



September 28, 2018

Top Story

Fly-in Brings Voice of Business to D.C.; Highlights Include McConnell and Trade/Tariff Talk

The Indiana Chamber's annual trip to Washington coincided with all eyes on the Senate Judiciary Committee hearing involving the Supreme Court nominee. On Wednesday night at the dinner portion of our event, Senate Majority Leader Mitch McConnell of Kentucky touched on the duty of the Senate related to judicial nominees and the rarity of the current Republican control in the White House and both bodies of Congress.

Our D.C. Fly-in legislative briefings featured areas of great interest to the business community.

Indiana's member on the House Ways and Means Committee, Jackie Walorski (IN-02), addressed the growing impact of the Trump administration tariffs on the state's employers and how her district, with its strong manufacturing base, is bearing the brunt. She mentioned she's been keenly focused on this from the get-go and has been consistently speaking with the President, including in at least four face-to-face meetings.

"The message I carry to him is always a message of I'm with you on policy, we are with you on policy. I get this. I get the trade imbalance. I get that China is the bad guy in this. I get the billions of dollars they have stolen from our state and from our county – and the intellectual property. I get all that. But please use fairness and a scalpel when it comes to what we are doing with all these rights and everything that is pertaining with the rest of the story, which is what our job producers right now are definitely feeling."

The Indiana Chamber is highly concerned about what tariffs are doing and will do to the state's economy and appreciates Walorski's efforts and those of the entire delegation for delivering that shared message to the President.

Congresswoman Susan Brooks (IN-5), a member of the House committee debating health care issues, talked about trends in that area and the effect of the opioid epidemic on Hoosiers and the Indiana workforce.

She predicted an uptick in activity in the telemedicine space, particularly in schools, and specifically highlighted the program in place in Elwood in which school nurses deal with both physical and mental well-being. "We are going to have, I would say, a real focus on technology – how to make sure the payment models work well to try to encourage that kind of innovation."

Regarding opioids, Brooks stressed how the state and "every community, every county I represent does have a significant focus on the issue." She talked about the workforce impact and "seeing help wanted signs" from employers.

"This is problem that is an addiction we can't arrest ourselves out of; it's a crisis and it's going to require a very different way of thinking."

Early this year, the Indiana Chamber and Wellness Council of Indiana announced the Indiana Workforce Recovery initiative, a strategic partnership with Gov. Eric Holcomb and his administration to combat the opioid

epidemic. The mission of the Indiana Workforce Recovery initiative is to empower the business community to play a lead role by educating and guiding employers through the steps they can take to help their workers.

Congressman Jim Banks (IN-03) outlined what's going on with immigration. He said if he's learned anything in the 21 months he's been here "it's how complex immigration policy can be", citing the trend to roll virtually every possible aspect into one bill an "immovable object".

Still, he notes that despite disagreements on the subject, there are several areas where there is "consolidated, broad – even bipartisan – support." Heading that list is securing the border.

"Currently there are over 11 million illegal immigrants in this country, accounting for 3% of our overall population," Banks noted.

Meanwhile, Rep. Pete Visclosky (IN-1), took on the topic of environmental matters. He said that "as we transition economically, we need to use carbon as intelligently as possible, to understand it still has an outside presence in our economy and not to simply wish it away." Visclosky also noted his believe in climate change and talked about what that has done.

Additionally, we were pleased to have with us Ed Mortimer of the U.S. Chamber; he wrapped up the briefing segment with a look at recent wins achieved in the transportation arena and the need for a long-term, sustainable infrastructure funding bill – something the Indiana Chamber has been pushing for years.

In addition to the Senate Majority Leader, both of Indiana's senators – Joe Donnelly and Todd Young – addressed the crowd at dinner, where Congressman Luke Messer (IN-6) provided the invocation.

Also on the evening agenda was Neil Bradley, executive vice president and chief policy officer of the U.S. Chamber.

He touched on how recent tax and regulatory reforms have fueled growth, plus looked ahead to issues like immigration, trade and transportation that hopefully will be taken up by Congress next year. Bradley also examined what's at stake in the midterms.

On day two at the breakfast briefing, Kirsten Hillman, Canada's deputy ambassador to the U.S. offered insight on the Indiana-Canada trade relationship; Indiana is Canada's top trading partner and she spoke of the overall importance of the two countries continuing to work together.

"There is no region of the world that [Canada/U.S.] can't compete with. We have highly-educated, highly-skilled workforces ... it's a highly-desirable marketplace for people and companies to invest."

The Fly-in concluded with visits to congressional offices to meet with key staff and legislators; Young and Rep. Larry Bucshon (IN-8) were among the delegation members who personally took part in these.

Eric Halverson, of The Kroger Company, wrapped up how the trip went in a post on Twitter Thursday: "Thank you, @IndianaChamber, you provided a full and informative Fly-in, as always. A great investment!"

Our appreciation goes to Indiana's congressional delegation, guest speakers and sponsors for making the event possible. The 2018 sponsors were: Zimmer Biomet (dinner), Smithville (legislative briefing), Build Indiana Council (cocktail reception), AT&T, Duke Energy, The Kroger Co., Old National Bank, TRISTAR and Wabash Valley Power.

Resource: Greg Ellis at (317) 264-6881 or email gellis@indianachamber.com

IN OTHER NEWS

Education and Workforce Development

Indiana Joins U.S. Chamber's New Education and Workforce Initiative

The Indiana Chamber is one of 35 state and local chambers chosen to take part in a new national program aimed at addressing critical education and workforce issues. Sponsored by the U.S. Chamber of Commerce, the Business Leads Fellowship Program will train and equip participants with resources, national expertise and a network of peers to build their capacity to address these challenges.

"Businesses across the country are grappling with the same overriding challenge as many of our Chamber members: the need for more highly-skilled workers now and a stronger talent pipeline for the future," says Jason Bearce, vice president of education and workforce development, who is participating in the program on behalf of the Indiana Chamber. "As a leading voice on these issues, Indiana has an opportunity to actively contribute to the national conversation while leveraging the lessons learned from our counterparts in other states."

The 35 chamber executives included in the inaugural class of Business Leads were chosen through a competitive selection process that drew more than 140 applicants. The four-month fellowship will cover the entire talent pipeline, including early childhood education, K-12, higher education and workforce development.

The goals of the new U.S. Chamber program are well aligned with the Indiana Chamber's *Indiana Vision 2025* focus on Outstanding Talent as well as the Indiana Chamber's newly-created Institute for Workforce Excellence.

"The timing of this program is opportune as we at the Indiana Chamber are moving aggressively to increase our visibility and impact on the workforce issues that matter most to our members," Bearce said.

Resource: Jason Bearce at (317) 264-6880 or email: jbearce@indianachamber.com

Labor Relations

DWD Delivers Unemployment Insurance Trust Fund Update

The Indiana Department of Workforce Development (DWD) recently presented an unemployment insurance (UI) trust fund update to the Interim Study Committee on Labor and Employment.

DWD reminded the committee that structural changes were made to the system in 2011, that Schedule E ratings are mandated through 2020 and that the federal loan was paid off in June of 2016. In addition, the UI trust fund closed out 2017 with a balance of \$381.76 million and should close out 2018 with a balance somewhere north of \$630 million. The fund will take in a total of \$506 million in UI taxes for 2018 and pay out benefits of approximately \$250 million. Both the UI taxes contribution and the payout of benefits will be the lowest since prior to 2007 (as far back as records were provided.)

The significance of that comparison is that while the economy is good, less benefits are paid out. Likewise, since employers are experience rated and their experience is better during a good economy, less UI taxes are collected. It then begs the question: What is the right balance for the UI trust fund in the event of the next downturn in the economy? And how fast do we need to get there?

During the Great Recession, the one-year benefit payout in 2009 was approximately \$1.85 billion. The U.S. Department of Labor standard for fund balance is based upon an average high cost, which calculates to be \$1.68 billion. The 2018 end-of-year balance of \$630 million is far from either one of those two numbers. There are differences of opinion as to what that balance ought to be. There are some that believe we need to

build up the balance a little more quickly and tweak the system while times are good. Others believe that the economy looks good for the foreseeable future and that we should take our chances and wait.

The thing to consider is if we have a downturn in the economy and do not have a sufficient fund balance, then the state will need to borrow funds from the federal government (or bond) to pay for those additional benefits. The more the state borrows, the longer it takes to pay back the loan. If the outstanding loan remains for two consecutive years, the federal government reduces the credit reduction by .3% for each year the loan is outstanding. This really amounts to a UI tax increase to businesses when times are a little tougher.

Look for continued discussions during the legislative session, and the Chamber will be offering its insights and suggestions.

Resource: Mike Ripley at (317) 264-6883 or email: mripley@indianachamber.com

Chamber Event

Legislative Preview November 19; Get Insider Info on the Key 2019 Policy Issues

Join the Indiana Chamber of Commerce on November 19 to hear from a panel of legislative leaders – just one day before Organization Day – on the issues in the 2019 session that will have the greatest impact on the Indiana business community.

At the Legislative Preview, presented by Ice Miller, the Indiana Chamber will also share its viewpoints on the top business topics and unveil its legislative agenda for the coming year.

The event takes place at the Hyatt Regency Indianapolis (downtown, across from the Statehouse). Tickets are \$55 for Indiana Chamber members and \$65 for non-members. Registration includes lunch and optional networking coffee breaks. Click below to register online at www.indianachamber.com/specialevents, or contact Nick at customerservice@indianachamber.com or (800) 824-6885.

Full agenda:

Registration/Networking Coffee Break
10:00 a.m.

Lunch/Program, Regency Ballroom, 2nd Floor
11:00 a.m. - 1:00 p.m.

"Java to Go" Coffee Break
1:00 - 1:45 p.m.

Taxation and Public Finance

Indiana DOR Announces Partnership With Fast Enterprises

The Indiana Department of Revenue (DOR) has partnered with FAST Enterprises, LLC to take Indiana to the next level in state tax administration. This partnership will provide Indiana with an entirely new, state-of-the-art technology system for DOR's customers to file tax returns, make payments, view and manage their business and individual tax accounts.

Legislation passed in 2017 allocated funding to DOR to support the agency's modernization efforts in replacing a legacy system used for over 25 years. In addition to a new technological infrastructure, Indiana tax

practitioners will have access to a user-friendly, self-service portal with new service offerings in the future including:

- Managing account access for businesses and clients from a single login;
- Electronic filing and amending withholding and retail sales tax;
- Electronic filing of all corporate returns;
- Electronic filing validation – alerts tax preparer of incorrect or incomplete information; and
- New system responsiveness to implement tax policy changes.

“Our current system has limited DOR’s ability to provide best-in-class service to our customers and business partners,” said DOR Commissioner Adam Krupp. “Unfortunately, our system simply does not allow room for much-needed improvements to increase efficiency or promote transparency, nor does it effectively support the sheer volume or complexity of transactions we handle for our customers each year.”

DOR’s new system will be configured, tested and released in four phases, covering specific tax types over the next four years. Existing processes will remain in place until the first release of the system, which is expected in the fall of 2019.

“We are impressed with the level of preparedness at the Indiana Department of Revenue,” said Martin Rankin, Managing Partner at FAST. “We have a team of specialists moving to Indianapolis. They will work in partnership with agency staff using our unique implementation approach to give the citizens and businesses of Indiana a modern tax administration system. We are excited to have been selected for this important project.”

FAST is currently the leading provider of integrated tax solution systems with successful implementations in over half of the U.S. state tax and revenue agencies. Their software will replace the Revenue Processing System (RPS), DOR’s current system of record.

For more information on FAST, visit www.fastenterprises.com.