

INDIANA BUILDERS ASSOCIATION
Legislative and Regulatory Report #14
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HIGHLIGHTS

Tax Revenue

According to the Indiana Fiscal Policy Institute, sales tax revenue is falling short of forecast targets. It has been short in eight of the nine completed months in Fiscal Year '07. In other fiscal news, revenue did make its monthly target, but it is still behind its year to date target. However, revenue is up by 4% over last year.

Conference Committees

With the last day of the 2007 Legislative Session projected to be April 29th, the next two weeks will be a very busy time for all involved with the Indiana Legislature. Conference Committees will begin as early as Monday, the 16th. IBA Staff will be tracking committees to monitor the budget, property tax proposals, and other issues we have worked on thus far.

Legislative

HB 1525 New Home Construction and Homeowner Construction (Murphy, R-Indianapolis)

<http://www.in.gov/apps/lsa/session/billwatch/billinfo?year=2007&request=getBill&docno=1525> Provides that after June 30, 2007, a builder may not enter into a home construction contract with a prospective home buyer unless the builder first gives the prospective home buyer a written estimate of the property taxes that: (1) will be owed by the prospective home buyer on the new home; and (2) are based on an assessment made on the first assessment date after the construction of the new home is complete. Specifies that the required estimate may not be based on an assessment of unimproved real estate. Requires the Indiana housing and community development authority (authority) to prescribe a form to be used by builders in making the required disclosure. Defines an "at risk home buyer" as a person who: (1) has a credit score that is less than 620; and (2) seeks to obtain a home loan from a creditor. Requires the authority prepare and make available to creditors home ownership educational materials for use by at risk home buyers. Provides that after June 30, 2007, a creditor may not enter into a home loan with

an at risk home buyer unless the creditor first gives the at risk home buyer the educational materials prepared by the authority.

HB 1525 was heard this week on the House Floor as a 2nd Reading Amendment. IBA Staff worked to defeat the amendment and was successful in doing so. It was voted down with a 49-48 vote. IBA had support from both Republican and Democrat Representatives on this issue. Supporters of the amendment do plan on bringing this issue back during conference committee time. Because of this, IBA Staff encourages you to contact your legislator and explain our concerns with potential liability conflicts that could arise from builders providing property tax estimates for the newly constructed homes based on an assessment made after the construction for the new home is complete.

SB 334 Restrictive Covenants Regarding Modular Homes (Riegsecker, R- Goshen)

<http://www.in.gov/apps/lisa/session/billwatch/billinfo?year=2007&request=getBill&docno=334> Provides that a deed restriction, restrictive covenant, or agreement recorded after June 30, 2007, may not prohibit or restrict the erection of an industrialized residential structure on real property. Provides that a deed restriction, restrictive covenant, or agreement that applies uniformly to all homes and industrialized residential structures in a subdivision may impose aesthetic compatibility requirements on an industrialized residential structure in the subdivision.

SB 334 was heard and passed this week in the House of Representatives. IBA Staff was able to put forth an amendment on 2nd Reading that helped to eliminate economic impact analysis on building codes. The bill passed with a 59-37 vote.

HB 1478 Taxation (Kuzman, D-Crown Point)

<http://www.in.gov/legislative/bills/2007/EH/EH1478.2.html> taxation matters.

- The creation of county review boards to approve, modify, or disallow taxpayer-financed capital projects which are in excess of \$2 million;
- Expand the authority of counties to apply local option incomes taxes to reduce local government dependence on property taxes;
- Increase state funding for K-12 education, child welfare and juvenile incarceration. Currently, these items are funded by the property tax;
- Eliminate current state subsidies for local property taxes by abolishing the Property Tax Replacement Credit;
- Increase state-funded homestead credits to reduce all homeowners' property taxes and increase current homestead deductions to provide further relief for lower valued homesteads, which are usually paid for by higher valued homesteads.
- Increase the "Circuit Breaker" to 3% for non-homestead properties while preserving a 2% circuit breaker for homesteads; and
- Create an appeal process and a state review board for civil units that are affected by the adjusted circuit breaker.

HB 1478 was amended in the Senate Tax Committee to contain Senator Luke Kenley's property tax legislation. The bill was heard on the Senate Floor this week and passed with a 44-5 vote. The legislation will now have to come back to the House of Representatives for further debate. If enacted, the legislation will be the largest modification to the Indiana property tax system since Governor Bowen's tax plan of 1973. IBA Staff will continue to monitor the bill's status and keep you informed.