

# Policy Advisory Group Report

## Members

- Bob Bishop
- Ty Brown
- Kendell Culp
- Steve Eberly
- Mel Egolf
- Martin Evans
- David Flinn
- David Hess
- David Hoar
- Larry Holscher
- Randy Kron
- Phil Leiberling
- Morris Mills
- Jeff Quyle
- David Ring
- Denise Scarborough
- Kevin Underwood
- Ed Yanos

## Government & Fiscal Policy Advisory Group

The Government and Fiscal Policy Advisory Group met on June 22 at Indiana Farm Bureau. Following introductions, a 2015 legislative update was provided by Katrina Hall, director of state government relations, to refresh their knowledge of Indiana's fiscal landscape and to consider how INFB policy should be revised. Hall also gave the group information about the level of CFB member engagement during the session, and stressed how much difference our grassroots made in INFB's significant legislative victories.

The 2015 legislative review included specifics and in-depth discussion about INFB legislative victories and other tax legislation:

- Farmland tax relief of \$250 million for years 2016-2018 resulting from freezing the soil productivity factors for the fourth year in a row and freezing the base value of \$2,050 for 2016 taxes. The value for the following years is the lesser of the normal formula, or the previous year base times the average growth quotient, which for 2015 was 2.7 percent.
- Expanded definitions of agricultural use to be used by county assessors in the assessment of farmland.
- Clarification that timber harvesting is an ag use for land assessments, and that equipment used to harvest timber should receive the ag exemption from sales tax.
- Changes in assessor qualifications so that prospective candidates will not be inhibited by the \$5,000 cost to get a Level III assessor/appraiser certification.
- Limitations on forced annexations that protect the rights of landowners.
- Authorization of a water monitoring network with a \$200,000 per year DNR appropriation.
- \$50,000 in the state budget for an ag zoning study to be completed by Purdue before Nov. 1.
- \$500,000 per year additional funding for the Indiana State Board of Animal Health.

While additional funding was provided in the state budget, each public school will be impacted differently, and many rural schools

do not fare well in the formula.

No progress was made this session on additional funding for local roads.

There was also discussion about lack of funding for county government in light of expanding responsibilities, including the criminal code revision that occurred in the 2014 session.

The predatory nature of the Department of Revenue sales tax audits that target farmers was stressed as a problem, as well as the overall tax burden of agriculture compared with homeowners.

The PAG had lunch with David Reynolds, who is the senior fiscal analyst for the senate majority caucus. He discussed the farmland assessment/tax problem and big box assessments, and also asked for input from the group on any and all issues important to them. Since the group has several county commissioners and county councilmen, they filled Reynolds in on the financing troubles of county government and the severity of the need for more local road funding.

The Government and Fiscal Policy PAG joined the Transportation PAG for the road funding discussion with Rep. Ed Soliday (R-Valparaiso), who laid out his vision for how additional road funding would be justified and pursued. INDOT is working with a consultant group to create a model that will prioritize road projects and the level of funding needed. He expects that any new funds for local roads would be addressed through multiple revenue sources, and at this point every idea is on the table. Using local effort as a criteria for new state dollars for local roads was discussed, and he will push to have a variety of revenue sources considered.

Members of the PAG reported on local participation in the Regional Cities Initiative grant opportunity that was passed by the General Assembly this year. Counties of all PAG members are considering possibilities for regional development that may or may not include cities. County officials are debating locally, and the PAG members believe INFB should internally be debating how regional efforts can help rural areas.

Policy resolutions that had been submitted by CFBs that pertained to this PAG were distributed to the PAG for comment by email after the meeting. Because there were so many reaffirmations and limited new ideas, the PAG had no specific policy changes for the resolutions committee, but recommended the following:

- **The PAG suggested that INFB gather more information and increase focus on these issues for the PAG's future study, and also as an information source for all INFB members:**

- Level of farmland taxes in surrounding states.
- Profiling that seems to be going on in sales tax audits by the DOR.
- Finding out how the cost of services is spread to various taxpayers.
- Analysis of how super abatements and TIF incentives impact farmers.
- The increasing cost to farmers of fire territories and EMS services.
- How regional cities concepts are developing across Indiana.
- **The PAG agreed that INFB strategic action should:**
  - Continue emphasis on the farmland formula as the tax per acre is still too high under current market conditions, in spite of relief achieved.
  - Settle the soil productivity factor issue once and for all.
  - Push for additional local road funding by most methods that will be considered, realizing this cannot be achieved without a tax/fee increase of some kind.
  - Consider the opportunities of regional efforts, realizing rural county resources are scarce.
  - Leave government reorganization alone as much as possible.
  - Support diverse agriculture enterprises, such as local food and farmers markets, to keep up with the public's focus on where food comes from, and gather data on the economics of these opportunities to farmers.

The group will meet again before the end of 2015 to review data gathered and resolutions adopted by the delegate body. INFB members with ideas for this PAG should contact Katrina Hall or any PAG member to discuss.

## **CALL TO ACTION**

### **County Farm Bureaus should:**

- Continue to tell member tax stories to state legislators and local decision makers.
- Open or maintain lines of communication with local school officials about their funding and how that might be addressed.
- Work to engage county commissioners on the road funding issue and facilitate conversations between them and state legislators.

Questions regarding the activities of the Government and Fiscal PAG can be directed to one of the group members or to [Katrina Hall](#), 317-692-7815, the Farm Bureau staff member facilitating the group.