



STATE LEGISLATIVE UPDATE

2018 Session Wrap-Up

This report and its contents are the proprietary work-product of IMPA. Please do not reproduce or distribute this report, in whole or in part, without the express permission of IMPA. © 2018

General Interest

- ▲ The Indiana House of Representatives and Senate officially completed the work of the 2018 “short” legislative session at midnight-ish Wednesday March 14th. Both Chambers adjourned Wednesday night/early Thursday morning Sine Die in what was likely the most chaotic and crazy finish to any legislative session this government relations professional has seen in the last 3 decades.
- ▲ The entire session was devoid of very many highly charged issues. Even the final session days leading up to March 14th were not filled with the usual sense of urgency one finds in the halls of the State House as legislators worked to meet the end of session midnight deadline. No one in their right mind could have predicted that legislators would actually run out of time to pass meaningful legislation. But yet, that is exactly what happened.
- ▲ On the second to last session day, the Senate abruptly adjourned mid-afternoon without dealing with any of the more than 50 conference committee reports. Meanwhile, the House addressed about a dozen of those reports, making way for what one would have thought would be a relatively manageable final session day. However, for reasons too numerous to mention, this one went down to the wire, with legislators scrambling in the literal final minutes to get legislation approved. Even the Governor got involved, with an attempt to extend the session by an hour in order to get bills passed. Unfortunately, there was no legal authority to do that, so several pieces of legislation ended up dying on the proverbial vine.
- ▲ Among the bills failing to pass before the General Assembly adjourned Sine Die were measures discussed throughout the session, including the regulation of autonomous vehicles in Indiana (House Bill 1341), easing gun regulations such as eliminating fees on lifetime carry permits and allowing guns on church property connected to a school (House Bill 1424, Senate Bill 33), allowing for the state reorganization of distressed school districts in Muncie and Gary (House Bill 1315), and providing additional dollars for school safety programs (House Bill 1230). Pretty weighty stuff.
- ▲ Since adjournment Wednesday night/early Thursday morning, Governor Holcomb has indicated that he is open to calling a special session of the legislature in order to address the bills that did not pass during the final chaotic minutes of the regular session.
- ▲ In spite of the failures, there were several higher profile legislative successes. Among those successes, and the first bill sent to the Governor, was Senate Enrolled Act 1, which removes the ban on Sunday sales of alcohol in package liquor stores, groceries, convenience stores and big box stores like Meijer, Walmart and Target. Other priority issues were also approved by the time the final gavel fell. Two workforce development bills were sent to Governor Holcomb, Senate Enrolled Act 50 and House Enrolled Act 1002. SEA 50 reorganizes the board that oversees Indiana’s workforce training programs and creates a new “Governor’s Workforce Cabinet” to develop a comprehensive career navigation and coaching system for Indiana. The Cabinet will consist of state officials, business leaders and other advocates who will advise Governor Holcomb on talent development and workforce needs. This advisory group will conduct a thorough analysis of state funding and direct state agencies to make any



STATE LEGISLATIVE UPDATE

2018 Session Wrap-Up

This report and its contents are the proprietary work-product of IMPA. Please do not reproduce or distribute this report, in whole or in part, without the express permission of IMPA. © 2018

changes necessary to programs. The other workforce initiative, HEA 1002, calls for the study of existing workforce training programs, preserves the \$500 tax credit for employers who train workers, and increases job training grants from \$5 Million to \$10 Million. The overall goal this session was to more closely align workforce development programs and funding with what is actually needed in the marketplace.

- ▲ The legislature was also able to address Indiana's school funding gap for K-12 education. The funding gap was created by a higher than expected increase in public school student enrollment throughout the state. An additional \$25 million has been directed to the state's school fund for the 2018 school year, with an additional \$75 million for 2019. This is contained in House Enrolled 1001.
- ▲ Late in the session, legislators became aware of an issue related to the Indiana Professional Licensing Agency. That agency had added questions to its application forms and was using them to screen out recipients of the Deferred Action for Childhood Arrivals (DACA) program. After much discussion, the General Assembly reached an agreement at the end of session to help DACA recipients keep and be able to obtain professional licenses in Indiana by passing Senate Enrolled Act 419.
- ▲ Senate Enrolled Act 52 was approved on the final session day. SEA 52 legalizes the sale and use of cannabidiol oil (CBD) with low levels (less than .3%) of THC. The legislation prescribes packaging and labeling requirements in order for the CBD oil to be sold at retail. The bill requires CBD oil manufacturers to create new labels specifically for selling in Indiana. Additionally, SEA 52 puts in place certain testing requirements to make sure that manufacturers have each batch of product tested to ensure it has less than .3% THC, the ingredient that produces a high.

By the Numbers

- ▲ In the Indiana General Assembly this year, 902 pieces of legislation were introduced. At the half-way mark, 302 were still alive. Upon final adjournment of the regular session this week, 212 bills (111 Senate bills and 101 House bills) -- 23% of the introduced bills -- survived the legislative process and were sent to the Governor for signature into law.

Of Political Interest on the State Legislative Front

- ▲ 13 State Representatives will not be seeking re-election in 2018: St. Reps. Tom Washburne (R-Evansville), Steve Stemler (D-Jeffersonville), Minority Leader Scott Pelath (D-Michigan City), Charlie Brown (D-Gary), Wes Culver (R-Goshen), Greg Beumer (R-Farmland), Jim Baird (R-Brazil), Kathy Richardson (R-Noblesville), Linda Lawson (D-Hammond), Clyde Kersey (D-Terre Haute), Bill Friend (R-Macy), Milo Smith (R-Columbus), and David Ober (R-Albion).
- ▲ 2 State Senators whose term expires in 2018 will not seek re-election: St. Sens. Doug Eckerty (R-Yorktown) and Jim Smith (R-Charlestown). Additionally, Senate President Pro Tem David Long (R-Ft. Wayne) announced that he will be retiring from the Indiana Senate on November 6th. His term is not up until 2020. A caucus of Republican precinct committeemen will select his replacement through a caucus that will be called after that date.



STATE LEGISLATIVE UPDATE

2018 Session Wrap-Up

This report and its contents are the proprietary work-product of IMPA. Please do not reproduce or distribute this report, in whole or in part, without the express permission of IMPA. © 2018

Specific Energy/Environment/ Utility-Related Legislation

- ▲ For IMPA and our municipal electric members, we watched all legislation for possible impact on our interests. While several energy and utility-related bills were introduced, those issues did not dominate the agenda this year. Here are the highlights of what the General Assembly approved:
- ▲ **Senate Enrolled Act 125 – Underground Locates**
SEA 125 deals with underground utility facilities. The bill creates a completely new section of Indiana Code that pertains to the registration of excavation contractors. Under the bill, excavation contractors must be comply with Indiana’s 811 statute (call before you dig), must be registered with the Secretary of State’s office and provide appropriate documentation of that registration to a communications provider or utility, authorizes the IURC or its pipeline safety division to refer contractors that violate the law and that are foreign entities not registered to do business in Indiana over to the Attorney General’s office, and the AG can levy fines of not more than \$10,000 for a violation. Not more than once a year, communications service providers or utilities are required to provide a list of its contractors operating in Indiana to the IURC or its pipeline safety division upon request, unless there is an investigation under Indiana’s 811 statute, which may require additional submission of information.
- ▲ **Senate Enrolled Act 156 – Rural Telephone Cooperatives**
SEA 156 is a measure that contains similar updated governance language for Indiana’s rural telephone cooperatives as was approved last year for the rural electric cooperatives.

- ▲ **Senate Enrolled Act 362 – Regulation of Water & Wastewater Systems**
SEA 362 provides that a public water or wastewater utility that is organized as a legal entity after June 30, 2018, is subject to the jurisdiction of the IURC for a period of 10 years. The bill also requires applicants of the Wastewater and Drinking Water State Revolving Loan Fund to provide documentation demonstrating that the applicant has the financial, managerial, technical, and legal capability of operating and maintaining its water or wastewater collection and treatment system. The bill also requires each applicant to demonstrate that it has developed, or is developing, an asset management program. Finally, SEA 362 establishes new requirements for water and wastewater treatment plant applications. It provides that a new permit or amended permit application for water and wastewater treatment plant must include a life cycle cost-benefit analysis, capital asset management plan, and a cyber security plan.
- ▲ **Senate Enrolled Act 411 – Distressed Utilities**
SEA 411 deals with distressed water or wastewater utilities. The bill provides that a utility company must provide notice to all of its customers when a petition is filed with the IURC regarding the acquisition of distressed water or wastewater utilities no matter what the impact is on rates. Current law requires utility companies to provide notice customers only when a rate increase greater than 1% is anticipated due to the proposed acquisition. SEA 411 also provides that in determining if the sale or disposition of the non-surplus utility property is in the public’s best interest, the IURC shall accept as reasonable the valuation of the property as determined through a statutory appraisal and review process, set out in current law.



STATE LEGISLATIVE UPDATE

2018 Session Wrap-Up

This report and its contents are the proprietary work-product of IMPA. Please do not reproduce or distribute this report, in whole or in part, without the express permission of IMPA. © 2018

▲ **House Enrolled Act 1050 – Small Cell Wireless Structures**

HEA 1050 pertains to small cell wireless structures in municipal ROWs. This measure provides that the statute dealing with permits for wireless facilities and wireless support structures applies to permits issued by a municipality to a communications service provider. It stipulates that a resolution or ordinance that was adopted by a municipality after April 14, 2017 and before May 2, 2017 and that designates an area as strictly for underground or buried utilities, applies only to those areas that are zoned residential and where there is existing underground utility infrastructure.

▲ **House Enrolled Act 1065 – Broadband Grants and High Speed Internet Service**

HEA 1065 is legislation addressing the significant issue of rural broadband deployment and finding ways to get adequate internet service to the underserved and unserved areas of the state. The measure does several things, among which are: 1) Authorizes the Office of Community and Rural Affairs (OCRA) to award grants to qualified broadband providers to provide qualified broadband service in unserved areas in Indiana. 2) Defines “qualified broadband service” as a connection to the Internet at an actual speed of at least 10 megabits per second downstream and at least one megabit per second upstream, regardless of the technology used. 3) Defines an “unserved area” as a geographic area in Indiana in which there is not at least one provider of terrestrial broadband service at the designated speeds. 4) Provides that grants shall be made from the Rural Economic Development Fund. 5) Provides that in awarding grants, OCRA is required to give priority to the deployment of qualified broadband service to areas in which internet connections are unavailable, or the only available internet connections provide actual speeds of less than 10 megabits per second downstream. 6) Repeals the existing statutes that created the High Speed Internet Service Deployment

and Adoption Initiative administered by the Indiana Economic Development Corporation (IEDC) and the Indiana Broadband Development Program administered by the Indiana Finance Authority (IFA) because they were never utilized. 7) Directs the IURC to study universal service fund reform and broadband services in Indiana and issue a report to the Interim Study Committee on Energy, Utilities, and Telecommunications before October 1, 2018.

▲ **House Enrolled Act 1267 – Water Infrastructure Task Force**

HEA 1267 creates a water infrastructure task force to further study and assimilate information and develop a long term plan for drinking water, wastewater, and storm water management in Indiana. The task force must submit a report to the General Assembly and the Governor no later than December 1, 2018. The measure also urges an interim study committee be created and assigned the task of studying research and outreach efforts to reduce non-point source impacts on water quality. (Nonpoint sources of pollution come from a broad area versus specific identifiable sources. For example, rain or snow that melts and runs through the ground into streams or lakes would be nonpoint sources of pollution.)