

Indiana Builders Association

Legislative Report



2023 Legislative Session Recap

The Indiana General Assembly adjourned in the early hours on April 28, passing the state's 2-year [budget](#) and ending the 4-month legislative session a day ahead of the April 29 deadline.

The legislature passed 23% of the 1,000+ [introduced bills](#). Below is a breakdown of the legislation filed and passed in each Chamber.

	2023 Bills by the Numbers		
	<u>Senate</u>	<u>House</u>	<u>Total</u>
Bills Introduced	435	645	1080
Bills Passed	114 (26%)	138 (21%)	252 (23%)

IBA's Government Affairs Team is pleased to report that we *delivered on 4 out of 5 of our priority issues* including:

- State funding for housing infrastructure
- Residential TIF flexibility
- Balanced state building commission & consistent code adoption process
- BYF Indiana funding*

**Additional funding for mobile workshops with virtual reality simulators in construction-related professions was cut from the budget during final negotiations.*

Please review the summary of action on legislation of importance to the housing industry below. You can track the status of legislation sent to Governor Holcomb for signature into law [here](#). Please continue to follow legislative and regulatory issues throughout the year in the [Builder Bi-Weekly](#). Thank you for your advocacy this session!

Legislation of Interest that Passed

Residential Housing Infrastructure Assistance Program

Summary: [HEA 1005](#) establishes the residential housing infrastructure assistance program and revolving fund, with a \$75M allocation in the [state budget](#) over the biennium, for political subdivisions to reduce the cost for infrastructure projects related to the development of residential housing. The bill requires the Indiana Finance Authority to prioritize loan applications for communities with housing-friendly zoning and silos 70% of the funding for municipalities with a population of less than 50,000. The bill removes the 1% growth cap for establishing a residential housing development program and a tax increment allocation area and eliminates the requirement to obtain approval from the school board. Additionally, the legislation shortens the program termination date to twenty years (currently 25 years) and allows a county to designate an economic development target area (currently limited to a town or city). Additional safeguards for residential TIF were added to [HEA 1454](#) and require redevelopment commissioners to report the following information annually for each tax increment

financing district for the previous year: the number of houses completed under the residential housing development program and the average price of the houses sold in the allocation area (expires June 30, 2027).

Position: **Support.** These financing tools help attract investment, spur economic development, and help communities grow by offering low-interest loans to communities to fund housing infrastructure and greater flexibility in establishing residential TIF. The legislation is an outgrowth of the Housing Task Force's comprehensive review of housing data that yielded [16 recommendations](#) to improve housing supply.

Author: [Rep. Doug Miller](#)

Co-Authors: [Rep. Timothy O'Brien](#), [Rep. David Hall](#), [Rep. Edward DeLaney](#)

Sponsors: [Sen. Linda Rogers](#), [Sen. Chris Garten](#), [Sen. Jeff Raatz](#), [Sen. Jon Ford](#), [Sen. Ed Charbonneau](#), [Sen. Lonnie Randolph](#)

Fire Prevention and Building Safety Commission

Summary: [HEA 1575](#) modifies the composition of the existing Fire Prevention and Building Safety Commission with a more balanced membership (currently 2/3 of appointees are architects, engineers, and fire service) to cover the design, construction and inspection of structures regulated by the statewide building codes. The bill also establishes a consistent code adoption process with a limit of 3 codes per year and no sooner than 5 years from when the last code was adopted. The bill delays enforcement of new statewide building codes until 6 months after they're adopted (currently 30 days). Finally, the bill prohibits local ordinances more stringent than the statewide building codes while providing an annual review process for the Commission to consider amendments to the codes from local units of government.

Position: **Support.** This legislation addresses the imbalanced membership on the state's building commission, which has given architects, engineers, and fire service the upper hand and has resulted in an unprecedented attempt to fast-track the adoption of 8 new building codes in 2024.

Author: [Rep. Timothy O'Brien](#)

Co-Authors: [Rep. Randall Frye](#), [Rep. Steve Bartels](#), [Rep. Doug Miller](#)

Sponsors: [Sen. Linda Rogers](#), [Sen. Chris Garten](#), [Sen. Mike Gaskill](#)

State Budget Funding That Helps Housing

Summary: [HEA 1001](#) is the state's 2-year budget with funding for several IBA-supported initiatives:

- \$75M over the biennium for the residential housing infrastructure program established in [HEA 1005](#) to provide a revolving loan fund for political subdivisions to reduce the cost for infrastructure projects related to the development of residential housing. The Indiana Finance Authority estimates that after year five, \$150M in loans could be generated in each future year and a total of \$3.2B in low interest loans could be provided after 25 years.
- \$2M over the biennium for the [Build Your Future Indiana](#) program, administered by the Indiana Construction Roundtable Foundation, to encourage and promote careers in construction (an increase of \$150,000/year).
- \$8M over the biennium for Attainable Homeownership Tax Credit to incentivize private investment in single-family homeownership development for low to moderate income Hoosiers by providers like Habitat for Humanity.
- \$40M over the biennium for [Indiana Destination Development Corp.](#) to attract and retain businesses, talent, students, and visitors in our great state.

Position: **Support.** In addition to the above state-funded initiatives, IBA strongly advocated to secure an additional appropriation to expand the BYF Indiana program to include two hands-on mobile

workshops, housed in custom-built trailers fabricated with virtual and augmented reality simulators in 12 high-wage, in-demand professions in manufacturing, construction, and transportation. As the bill passed the Senate, \$4.1M was allocated to provide one mobile workshop; however, the additional funding was cut during final budget negotiations.

Author: [Rep. Jeffrey Thompson](#)

Co-Authors: [Rep. Gregory Porter](#), [Rep. Robert Cherry](#)

Sponsors: [Sen. Ryan Mishler](#), [Sen. Chris Garten](#), [Sen. Travis Holdman](#), [Sen. Eddie Melton](#)

Home Warranties

Summary: [HEA 1315](#) updates the new home construction warranties statute to include new single-family homes in build-for-rent communities. The bill allows a builder to disclaim implied warranties for a new home that is first occupied by a person renting the home as a residence from the initial home buyer, as is currently allowed by statute for owner-occupied homes. The bill also allows a builder to disclaim implied warranties on a model home in the same manner as a home that is first occupied as a residence.

Position: **Support.** This change to the statute on new home construction warranties clarifies that the warranties on a new home begin at occupancy, regardless of whether the occupant is the owner or a renter.

Author: [Rep. Doug Miller](#)

Co-Authors: [Rep. Jake Teshka](#), [Rep. Chris May](#), [Rep. Justin Moed](#)

Sponsors: [Sen. Scott Baldwin](#), [Sen. Linda Rogers](#)

Live Streaming and Archiving of Meetings

Summary: [HEA 1167](#) requires governing bodies of state and local agencies to livestream their meetings on publicly accessible platforms and archive the recordings with links to agendas and minutes. The bill also requires governing bodies without Internet capability for live transmission of public meetings to record the meetings and allows for the transmissions and recordings to be destroyed after 90 days.

Position: **Support.** Live streamed, archived meetings provide transparency that is essential for effective governance. Providing online access to public meetings keeps citizens and those in the regulated community informed.

Author: [Rep. Ben Smaltz](#)

Co-Authors: [Rep. Jim Pressel](#), [Rep. Doug Miller](#), [Rep. David Abbott](#)

Sponsors: [Sen. James Buck](#), [Sen. Mike Gaskill](#), [Sen. Tyler Johnson](#)

State Government Reform

Summary: [HEA 1623](#) establishes the Government Reform Task Force and makes changes concerning the adoption of administrative rules, including: (1) Requires budget agency and office of management and budget review of a regulatory analysis of all proposed rules. (2) Requires a state budget committee review of rules adding or increasing fees, fines, or civil penalties. (3) Requires publication of the text of a proposed rule in the first public comment period and allows a proposed rule to be adopted after one public comment period if no substantive public testimony is received and the rule is not more stringent than applicable federal standards. (5) Requires rules to be readopted after 5 years (currently 7 years). (6) Requires agencies to webcast public hearings and allow remote testimony.

Position: **Support.** Adds greater transparency to and gives the legislature more oversight of state agency rulemaking.

Author: [Rep. Steve Bartels](#)

Co-Authors: [Rep. Doug Miller](#), [Rep. Jack Jordan](#)

Sponsors: [Sen. Chris Garten](#), [Sen. Eric Koch](#), [Sen. Blake Doriot](#), [Sen. John Crane](#), [Sen. Tyler Johnson](#)

Taxation of Pass-Through Entities

Summary: [SEA 2](#) enables pass-through entities to pay state income tax at the business level, rather than at the individual level. The law is retroactive to January 1, 2022, which guarantees a full three years of tax relief before the SALT cap sunsets in federal law.

Position: **Support.** Provides federal tax relief to most Hoosier businesses. This was the first bill signed into law by Governor Holcomb after receiving unanimous votes in both chambers this session.

Authors: [Sen. Scott Baldwin](#), [Sen. Chris Garten](#)

Co-Authors: [Sen. Jon Ford](#), [Sen. Linda Rogers](#), [Sen. Kyle Walker](#), [Sen. Fady Qaddoura](#), [Sen. Lonnie Randolph](#), [Sen. Brian Buchanan](#).

Sponsors: [Rep. Craig Snow](#), [Rep. Jeffrey Thompson](#), [Rep. Edward DeLaney](#), [Rep. Gregory Porter](#)

Education and Workforce Development

Summary: [HEA 1002](#) expands work based learning opportunities in high schools and establishes a career scholarship account (CSA) program for students to pay for career training with \$15M over the biennium in the state budget. Participating students can use the \$5,000 CSAs to pay for apprenticeships, coursework, or certification. Beginning July 1, 2024, schools must include instruction for students on career awareness. The bill also requires high schools to hold at least one career fair a year during regular school hours for students in grades 11 and 12 and requires students in those grades to meet with at least one (1) approved post-secondary educational institution, intermediary, employer, or labor organization for not less than thirty (30) minutes to discuss career opportunities and the necessary education levels for various careers.

Position: **Support.** IBA and the Indiana Construction Roundtable Foundation support efforts to align high school curriculum and career training with workforce needs. Access to students through career fairs is a critical component of the [Build Your Future Indiana](#) Program.

Author: [Rep. Chuck Goodrich](#)

Co-Authors: [Rep. Robert Behning](#), [Rep. Michelle Davis](#), [Rep. Wendy McNamara](#)

Sponsors: [Sen. Jeff Raatz](#), [Sen. Chris Garten](#), [Sen. Linda Rogers](#)

Floodplain Mapping

Summary: [SEA 242](#) repeals the requirement that local floodplain administrators use the Indiana Dept. of Natural Resources (DNR) "best floodplain mapping data" located on the Indiana Floodplain Information Portal when reviewing an application for a permit to authorize construction in or near a floodplain. Provides that, after June 30, 2023, a county or municipality may not issue a permit for construction activity in or near a floodplain unless the permit applicant is allowed to elect whether the local floodplain administrator will use: (1) the department's "best floodplain mapping data"; or (2) an engineering study provided by the permit applicant; in reviewing the permit application. Prohibits a local floodplain administrator from issuing a permit authorizing a structure or construction activity in or near a floodplain if the issuance of the permit will violate National Flood Insurance Program requirements. Provides training requirements for the floodplain administrator of a county or municipality beginning July 1, 2025. Allows a person to request a review by DNR of their "best floodplain mapping data" that applies to the person's parcel of real property and requires DNR to conduct the review at no cost to the person and to use a detailed hydrologic modeling method in conducting the review. Provides that: (1) if the person requesting the review has applied to a local floodplain administrator for a permit authorizing the construction of a structure or other construction

activity on the parcel of real property; and (2) the department does not complete the review within 120 days after the review was requested; the person may elect whether the local floodplain administrator, in reviewing the person's permit application, will use the department's "best floodplain mapping data" or an engineering study provided by the person. Provides that, in the disclosure form that is adopted by the Indiana real estate commission and that must be submitted to a prospective buyer of real estate before the prospective buyer's offer is accepted, the owner of real estate must disclose the fact that all or a portion of the owner's real estate is located within a community's floodplain boundaries, as indicated in a Federal Emergency Management Agency Flood Insurance Rate Map, if the owner has personal knowledge of that fact.

Position: **Support.** This legislation ensures property is correctly rated, homeowners can perform necessary maintenance and repairs to their property and are spared from paying high flood insurance premiums, and land remains buildable.

Authors: [Sen. Jean Leising](#), [Sen. Chris Garten](#), [Sen. Jeff Raatz](#)

Co-Authors: [Sen. Mike Gaskill](#), [Sen. James Buck](#), [Sen. Jon Ford](#), [Sen. James Tomes](#).

Sponsors: [Rep. Beau Baird](#), [Rep. Brad Barrett](#), [Rep. J.D. Prescott](#), [Rep. Shane Lindauer](#).

Residential Onsite Sewage Systems

Summary: [HEA 1402](#) requires approval from the Technical Review Panel (TRP) for the Indiana Dept. of Health to update the residential onsite sewage systems rule (rule) and for local health departments to enforce ordinances that pertain to new technology or vary from the rule. The bill allows the rule to be updated every two years and delays the effective date for rule updates for 180 days. Other provisions in the bill include: prohibits the installation of a system less than 25 feet from the edge of a sinkhole; allows a system to be installed if at least one site on the lot is suitable (currently 2 suitable lots are required); voids ordinances adopted by local health departments that require an inspection of a septic system that is more stringent than the rule; requires the local health dept. to issue a permit to install a system within 30 days under certain conditions; establishes a procedure and timeframe to address failing systems; allows an individual who is an IOWPA-licensed inspector or installer in at least one Indiana county to provide service in any county in Indiana but may be required to pay a county license fee.

Position: **Support.** Improving the process for approval, installation, and inspection of residential onsite sewage systems helps our members who build homes served by these systems. Rep. Pressel addressed our concerns about delaying the sunset provision for existing local ordinances and vague language that could have resulted in frequent rulemaking.

Author: [Rep. Jim Pressel](#)

Co-Author: [Rep. Doug Miller](#)

Sponsors: [Sen. Rick Niemeyer](#), [Sen. Chip Perfect](#)

Residential Housing Development Program for Marion County

Summary: [HEA 1157](#) allows the Marion County redevelopment commission to utilize residential TIF (currently available to all other counties).

Position: **Support.** Residential TIF is a valuable financing tool to help communities grow.

Author: [Rep. Justin Moed](#)

Co-Authors: [Rep. Doug Miller](#), [Rep. Renee Pack](#), [Rep. Chris May](#)

Sponsors: [Sen. Kyle Walker](#), [Sen. Jack Sandlin](#), [Sen. Andrea Hunley](#), [Sen. Fady Qaddoura](#), [Sen. J.D. Ford](#), [Sen. Lonnie Randolph](#)

Land Use Bills

Summary: [Rep. Kendell Culp](#) authored two bills pertaining to land use: [HEA 1132](#), sponsored by [Sen. James Buck](#), creates the land use task force to study (1) areas where food insecurity exists; (2) development growth trends in rural, suburban, and urban communities across Indiana; and (3) other community growth issues. [HEA 1557](#), sponsored by [Sen. Jean Leising](#), requires the Dept. of Agriculture to conduct an inventory of "lost" farmland from 2010-2022 and identify the primary cause of the reduction.

Position: **Support.** The Land Use Task Force includes a representative of the residential construction industry, and IBA will ensure that discussions about growth and development include housing.

Homestead Standard Deduction

[SEA 325](#) modifies the definition of a homestead for the purposes of the homestead standard property tax deduction and provides that, for assessment dates after December 31, 2023, "residential property" includes any other land, building, or residential yard structure, including a deck, patio, gazebo, or pool that is not attached to a dwelling that: (1) is not part of a homestead; and (2) is predominantly used for a residential purpose. This change allows a home, one attached or detached garage and one additional building not being used for commercial purposes on a one-acre parcel of land to be considered part of a property owner's homestead and therefore eligible for the 1% property tax cap.

Author: [Sen. Brian Buchanan](#), [Sen. Mike Gaskill](#), [Sen. Linda Rogers](#)

Sponsors: [Rep. Jeffrey Thompson](#)

Sale of Tax Sale Properties to Nonprofits

[HEA 1627](#) applies the tax sale statute concerning the sale of real property to eligible nonprofit entities for low- or moderate-income housing applies to all counties (currently applies only to a county having a consolidated city).

Author: [Rep. Maureen Bauer](#)

Co-Authors: [Rep. Justin Moed](#), [Rep. Chris May](#), [Rep. Jake Teshka](#)

Sponsors: [Sen. Linda Rogers](#), [Sen. David Niezgodski](#), [Sen. Michael Young](#), [Sen. Ryan Mishler](#), [Sen. Rodney Pol](#)

Legislation of Interest That Died

Clarification of Class III Wetlands

Mid-session, IBA was notified by property owners and their environmental consultants who conduct wetland delineations that following the passage of [SEA 389](#) in 2021, IDEM is pushing what had historically been classified as Class I wetlands into the more restrictive Class II and Class III wetlands categories. To align the statute more closely with the legislative intent of SEA 389, IBA supported an amendment that changed or to and for only Class III isolated wetlands, thereby eliminating the elevation of Class I and Class II wetlands to Class III status. While IBA's Government Affairs Team believed the votes were present to pass the language out of the House and Senate, it was likely the language would have been vetoed by Governor Holcomb. After meetings with IDEM and Governor Holcomb on the issue, IBA will work with IDEM to resolve the issue administratively and will pursue legislation in 2024 if necessary. For the next six months, IBA will actively monitor permit requests for projects that impact isolated wetlands and will report back to the Governor and House and Senate leadership on how things are progressing with IDEM and the regulated community.

Position: **Support** **Status:** Dead **Amendment Authors:** [Rep. Doug Miller](#), [Rep. Matt Lehman](#)

Right-of-way and Thoroughfares

[SB 132](#) required a county to use eminent domain to increase the apparent right-of-way for a county highway and requires a county, city, or town to use eminent domain to establish or expand a thoroughfare.

Position: **Support** **Status:** Dead **Author:** [Sen. Blake Doriot](#)

Economic Improvement Districts

[SB 261](#) allowed homeowners to fund a % of the project through a special assessment under certain conditions.

Position: **Support** **Status:** Dead **Authors:** [Sen. Brian Buchanan](#), [Sen. Scott Baldwin](#)

PLAs on Public Works Projects

[HB 1024](#) prohibited the use of project labor agreements (PLAs) on public projects with a construction manager as constructor (CMc) to allow open competition for taxpayer-financed construction projects. The bill was [amended](#) in the Senate Committee on Pensions and Labor to allow a CMc to perform up to 30% of the work on the project (currently 20%).

Position: **Support** **Status:** Dead **Author:** [Rep. Jerry Torr](#) **Sponsor:** [Sen. Linda Rogers](#)

Other Bills Filed Pertaining to Labor Issues

Employee misclassification ([SB 32](#), [HB 1375](#)), repeal of Right to Work law ([HB 1102](#)), and minimum wage increases ([HB 1192](#), [HB 1394](#), [SB 366](#)), as well as [SB 330 Payroll information on public finance construction](#), which subjected contractors on public and tax-advantaged projects to additional reporting requirements, including completion of a weekly report of wages and hours of the contractor's employees' and made available to both the public entity contracting the project and/or offering tax incentives and the Indiana Department of Labor.

Position: **Oppose** **Status:** Dead

Environmental Scrutiny Before Property Transfer

[HB 1218](#) required inspection of residential and commercial onsite sewage systems and water well testing before property transfer.

Position: **Oppose** **Status:** Dead **Author:** [Rep. Mike Aylesworth](#)

Electric Vehicle Compatible Construction Standards

[HB 1135](#) mandated electric vehicle (EV) infrastructure in new homes built after December 31, 2023.

Position: **Oppose** **Status:** Dead **Authors:** [Rep. Carolyn Jackson](#), [Rep. Earl Harris](#)

Bonding for Remodelers

[SB 244](#) required home improvement suppliers to obtain a \$50,000 surety bond.

Position: **Oppose** **Status:** Dead **Authors:** [Sen. Jack Sandlin](#), [Sen. Gary Byrne](#)

Special Inspections and Tests

[SB 333](#) changed the qualification requirements for an applicant of a design release, paving the way for the commission to mandate special inspections and tests for commercial construction, which includes apartments.

Position: **Oppose** **Status:** Dead **Authors:** [Sen. Mark Messmer](#), [Sen. Blake Doriot](#)

Residential TIF Allocation to Respective Taxing Units

[HB 1085](#) required that one member of a redevelopment commission be appointed by the local school board and required 5% of the amount collected in an allocation area be allocated to school corporations and another 5% allocated to police or fire services.

Position: **Oppose** **Status:** Dead **Author:** [Rep. Robert Cherry](#)

HOA Study Committee

[SB 195](#) established a study committee to review HOA fines, accounting and fiduciary responsibilities, and maintenance and utility contracts if the homeowners association ceases to exist.

Position: Neutral

Status: Dead

Author: [Sen. J.D. Ford](#)

Sponsor: [Rep. Donna Schaibley](#)

Indiana Builders Association Advocacy Team

We serve as a resource on issues that impact the home building industry. Please contact us if we can be of service.



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