

# Legislative

# Update

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## First Half of the 2008 Session Draws to a Close

This past week marked the end of the first half of the 2008 “short” session of the Indiana General Assembly. Of the 770 pieces of legislation that were introduced this year, just shy of 280 of them remain alive at this point in the session. Now, the House will consider Senate bills and the Senate will take a look at House bills. The dominant issue is exactly what it was anticipated to be – property tax reform for the citizens of the State of Indiana.

The legislature has until March 14th to conclude its business. It remains to be seen if the remaining weeks of the REGULAR session will be enough time. Unlike during sessions-past, we are seeing an unusual amount of discussion, negotiation and potential compromise now, as opposed to the very end of the session when the midnight deadline on the last day typically drives the final product on controversial legislation. That is not to say that will not happen, or that “politics” will not play a part, but at this point, legislators seem to be heeding the public’s call to do something substantive on the number one issue of the session.

Related to the property tax reform discussions, local government reform has also received a lot of attention since last fall when the Kernan-Shephard Report was issued, calling for major changes in the structure of Indiana’s local units of government. While some tinkering around the edges likely will result this year, the General Assembly will probably determine that there is not enough time nor adequate information for such an overhaul. A study of local government reform could take place during the summer months, and potential legislative initiatives may be proposed for consideration during the 2009 session.

House Bill 1001 contains the property tax reform plan under consideration in the House. A summary of the provisions is available at <http://www.in.gov/>

[legislative/bills/2008/PDF/FISCAL/HB1001.006.pdf](#). While it contains the majority of Governor Daniels’ plan, the measure has been amended, with changes being brought by both Republicans and Democrats. This is an all-encompassing piece of legislation. In the Senate, there are at least 10 or 11 bills that address property tax reform. As the session continues, it will only get more interesting.

For municipal electrics, all of these topics are of interest. But from a specific utility-related perspective, it has been a relatively quiet legislative session. There has been debate on the issue of a mandated renewable portfolio standard once again this year, as well as discussions regarding some changes to the current law concerning gasification technology investment tax credits, net metering, and whether the state should join a national climate registry for emissions.

### Utility-Related Bills

**House Bill 1090**, authored by Representative Ryan Dvorak (D-South Bend), requires the state of Indiana to become a member of and participate in the climate registry concerning greenhouse gas emissions reporting and reduction. It requires the governor or the governor’s designee to sign the climate registry’s statement of principles and goals to become a member of the climate registry and deliver a copy of the signed statement to the climate registry before July 1, 2008. This bill was approved by the House, 53-44, and is being considered in the Senate.

**House Bill 1117**, authored by Representative Russ Stilwell (D-Boonville), provides that a taxpayer awarded a coal gasification technology investment tax credit may agree to use less than 100% Indiana coal in the qualifying coal gasification project and qualify for

the credit if the taxpayer: (1) wishes to assign the tax credit; and (2) certifies to the Indiana Economic Development Corporation (IEDC) that partial use of other coal is necessary to result in lower rates for Indiana retail utility customers. This measure was approved by the House 81-8 and is in the Senate for consideration. A companion bill, Senate Bill 223, authored by Senator Brandt Hershman (R-Wheatfield), is also making its way through the legislative process and is under consideration in the House. The Senate passed the bill unanimously.

**Senate Bill 224**, authored by Senator Brandt Hershman (R-Wheatfield), amends the definition of “clean coal technology” in various statutes of the Indiana Code. The bill defines the term as a technology used at an electric or steam generating facility to reduce or avoid specified airborne emissions that are regulated, or found by the Utility Regulatory Commission (IURC) to be reasonably certain to be regulated, by the federal government, the state, or a political subdivision of the state. The bill allows an existing electric generating facility to petition the IURC for approval of an airborne emissions project. The bill also requires the IURC to: (1) approve the project if the IURC finds, after notice and hearing, the project to be reasonable and necessary; and (2) provide certain financial incentives for the project. This bill requires the IURC to provide certain financial incentives to electricity suppliers for implementing electric line facilities projects. This bill also contains Renewable Portfolio Standard language. It requires investor-owned electric utilities (municipal electrics and rural coops are exempt) to supply specified percentages of their total electricity supply from advanced energy resources or renewable energy resources by certain dates. Specifically, the bill calls for a 2% standard by 2012, 4% by 2016 and 6% by 2020 and the years after that. Two similar proposals with more stringent standards were discussed but not approved by the House.

**Senate Bill 226**, authored by Senator Brand Hershman (R-Wheatfield), provides that a municipi-

ality that seeks to sell or dispose of non-surplus municipally owned utility property must adopt an ordinance appointing three Indiana residents to serve as appraisers, as follows: (1) one disinterested person who is a licensed engineer; (2) two disinterested persons who are licensed appraisers. (Current law provides for the appointment of one disinterested freeholder who is a resident of the municipality and two disinterested licensed appraisers). The bill eliminates the requirement that one of the licensed appraisers must reside not more than 50 miles from the property. The bill provides that if the municipality decides to proceed with the sale or disposition after the return of the appraisal, the municipality shall adopt an ordinance for the sale or disposition. Not later than 45 days after the return of the appraisal, the municipality shall publish notice of a hearing on the ordinance for the sale or disposition. (Current law provides for the adoption of the ordinance after the hearing on the sale or disposition.) The bill allows a municipality to proceed to sell or dispose of the property if a petition opposing the sale or disposition is not filed within 30 days after the notice of hearing. (Current law provides that a municipality shall proceed to sell or dispose of the property if a petition is not filed within the 30 day period.) This measure passed the Senate unanimously and is in the House for consideration.

### Important Dates for the Remainder of the 2008 Session:

- February 21st – Deadline to adopt committee reports in the second chamber
- February 26th – 2nd Reading deadline
- February 27th – 3rd Reading deadline
- Conference Committees will meet the first 2 weeks of March
- March 14th – Adjournment Sine Die of the regular legislative session