Overall, the Chamber applauds the effort in this legislation to make necessary changes to assist in the effort to tackle workforce development.

### TAXATION

**Our Priority:** Support clarifying software-as-a-service (SaaS) tax treatment.

**Legislation:** Senate Bill 257 – Tax clarity for software-as-a-service (SaaS) industry; signed by the Governor.

There had been confusion and inconsistency regarding the exempt status of these services. This legislation is a needed, straightforward statement that SaaS won't be taxed in Indiana. It demonstrates the state's commitment to embracing the growth of the SaaS industry and puts Indiana in a very favorable position to attract more and more of this burgeoning business to our state. This policy is also important not just for tech companies, but for those who do business with them.

**Our Priority:** Support maintaining and enhancing our attractive tax climate.

**Legislation:** House Bill 1316 (SS) – State's Internal Revenue Code update provisions; signed by the Governor

Failing to pass the state's response to the major federal tax reform changes that occurred in December would have had a negative impact on the business community. State taxes are based on federal adjusted gross income and not reconciling the two would put an unnecessary burden on every Hoosier business. If no action was taken, each Indiana company – small and large – would have had to calculate its federal adjusted gross income twice. Once to conform with federal law and once for state law. In total, the cost to comply could have easily reached \$100 million for internal staff time and/or outside accounting expertise. On top of that, the required quarterly tax estimates become guesses and ultimately become planning and cash flow issues.

This legislation, which died unexpectedly at the end of the regular session when time ran out, was a key reason there was a special session, where the measure was quickly passed.

*NOTE: One policy we continue to actively engage on when needed – sales tax on services – was once again not even introduced in legislation. This is in part due to our dogged efforts explaining to those interested in this matter why it is bad for Indiana's tax climate. Sales tax on services would be very detrimental and harm our overall attractive tax structure.*



The Indiana Chamber saw the software-as-a-service clarification bill through from inception – the language originated in a Chamber policy committee – to conclusion with Gov. Eric Holcomb signing the measure into law.