

Priorities vs. Outcomes

Chamber Produces Legislative Victories

By Rebecca Patrick

“In many ways, it was like getting everything at the top of your Christmas list – what you had wanted for a long time. It was immensely satisfying and represents, in some cases, many years of research, teamwork and dedication.” – Indiana Chamber President and CEO Kevin Brinegar.

That summarizes the landmark outcomes of the 2012 Indiana legislative session. It was one in which an amazing trifecta was achieved for Hoosiers: making Indiana a right-to-work state, instituting a statewide smoking ban and eliminating the state’s inheritance tax.

In December, the Indiana Chamber released its wish list of public policy priorities for the forthcoming General Assembly. *BizVoice*® recently revisited these goals with Brinegar for his take on the results.

Mission accomplished

The state adopting a right-to-work statute banning the practice of requiring union membership or financial support as a condition of employment

KB: “Hoosier workers now can choose whether or not to join a labor union; that’s called a democracy. The last state to pass a right-to-work law before Indiana was Oklahoma in 2001. Between 2003 and 2006, the real personal income there grew by 13.6%. That’s more than twice as fast as the overall average of non-right-to-work states.

“Without question, Indiana has further distinguished itself from its neighbors and given companies another big reason to bring their business and jobs here. In March, a little more than a month after Gov. Daniels signed the bill into law, he reported more than 30 businesses had already contacted the state about locating here now that Indiana is a right-to-work state.”

A statewide ban on smoking in the workplace

KB: “Indiana will now protect 95% of people while at work and also allow citizens to eat at any restaurant in the state without having to encounter cigarette or cigar smoke. That’s a huge positive step. Many Hoosier towns are not part of a metro area and did not have a non-smoking ordinance previously in place.

“It also bans smoking within eight feet of a building’s public entrance. Meanwhile, local governments still can enact stricter ordinances and the ones already passed remain in effect. And companies which wanted to make their workplaces smoke-free but couldn’t, due to existing labor agreements, now can.”

Elimination of the state inheritance tax

KB: “This tax only amounts to 1% of the total state revenue but made things unnecessarily difficult for so many Hoosiers. For a small family-owned company, the inheritance tax was often a tremendous hindrance to even staying in business after the death of the owner.

“Effective at the end of this year, the more favorably treated Class A category of inheritors expands to include stepchildren and children’s spouses, and the amount excluded from the tax

Indiana House Speaker Brian Bosma faced vocal opposition to right-to-work, but was successful in the end.



What Site Selectors Are Saying Now

In the March 2012 issue of *Site Selection* magazine, Indiana’s action on right-to-work was applauded in the article, “The Box That Must Be Checked.” One national site selector declared, “It changes to the positive my perception of Indiana’s business climate,” while another was even more emphatic: “Site selection is a question of differentiation, and this is a major differentiator for Indiana and its neighboring states and throughout the Midwest. ... I’m working right now with an international company that is now specifically considering Indiana, where it wasn’t previously. Right-to-work has already had an impact.”

That’s some difference. Previously, site selectors said Indiana was dismissed along with other non-right-to-work states by between one-third and nearly half of the companies that hired them to find a good location.

increases from \$100,000 to \$250,000. This will save children inheriting the family business as much as \$15,000 this year. Beginning in 2013, the inheritance tax will be phased out equally (10% annually) over nine years – going away completely in 2022.”

Protecting the 2011 education reforms involving charter school expansion, school choice, merit pay for teachers and teacher collective bargaining

KB: “Indiana’s actions last year in education were the boldest of any state and represent a greatly improved educational environment for our young students. So it was vitally important to ensure that these reforms stay intact and be executed as intended. We’re happy to report that happened. In fact, in a couple instances, the existing law was made stronger. There was significant improvement to the charter school funding process and a needed technical fix to the eligibility for (school choice) scholarship tax credits.”

Defeating health care mandates

KB: “All attempts that would have required businesses to offer a certain health care coverage or an assignment of benefits policy fell by the wayside. These actions would have increased the cost of health care premiums for employers and their employees.”

Common sense simplification and reforms to local government structures and practices

KB: “There continues to be resistance to this issue due to ties many legislators have to their own local governments; the pushback comes from Republicans and Democrats alike. Nevertheless, a multi-year effort to address nepotism and conflict of interest for local government officeholders and employees was finally realized. There are too many examples where taxpayers pay for excessive costs because an employee also serves on the legislative body that approves that local government unit’s budget. The grandfathering in of current employees is too generous, but this law is still a positive step that newly hired local government employees will have to abide by.”

Waiting for 2013

Exempting the state’s taxation of machinery and equipment

KB: “Indiana needs to be on a level playing field with surrounding states – some of them have already made this move or are considering it now. In mid-March, Franklin (Indiana) lost out on a company and its 400 jobs to an Ohio town directly because of this. The company plainly said the determining factor was cost savings; heading that list was not having to pay personal property taxes that are charged on equipment and machinery.

“These actual examples that are coming to light will hopefully

resonate with legislators and lead them to act next session. From the Chamber side, this will be at or near the top of our list of things to advocate for.”

Expanding school accountability

KB: “Activity outside of the Legislature – but happening as the session began – had great bearing on this issue. A rule was adopted by the State Board of Education that is detrimental to more than a decade of work to improve school accountability. It restores ‘relative’ standards, which translates to lower expectations of low-performing students. Aiming lower is not a good idea and one that was adamantly opposed by both traditional education groups and reform advocates, including the Indiana Chamber.

“The new rule treats growth as a bonus system rather than making it the prominent measure that many observers had anticipated. And the metrics of the system are so overly complicated that neither schools nor communities will have any idea how they are doing until state officials inform them at the end of each year.

“As a result of that rules debate, several related legislative proposals fell under heavy scrutiny and were ultimately defeated. In the final days of the session, the concern from legislative leaders reached such a high level that they created a special commission that will study the rulemaking process and the content of the recently passed accountability rule. We remain hopeful that state education officials will revisit this.”

Incorporating a work share component into the state’s unemployment insurance system

KB: “This was a bipartisan issue that regrettably never really gained any traction. It would have given an employer the cost-cutting option to reduce the work hours of its employees by a certain percentage (generally 20% to 50%) instead of cutting the position(s) completely. The affected employees would be able to collect work sharing benefits (a portion of their unemployment pay) in addition to maintaining their job on at least a part-time basis.”



Education issues – particularly school accountability – are expected to get more legislative attention in 2013.

Grading the Legislators

Want to know if your legislator voted for pro-economy, pro-jobs legislation? The answers will be revealed in the *2012 Legislative Vote Analysis*, which will be published online in May at www.indianachamber.com/lva, with a summary included in the July-August *BizVoice*®.