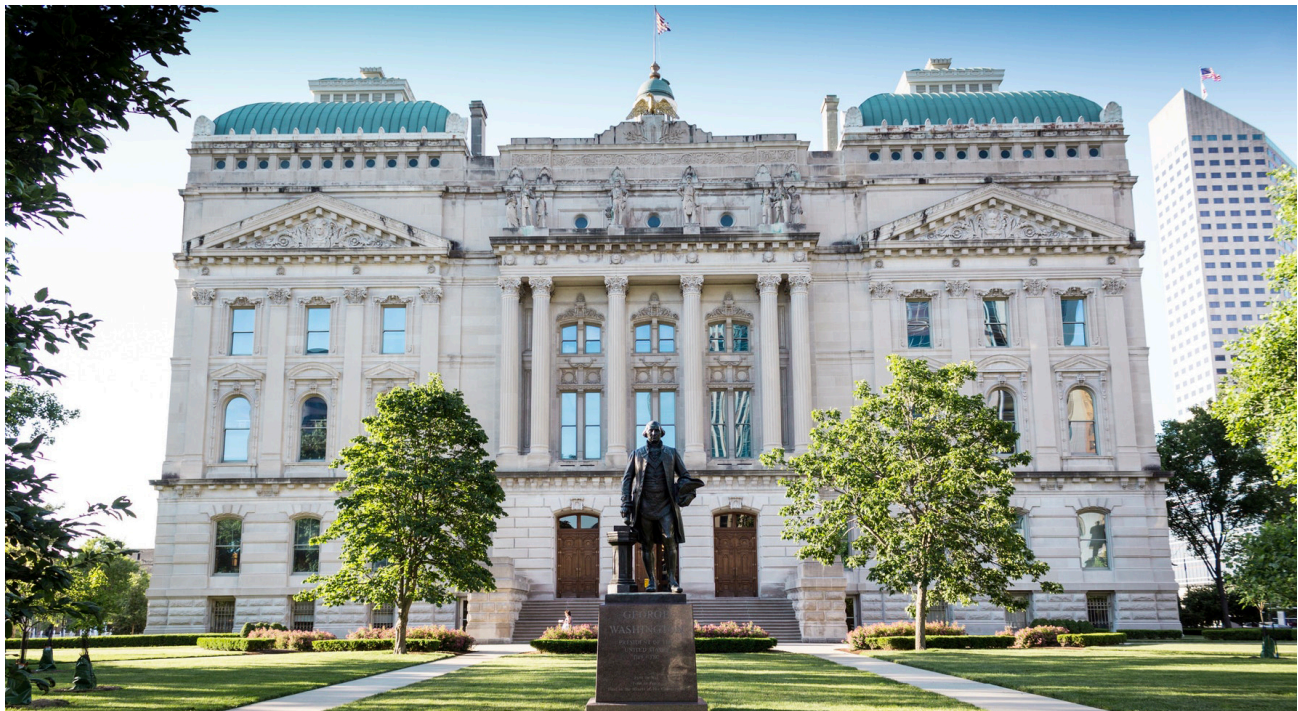
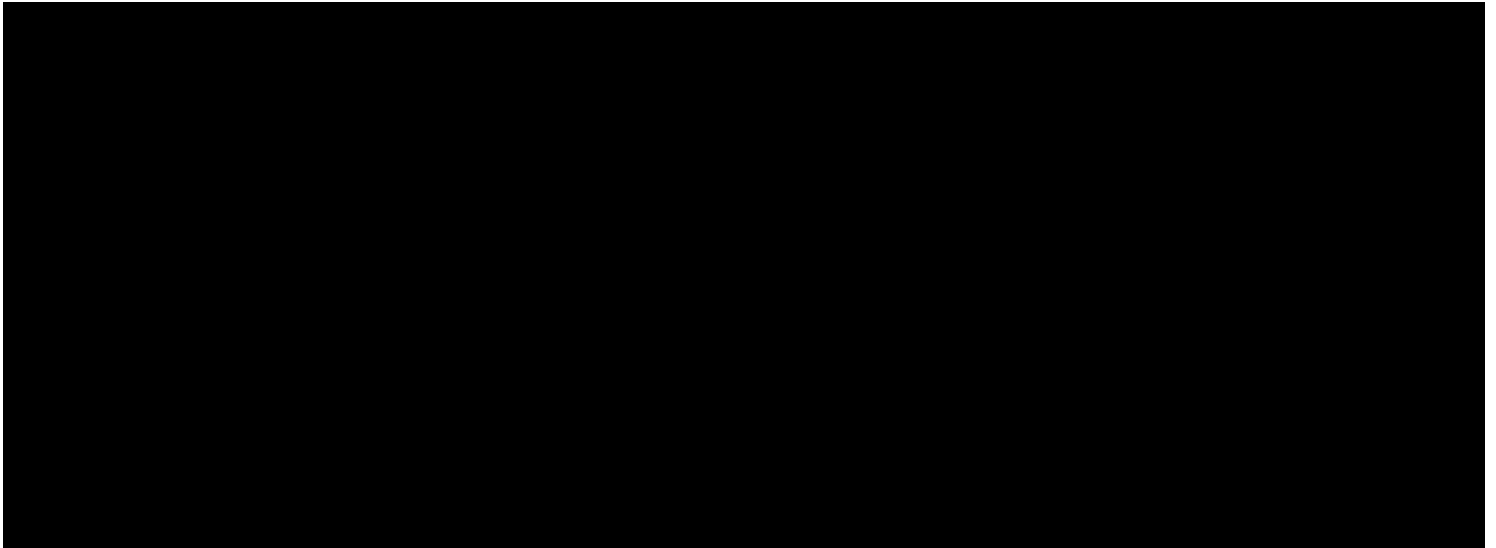


The 2021 Indiana General Assembly in Review



After a unique and historic 16-week legislative session, the Indiana General Assembly recessed with the passage of its bipartisan \$37.4 billion two-year state budget. Between the House and Senate chambers, 1,011 bills were introduced this session. When the General Assembly recessed, it passed a total of 220 bills – a 22% pass rate of introduced bills. The temporary pause – a departure from adjournments “*Sine Die*” – is the result of the General Assembly’s plan to resume later this year to act on the reapportionment of congressional and legislative districts.

On May 10, the Indiana House and Senate convened for a vote to override Governor Holcomb’s veto of Senate Bill 5. The bill provides local elected officials the power to ratify or override county or city public health orders issued during emergencies. [Click here](#) for the full assignment of study topics to study committee.

Much of this session was focused on rebuilding from the COVID-19 pandemic and building a more resilient economy against the next crisis. But the legacy of a budget year is usually embedded within the state budget. Here are a few highlights:

Economic Recovery

The Regional Economic Acceleration and Development Initiative (READI) will dedicate \$500 million in federal funds to encourage long-term, transformational investments across the state to position Indiana cities and towns to spur population and economic growth. Through the initiative, the state will partner with regional development authorities and qualified non-profit organizations in Hoosier communities to carry out regional development plans that outline attracting talent and accelerating economic growth. The Indiana Economic Development Corporation will release more program details and timelines in the coming weeks.

For workforce development, a \$75 million investment of federal stimulus funding was made in the newly established Career Accelerator Fund to incentivize short-term education and training programs that lead to high-wage, high-demand jobs. This will provide a unique funding mechanism for individuals obtaining credentials.

For small businesses, the Hoosier Hospitality Small Business Restart Program will provide \$60 million in grants to eligible entities to accelerate economic recovery from the COVID-19 pandemic. The Indiana Economic Development Corporation will administer the program and the fund.

Health Care

Efforts to address price transparency and surprise billing for Hoosiers in health care continued this legislative session. Recent changes in federal law with the No Surprises Act required an amendment to the Indiana statute to ensure consistency with the federal

law. House Enrolled Act 1447 – Good Faith Health Care Estimates and House Enrolled Act 1421 – Various Health Care Matters made changes to provider price transparency requirements that allow for a more reasonable implementation without sacrificing the hoped-for benefits to consumers. One transparency requirement as a part of Senate Bill 325 requires non-profit hospital corporations to hold public forums on the hospital's prices, services, and community contributions.

Alcohol and General Regulation

The omnibus legislation for alcohol, House Enrolled Act 1396 – Alcohol Beverages and Tobacco, amended various sections of Indiana's alcohol code impacting permittees, trade regulation, and other various definitions.

Broadband

The COVID-19 pandemic further emphasized the urgent need for closing the digital divide in the lack of access to reliable and affordable broadband in Indiana communities. The budget appropriated \$250 million in rural broadband expansion grants to connect more Hoosiers to educational, professional, and telehealth opportunities. Other key pieces of legislation provide administration and execution:

- Senate Enrolled Act 377 establishes the Indiana Broadband Connectivity Program;
- Senate Enrolled Act 352 provides the Office of Community of Rural Affairs (OCRA) with the process of the program;
- Senate Enrolled Act 359 requires the Indiana Department of Transportation (INDOT) to create a broadband corridor program to manage the location, installation, and maintenance of communications infrastructure; and
- House Enrolled Act 1449 amends the rural broadband fund grants statute and expands eligibility.

Employment and Labor

Widespread unemployment caused by the pandemic meant huge outlays of benefits in 2020 that depleted Indiana's Unemployment Insurance (UI) trust fund. In December, the state used \$400 million of the CARES Act to pay off existing debt and combined with expected 2021 revenues, keep the trust fund in the black. The state budget added an additional \$500 million in American Rescue Plan Act (ARPA) funds to the trust fund, thus ensuring its positive balance and eliminating, for now, any future federal tax increase to pay off debts to the federal government.

Where there is a concern is the explosion of fraud in the UI system. House Enrolled Act 1152 – Unemployment Insurance gave the Department of Workforce Development some additional tools to identify undeclared income. But the much larger problem of sophisticated identity theft remains endemic across the country.

Historic Funding for K-12 Education

Starting with education, the largest category of state spending, the new state budget provides a historic increase in funding for K-12 education – \$1.9 billion.

- \$1 billion in K-12 tuition support formula funding in the distribution to schools based on enrollment;
- \$150 million in grants to help schools address student learning loss; and
- \$600 million to pay down the teachers' pension fund in order to free up funding to raise Indiana's average teacher pay to \$60,000.

Additionally, Indiana schools are receiving \$3 billion in federal stimulus money to address COVID-19 related costs. With state and federal funding combined, Indiana schools are looking at almost \$5 billion in new money.

Liability Protections Against COVID-19 Spread

The Indiana General Assembly prioritized reopening Indiana's economy by taking quick action on Senate Enrolled Act 1 – Civil Immunity Related to COVID-19 (SEA 1). SEA 1 gives all businesses, organizations, and individuals immunity against damages arising from COVID-19, unless their actions constitute gross negligence or willful or wanton misconduct. This liability protection is essential to helping our economy fully reopen, but does not provide immunity to bad actors.

Indiana Expands Truck Weight Laws

Supply chain disruptions that were exacerbated by the COVID-19 pandemic have continued in 2021. Organizations continue to face the challenge of unraveling supply chain complexity.

As Hoosier businesses continue to grow resilience and adaptability in the uncertainty of the logistical issues and supply chain disruptions, the Indiana General Assembly has expanded Indiana's overweight permitting laws providing businesses the flexibility for optimal logistical strategy.

After months of debate and grassroots efforts amongst the legislature, proponents, and opponents; House Enrolled Act 1190 – Overweight Truck Permits (HEA 1190) has been

signed into law. Existing state law authorized trucks hauling metal commodities to be permitted up to 120,000 pounds. Additionally, agricultural commodities were permitted up to 97,000 pounds for transport from the point of harvest to the point of first destination. HEA 1190 expands the category of freight that can be considered an overweight divisible load and authorizes the transportation of commodities up to 120,000 pounds.

In the coming months, the Indiana Department of Transportation will proceed with the rulemaking process regarding implementation and guidance for the expansion of the overweight permit program.

Energy

Senate Enrolled Act 386 – Cost Securitization institutes a refinancing tool utilized in the closure of coal plants. The pilot program measure uses a financing methodology to protect ratepayers from continuing to pay for the costs and guaranteed investor profit margins on a coal plant even after the coal plant has been closed.

Additionally, House Enrolled Act 1520 – Electric Utility Reliability Adequacy Metrics aims to ensure reliable electricity for Indiana as utilities move toward renewable energy sources. While the legislation remains agnostic toward a particular source, every year electric utilities will have to show how they plan to provide reliable energy to their customers for the next three years.

As a preventative measure, House Enrolled Act 1191 – Energy Matters limits Indiana city and town governments from banning any specific type of fuel source and preserves consumer choice of energy options in new construction and businesses.

In the final week, the bill was amended during the conference committee to include an amendment that will require the Indiana Utility Regulatory Commission (IURC) to consider the financial costs of building new or retiring old power production caused by the federal phase out mandates. It defined “federal phase out mandate” as any federal statutory or regulatory requirement established by the federal government after April 20, 2021 and requires the phase out of a particular type of electric generating facility, technology, or fuel source.

The reestablished 21st Century Energy Task Force will continue to examine Indiana’s energy policies and present its finding to the Indiana General Assembly and the governor with recommendations for future legislative ideas to help the state’s energy industry move forward. The task force will further examine topics including but not limited to: management of stranded utility costs; measures to ensure fairness across customer classes; appropriate regulation of the deployment of distributed energy resources;

investments in renewable energy resources; and electric vehicle infrastructure and landscape.

Emergency Orders

Senate Enrolled Act 5 – Local Health Departments; Public Health Emergencies ensures local elected officials have the final say on local health orders issued in response to a declared emergency. Additionally, it requires the local legislative body to approve any health order that is more stringent than a statewide order under an emergency.

Law Enforcement Reform

Bipartisan supported House Enrolled Act 1006 – Law Enforcement Officers increased police accountability and enacted criminal justice reform in Indiana. The bill includes provisions for mandatory de-escalation training and misdemeanor penalties for officers who turn off body cameras with the intent to conceal and it bans chokeholds in certain circumstances. The budget allocates \$70 million to help the Indiana Law Enforcement Academy implement the changes.

Looking Ahead

Upon recess of the General Assembly on April 22, 2021, lawmakers returned to their respective districts. It was a unique and challenging socially distanced session, but there is still work to be done to reapportion legislative districts this fall.

On May 10, the Legislative Council of the Indiana General Assembly announced interim study committee topics for 2021. The committees will meet during the summer and fall months to study each issue ahead of the 2022 legislative session. Among the topics, notable issues include: education mandates on schools; unemployment programs for GIG economy workers and independent contractors; review of tax incentives and workforce-related programs; affordable housing, workforce housing and “missing middle” housing; energy and wastewater infrastructure concerns under the jurisdictions of the 21st Energy Policy Development Task Force and the Task Force for Wastewater Infrastructure Investments and Services to Underserved Areas.

Taft’s Public Affairs Strategies Group will continue to represent its clients to address federal, state, and local government affairs needs. Including, but not limited to, advocating federal community project grant requests, monitoring implementation of new laws, preparing applications for state-administered grant programs, appearing before interim study committees, and reporting on the reapportion of legislative districts.

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