

Indiana Advisory Commission on Intergovernmental Relations
Tuesday, December 13, 2016
9:30-12:00 P.M.
Statehouse, House Chambers
200 W. Washington Street
Indianapolis, Indiana

DRAFT MINUTES

These minutes will not be official until approved at the next commission meeting.

CALL TO ORDER/WELCOME/INTRODUCTIONS

Chairman Mike Karickhoff called the meeting to order and welcomed the group at approximately 9:40 am. Chairman Karickhoff asked for introductions from those in attendance. Attendance is shown in Attachment A.

Meeting Agenda

- Call to Order/Welcome Chairman Mike Karickhoff

- Approval of Minutes of September 9, 2016 Chairman Mike Karickhoff
Membership

- Presentations and Testimony: Local option minimum property tax replacement fee Chairman Mike Karickhoff
Mike Duffy & Courtney Schaafsma, Indiana Dept.
of Local Government Finance
Jamie Palmer

- Deliberation: Local option minimum property tax replacement fee Chairman Mike Karickhoff
Membership

- Presentation: Water and Wastewater Needs Study Update Chairman Mike Karickhoff
Jamie Palmer

- Presentation and Testimony: Preliminary Fire and EMS Study Results Chairman Mike Karickhoff
Jamie Palmer
Jim Greeson, Indiana Fire Marshal
Joe Kruzan, Indiana Fire Chiefs Association

- Upcoming Meetings: TBA Chairman Mike Karickhoff

- Adjournment Chairman Mike Karickhoff

APPROVAL OF MINUTES OF SEPTEMBER 9, 2016

Chairman Karickhoff asked the commission to review the minutes from the previous meeting, September 9, 2016.

Senator Joseph Zakas made a motion to approve minutes as written. Councilor Robin Brandgard seconded the motion. The motion carried unanimously.

PRESENTATIONS AND TESTIMONY: LOCAL OPTION MINIMUM PROPERTY TAX REPLACEMENT FEE

Chairman Karickhoff summarized previous work on the local option minimum property tax replacement fee. A similar proposal was made during the 2015 and 2016 legislative sessions (2015 HB 1476 and 2016 HB 1204). The intent is for all properties to pay something toward local services.

Mike Duffy of the Indiana Department of Local Government Finance presented information about the property tax deductions, exemptions, and circuit breakers (Attachment B).

Senator Zakas asked if citizens 65 years and older were included in the elderly circuit breaker and if it was statewide.

Mr. Duffy said yes, that it was added to the statute four years ago and it was statewide.

Representative Karickhoff indicated that the proposal sets a floor on property taxes for properties with no or low property tax bills by local option.

Jamie Palmer presented information regarding the deductions, exemptions, and circuit breakers that are attached to properties that would be subject to a \$200 local option minimum property tax replacement fee (Attachments C and D).

Mayor James Lienhoop asked how the fee would be adopted.

Chairman Karickhoff indicated that the 2017 version of the proposal would require the county council or local income tax council to adopt the fee.

Councilor Geoff McKim asked if it would be up to the county which adopting body was utilized.

Senator Saunders said there is no tax council in Wayne County.

Rhonda Cook, Indiana Association of Cities and Towns, said that her association was supportive of the replacement fee.

Ryan Hoff of the Association of Indiana Counties said that this tax would help offset losses and would be a great tool in the toolbox.

Senator Joseph Zakas asked if the commission was considering a specific proposal.

Chairman Karickhoff said that 2015 HB 1476 and 2016 HB 1204 have been filed in previous sessions. The 2015 bill passed the House. Originally, the proposal exempted properties with aged and veteran deductions, exemptions, and credits. The included properties have been expanded in later proposals. Proposals have allowed counties to adopt a local minimum between \$100 and \$400.

Councilor Larry Hesson suggested that typically the adopting body would be based on whether counties had adopted County Adjusted Gross Income Tax (CAGIT) or County Option Income Tax (COIT).

A member suggested that tax councils, based on relative population of local governments in the county, can be created in all counties.

Senator Ron Grooms asked where the revenue from the fee goes and whether the adopting body can redirect the funds.

Chairman Karickhoff said it is distributed as ordinary property tax revenue. The adopting body cannot redirect this revenue.

Representative Saunders asked about whether these revenues would be considered within the tax cap construct.

Courtney Schaafsma indicated that it would be classified as miscellaneous revenue much like non-property tax charges that are collected with property tax bills.

Chairman Karickhoff said that it will be new money.

Chairman Karickhoff asked for motion of support for the general concept of a local minimum property tax replacement fee and the concept that all property owners pay something to support local public services.

G. Michael Schopmeyer made the motion to support the concept of local option minimum property tax replacement fee. The motion was seconded by Councilor Geoff McKim. The motion passed unanimously.

PRESENTATION: WATER AND WASTEWATER NEEDS STUDY UPDATE

Jamie Palmer updated the Commission on new data released by the Indiana Finance Authority on drinking water needs and the effect on overall water and wastewater infrastructure needs (Attachments E to G).

PRESENTATION AND TESTIMONY: PRELIMINARY FIRE AND EMS STUDY RESULTS

Jamie Palmer presented preliminary results from the 2016 State of Fire and EMS Service in Indiana survey (Attachment H)

Chairman Karickhoff introduced Jim Greeson, the Indiana State Fire Marshal.

Mr. Greeson thanked Ms. Palmer for her work. He explained the impetus for the project. He said that our state, like others, is facing demographic changes. Population is concentrating in urban areas. A recent report from Harvard University confirmed these demographic changes. These changes create challenges for volunteer fire service in rural areas with particular challenges for the retention and recruitment of volunteer firefighters.

About a year ago, these demographic dynamics were discussed at the Counter Terrorism and Security Council (CTASC) chaired at that time by Lieutenant Governor Ellspermann. The Lieutenant Governor asked then IDHS Director Kane to identify the challenges associated with volunteer fire service recruitment and retention. Director Kane contacted the Indiana University Public Policy Institute about conducting a study.

Together, the Indiana Advisory Commission on Intergovernmental Relations, staff by the IU Public Policy Institute (PPI), and the Indiana Fire Alliance developed and administered a survey to the state's fire and EMS agencies. The Fire Alliance is working through those data with Ms. Palmer.

The Federal Emergency Management Agency (FEMA) has recognized these issues. It is challenging to keep volunteers when there are few runs. Volunteers want the opportunity to use their skills. The disconnect between the locations of rural residences and places of employment makes it logistically difficult for many rural residents to volunteer. We are looking for ways that we can help with training, programming, and promotion assistance from the Office of the Fire Marshal.

Chairman Karickhoff asked if the anti-nepotism law has had any effect.

Mr. Greeson said that nepotism may occur, but in the rural areas volunteers are also families involved in other things, like water and sewer districts and school boards. There needs to be ways to allow these groups to work together in small communities. We are also looking at budgets for ways that may allow for some efficiency, including perhaps the expansion of interlocal agreements.

Chairman Karickhoff introduced Joe Kruzan with the Indiana Fire Chief Association from Schererville, Indiana.

Mr. Kruzan conveyed to the group regards from Larry Curl from the Indiana Volunteer Firefighters Association and Tom Hanify of the Professional Firefighters Union of Indiana. Both were unable to attend the morning's meeting. He explained the creation of the Indiana Fire

Alliance in 2010 as a unified voice of the fire service to speak to state legislators and policymakers.

The information presented to the Alliance has been enlightening and confirms his own experience. He said 70 percent of the land is protected by volunteer fire departments in rural areas, while career departments protect 70 percent of the population located in urban areas. Fire departments are funded with general funds. Local communities have a variety of needs. However, increasing resources to the fire department often means decreasing resources to other departments (streets, sanitation, parks, etc.). They are continually faced with how to do more with fewer resources. In 2009, the Schererville cut the number of firefighters from 40 to 32. Some were able to return using federal grant money, but those funds are time limited. The city of Hammond reduced its force from 180 to 150 through attrition.

Local fire departments get calls for every emergency. While structure fires have decreased, fire runs have increased. Fire departments are not “insurance” but “assurance” that someone will come. We expect this new report will validate what many of us know intuitively. Reduction in volunteers through cuts and attrition is a problem.

The nature of firefighting has changed. While building fires have decreased, the chemicals firefighters are exposed to have increased and become more dangerous. Synthetics are of particular concern.

In summary, he indicated firefighting is a proud occupation, new funding sources are needed, and that firefighting has become more dangerous.

UPCOMING MEETING

The next meeting date will be announced in the spring.

ADJOURNMENT

Chairman Karickhoff asked for a motion to adjourn.

Trustee Andy Harris made the motion to adjourn. The motion was seconded by Representative Saunders. The motion carried unanimously.

Chairman Karickhoff adjourned the meeting at approximately 11:40 a.m.