



February 8, 2019

## TOP STORIES

### **Smoking Age Increase Headed to House Floor; Military Exemption Slated for Removal**

*Senate Bill 425 – Minimum Age to Purchase Tobacco/E-Liquids  
Authored by Sen. Randy Head (R-Logansport)*

Raises from 18 to 21 years the age at which a person may: (1) sell or buy tobacco products or e-liquids and electronic cigarettes containing nicotine; and (2) enter designated smoking areas of a club or cigar specialty store. Allows someone who is 18 and serving in the military/reserves (or discharged) to purchase tobacco/e-liquids. Prohibits a person less than 18 years of age from purchasing e-liquids not containing nicotine.

**Chamber Position:** Support

**The Latest:** The bill passed the Senate Public Health Committee 8-2 on Wednesday. Prior to the vote, Sen. Head committed to removing the military exemption, which the Chamber and others requested, once the bill is up for a second reading on the House floor.

**Chamber Action/Commentary:** Chamber President Kevin Brinegar kicked off the public testimony for this bill, which is a priority of ours. Raising the legal age is such a critical step because the vast majority of lifelong smokers start in their teens; they become addicted and can't quit. Our smoking rate is 50% higher than the U.S. average and getting worse. Indiana is now the 44<sup>th</sup> worst state for smoking, down from 39<sup>th</sup>. Other states are making progress, or at least not going backwards as Indiana is.

This has also become urgent due to teenage smoking and vaping; raising the legal age is the main thing that can be done to help that. School officials are urging action to address the growing vaping crisis. Our kids are getting hooked on nicotine and don't even know it because vaping cartridges can contain far more nicotine than cigarettes.

Smoking also has a tremendous fiscal impact on businesses, to the tune of \$6.2 billion a year. Smokers cost 40% more in health insurance coverage and are less productive, with smoke breaks amounting to an extra three weeks away from work.

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Brinegar closed his testimony by saying to legislators, "You have the authority to raise the legal age for tobacco and nicotine products, and save thousands of young people from nicotine addiction."

Overall, we sense there is now more support for passing this legislation in the wake of the impact vaping has had on teens. The Chamber will be pushing hard on this issue, along with the cigarette tax increase, all session.

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

## **Now Available: Chamber's Legislative Agenda Matching Our Positions to Bills**

The first edition of the Indiana Chamber 2019 *Legislative Agenda* was released to state legislators this week and is now online at [www.indianachamber.com/agenda](http://www.indianachamber.com/agenda). This document matches our policy positions (developed by employees from member companies and approved by our board of directors) to specific legislation introduced in the House and Senate. We plan to use votes on the bills – those that make it to the House or Senate floor – contained in this document in our annual *Legislative Vote Analysis*.

## **House Bill Targets Township Boards; Chamber Says Group an Unnecessary Layer**

*House Bill 1650 – Elimination of Township Boards*  
Authored by Rep. Cindy Ziemke (R-Batesville)

Provides that on January 1, 2020, in all counties (except Marion County): (1) township boards are dissolved; (2) the duties and responsibilities of the township board are transferred to the township trustee; (3) the township trustee has the legislative and fiscal powers and duties of the township, in addition to the executive powers and duties; and (4) the property and personnel of the township board are transferred to the township trustee.

**Chamber Position:** Support

**The Latest:** The bill was amended to remove provisions that would have repealed the existing township merger statutes, and removed the provisions regarding capital improvement plans (because they are in HB 1177 that is also making its way through the process). The amended bill was then passed by the Government and Regulatory Reform Committee 8-3.

**Chamber Action/Commentary:** The Chamber testified in support of this bill and also expressed our long-held view that there is a lot more that can and should be done to improve the way that township services are administered. We long ago reached the conclusion shared by those who have studied the township structure that it is an entire layer of government that should be dissolved.

From our perspective, this bill at least gets rid of an unneeded layer within an unneeded layer of government. It eliminates three elected officials whose only job is to look over the shoulder of a fourth elected official (the trustee) to make sure they are doing the job they were elected to do. With 1,005 townships statewide, that means we have 3,015 board members across the state to oversee the 1,005 trustees. These numbers just don't make sense. The needed fiscal oversight can and should be performed by the county council, county auditor and the State Board of Accounts. The present structure is pretty indefensible but those who are part of it continue to fight mightily to sustain themselves.

The committee outcome tells us very little regarding how this bill will fare on the House floor. But the goal is to get it there and have a vote take place so legislators are on record either to keep or get rid of an ineffective, outdated piece of local government.

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## **IN OTHER NEWS**

### **Labor Relations**

#### **Improved Voluntary Family Leave Bill Passes Senate Pensions and Labor**

*SB 496 – Voluntary Family Leave Insurance Program  
Authored by Sen. Karen Tallian D (Portage)  
Co-Authored by Sen. John Ruckelshaus (R-Indianapolis)*

Requires the Department of Insurance to develop a proposal for a voluntary family leave program. Provides for certain provisions when developing the proposed program. Provides that the department shall study and make fiscal estimates about the costs of offering an employer tax deduction of 200% to small businesses who choose to pay all or part of the contribution. Requires the department to submit the proposed program to the state Budget Committee that includes projected costs of the program.

**Chamber Position:** Neutral

**The Latest:** The bill passed the Senate Pensions and Labor Committee 10-1. The bill will be on second reading next week and we anticipate it passing the full Senate.

**Chamber Action/Commentary:** The one no vote in committee came from Sen. Chip Perfect (R-Lawrenceburg), who told the Chamber he voted no because of his fear of this becoming a mandate. The Chamber informed him that if anyone attempted to make it a mandate we would fight it tooth and nail.

Senator Tallian has been working on this issue for five years. She incorporated all of our suggestions to make the bill an option for employers and not a mandate. Because of the changes, the Chamber was able to stand down from its early opposition to the bill.

#### **Key Wage Assignment Bills: Senate Version Passes 49-0, While House Version Still Contains Different Language**

*Senate Bill 99 – Wage Assignments for Clothing and Tools; authored by Sen. Phi Boots (Crawfordsville)  
House Bill 1410 – Wage Assignment for Uniform Rentals; authored by Rep. Jack Jordan (R-Bremen)*

Senate Bill 99 provides that a wage assignment may be made for the rental of uniform shirts, pants and job-related clothing. Provides that a wage assignment may be made for the purchase of equipment or tools necessary to fulfill the duties of employment. House Bill 1410 provides that a wage assignment may be made to pay for the rental or use of uniforms as well as the purchase of equipment needed for a job; it is retroactive to 2015.

**Chamber Position:** Support

**The Latest:** Senate Bill 99 was not amended on second reading and passed the Senate unanimously on third reading. The House sponsors will be House Labor Committee Chairman Heath VanNatter (R-Kokomo) and former House Labor Committee Chairman Doug Gutwein (R-Francesville). On second reading for HB 1410, Rep. Lisa Beck (D-Hebron) filed an amendment that makes HB 1410 exactly the same as SB 99, but the issue has not been taken up yet.

**Chamber action/commentary:** The Chamber will be working with House Labor Committee members to ensure a hearing and a vote for SB 99. Meanwhile, on HB 1410, we anticipate the House will most likely defeat the amendment despite the Chamber signing off on this version in the Senate. The Chamber suspects Rep. Jordan will want to keep his bill close to its current form to have some control over this issue. He may also offer an amendment of his own. The Chamber will be closely evaluating action on this House measure and assisting as warranted.

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## **Education and Workforce Development**

### **State Signals Move to More Meaningful School Accountability**

*House Bill 1404 – School Accountability; authored by Rep. Tony Cook (R-Cicero)*

*House Bill 1476 – Post Graduation Outcome Funding Metrics; authored by Rep. Todd Huston (R-Fishers)*

Bills seek to align high school performance measures and incentives with more meaningful post-high school outcomes, including student completion of industry-recognized credentials, enrollment in postsecondary education/training and military enlistment.

**Chamber Position:** Support

**The Latest:** Heard by the House Ways and Means (HB 1476) and House Education (HB 1404) committees; votes are expected on both bills next week.

**Chamber Action/Commentary:** These two measures are approaching the same issue from slightly different angles, namely ensuring Indiana's high school graduates are prepared for success in work and in life. House Bill 1404 aims to align the state's A-F school accountability system, which is currently based on standardized test scores and graduation rates, with metrics more closely linked to students' long-term success. Outcome measures being considered include student completion of industry-recognized credentials valued by Indiana employers, enrollment in postsecondary education/training programs and military service. Meanwhile, HB 1476 would create a financial incentive for schools to help their students achieve these positive outcomes through performance grants administered by the Governor.

Taken together, these bills offer a dual carrot-and-stick approach that looks beyond the high school diploma in equipping students with the skills valued by higher education and employers alike. The Indiana Chamber has been advocating publicly and working behind the scenes to make the case for a simpler and more meaningful school accountability system that's understood by parents and is aligned with the needs of Hoosier students and employers. These proposals signal a shift away from test scores as the primary means for determining whether students are prepared for success beyond high school while also recognizing – and rewarding – the critical role schools play in driving these positive outcomes.

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## **Technology and Innovation**

### **Chamber-Backed Data Centers Bill Heard But Held by Committee**

House Bill 1405 – Taxation of Data Centers

*Authored by Rep. Ed Soliday (R-Valparaiso)*

*Co-Authored by Reps. Jim Pressel (R-Rolling Prairie) and Matt Lehman (R-Berne)*

Provides that a county or municipal fiscal body may designate an area in which a property tax exemption will be provided for certain enterprise information technology equipment. Provides a state sales and use tax exemption for the purchase of certain data center equipment that is located in a data center that meets certain investment requirements. Expires the exemption June 30, 2026. Full details:

<http://iga.in.gov/legislative/2019/bills/house/1405>.

**Chamber Position:** Support

**The Latest:** The House Ways and Means Committee received extensive testimony from a large coalition of supporters. The committee did not vote yet on the bill.

**Chamber Action/Commentary:** Site locators indicate that Indiana fails to even be considered for large data center projects due to the more competitive environment created by so many other states that offer more substantial and comprehensive incentives than Indiana. While data centers are not high-volume employers themselves, they make huge capital investments that entice their customers and affiliated service providers to locate nearby. The very presence of a data center often attracts high technology companies in need of their services. Indiana should be competing for these developments.

The Chamber attended the hearing and conveyed support for the bill to the committee. We are also encouraging House Ways and Means Committee Co-Chairs, Rep. Tim Brown (R-Crawfordsville) and Rep. Todd Huston (R-Fishers), to schedule the bill for a vote in an upcoming hearing.

**Resource:** Adam H. Berry at (317) 264-6892 or email: [aberry@indianachamber.com](mailto:aberry@indianachamber.com)

## **Taxation and Public Finance**

### **Senate Still Working on Issues With Sales Tax Charged to RV Buyers From Other States**

Senate Bill 131 – Sales Tax on Recreational Vehicles

*Authored by Sen. Blake Doriot (R-Syracuse)*

Repeals the provision that provides that the sales tax rate on certain cargo trailers or recreational vehicles is the rate of the other state or other country in which the cargo trailer or recreational vehicle will be titled or registered. (This provision is also set to expire on June 30, 2019, under current law.) Repeals the provision that authorizes the Department of Revenue to enter into reciprocal agreements with other states concerning a sales tax exemption for cargo trailers and recreational vehicles that will be purchased in a state by a nonresident and then titled in another state. Full details:

<http://iga.in.gov/legislative/2019/bills/senate/131>.

**Chamber Position:** Support

**The Latest:** Tax and Fiscal Policy Committee Chairman Travis Holdman (R-Markle) expressed a desire for

some of the background facts to be better flushed out before moving the bill and requested that the bill be held for possible amendment.

**Chamber Action/Commentary:** The Legislature has struggled with this issue for several years now. The objective is to determine the most desirable policy and procedures regarding the application of Indiana sales tax when an out-of-state resident buys a recreational vehicle in Indiana with the intent to register it in their home state. Not all states provide a credit for sales tax charged in the state of the purchase, or they only provide a partial credit. And in all cases, the process is very administratively cumbersome. These circumstances work to discourage such sales and disadvantage Indiana RV dealers.

The Chamber has supported all past legislative efforts to rectify this situation. The RV industry is a large contributor to our economy and this issue is detrimental to the RV manufacturers of our state as well as to local dealers that serve as a showcase for Indiana's manufactured products. Admittedly, this is a little complicated by the reciprocal agreements that exist between states concerning sales tax collections, but it needs to be resolved and a flat-out exemption may be the best, simplest solution.

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## **Energy/Environment/Infrastructure**

### **A Fix to Local Government Overreach Amended, Passed From Committee**

*Senate Bill 535 – Extraterritorial Powers of Cities and Towns*  
*Authored by Sen. Phil Boots (R-Crawfordsville)*

Repeals the general authority of a municipality to exercise the following powers outside of its corporate boundaries: (1) Regulating conduct or property use endangering public health, safety and welfare. (2) Capturing and destroying animals and maintaining and operating animal shelters. (3) Operating recreational parks and exercising eminent domain to acquire property for park purposes. [Full details.](#)

**Chamber Position:** Support

**The Latest:** The Senate Committee on Local Government originally heard the bill last Thursday, taking testimony from a diverse group. An amendment to the bill was introduced at the committee hearing this week. The amendment rolled back some of the reduction in the municipalities reach; they would still have the ability to regulate a two-mile fringe outside of their corporate limits. Additional testimony was taken with respect to the amendment. The bill passed out of committee by a vote of 6-1 and is now eligible for further action on the Senate floor.

**Chamber Action/Commentary:** The Indiana Chamber testified in support of this bill despite our preference for the original bill language over the amended version.

Local entities should not be authorized to impose restrictions or obligations on property owners and citizens outside their jurisdictional bounds. This essentially gives elected officials the ability to govern those who have no say in their election. Businesses should not be subject to requirements established by a governmental entity within whose jurisdiction they are not situated. The current myriad of overlapping authority creates jurisdictional confusion and regulatory conflicts.

Resources: Greg Ellis at (317) 264-6881 or email: [gellis@indianachamber.com](mailto:gellis@indianachamber.com); Bill Waltz at (317) 264-6887 or email: [bwaltz@indianachamber.com](mailto:bwaltz@indianachamber.com)

## Health Care

### Workable Compromise Seems Uncertain for Pharmacist Care Coverage

*Senate Bill 108 – Coverage for Pharmacist Care*  
*Authored by Sen. Ron Grooms (R-Jeffersonville)*

Requires an accident and sickness insurer that enters into a preferred provider agreement to: (1) reimburse for health care service provided by a pharmacist within the scope of practice to the same extent and in the same manner as the insurer would reimburse certain other health care providers; and (2) demonstrate an adequate number of pharmacists within a reasonable proximity to insureds. Requires a preferred provider agreement to provide for the reimbursement.

**Chamber Position:** Oppose

**The Latest:** Heard in the Senate Insurance and Financial Institutions Committee, where chairman Eric Bassler (R-Washington) held the bill and asked that the parties work together to come to a solution. Given the divide, the Chamber is uncertain as to whether or not that will be possible.

**Chamber Action/Commentary:** The bill, as written, is a mandate on health insurance plans. It essentially requires a reimbursement rate to be paid to a pharmacist (within their scope of practice) to the same extent that a physician would be paid or another provider. In all fairness to Sen. Grooms and the pharmacists, they discussed an amendment to the bill which would have removed the mandated reimbursement and would have required insurers to allow them to participate in the network (which they can do now if they have a large enough group). The amendment was also to make it clear that the state plan was not included in the bill. However, the amendment was not filed in a timely fashion so only a few people had a copy of what it was that was actually being discussed. The Indiana Pharmacists Alliance supported the bill along with several individual pharmacists who testified.

The Indiana Chamber, the Indiana Manufacturers Association, America's Health Insurance Plans, Anthem and CareSource all testified against the bill. At the center of the opposition: This gets into the contracts between providers (pharmacists specifically) and insurance carriers. This is a mandate on fully insured plans and this bill only covers about 20% of the marketplace. Self-insured plans would not be included in this legislation because they fall under ERISA (the Employee Retirement Income Security Act of 1974).

There is also a significant price tag attached to the bill and that impact would have a similar impact on small businesses. If this is such an important issue, why would the state plan be exempted? The Chamber explained that while larger employers in some cases may be able to negotiate with providers, small group fully insureds do not and rely on the carriers to negotiate discounts on price.

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## Quick Hits

### Water Funding on to Full House; Negative Employer Retaliation Bill Dead; Broadband Bill Favorably Amended

**House Bill 1406 (Water Infrastructure Funding)**, authored by Rep. Ed Soliday (R-Valparaiso), cleared the House Ways and Means Committee 22-0 on Thursday and now is ready for the full House. This Chamber priority bill annual appropriates \$20 million to the Water Infrastructure Fund from the general

fund, beginning next July. The bill also promotes sustainability of water resources and attempts to keep costs as low as possible.

**House Bill 1182 (Worker's Compensation)**, authored by Rep. Matt Lehman (R-Berne), is now on third reading with a floor vote in the House expected next week. This Chamber-supported measure clarifies who is responsible for worker's compensation for volunteer firefighters, as well as includes a provision increasing on-the-job death benefits to \$12,500. The Chamber does not anticipate any problems with the passage of the bill.

**Senate Bill 629 (Cause of Action for Employer Retaliation)**, authored by Sen Justin Busch (R-Fort Wayne), had been scheduled for a hearing on Wednesday in Senate Judiciary. However, the Chamber and others discussed with Sen. Busch the problems concerning his bill; most particularly, the cause of action for an employee against an employer. After several discussions, we were unable to come to an agreement on something that was workable. As a result, Sen. Busch asked committee chairman Randy Head (R-Logansport) to pull the bill from the committee agenda. We expect the bill to be dead for the remainder of the session. The Chamber spoke with Sen Busch after his decision and he was very gracious and indicated, "My intent was never to hurt employers."

**Senate Bill 460 (Broadband Development)**, authored by Sen. Mark Messmer (R-Jasper), was amended and then passed unanimously by the Senate Utility Commission. The Chamber testified in support of the amended version. The bill now no longer contains many of the provisions contained in the introduced version that may have subjected telecommunication stakeholders, which are exempt under federal regulations, to Indiana Utility Regulatory Commission regulations.

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## EVENTS/INFORMATION

The **2019 Legislative Directory** will keep you connected with state legislators during the General Assembly session and beyond. It's available as a handbook and app. **UPDATE:** Booklets are now in hand and pre-orders have been processed for quick shipment. For additional orders: <https://www.indianachamber.com/directory/>

**February 15 – Monthly Policy Issue Call** – Indiana Chamber members can hear the Chamber's lobbying team offer analysis of the General Assembly action; members can also ask questions important to their business. House Minority Leader Phil GiaQuinta (D-Fort Wayne) is scheduled to join the call in the first half hour. Register today at <https://secure.indianachamber.com/PersonifyEbusiness/Default.aspx?TabID=1356&ProductId=216599560>.

**March 12 – Chamber Day Dinner (formerly Legislative Dinner)** – Join top policymakers and business leaders from throughout the state at the premier legislative event of the year, held at the Indiana Roof Ballroom. The keynote will be delivered by Arthur C. Brooks, president of the American Enterprise Institute and best-selling author. Register to attend at <https://www.indianachamber.com/event/chamberday/>!