

Indiana Advisory Commission on Intergovernmental Relations

Monday December 12, 1996 Meeting, 1:00 PM

Senate Committee Room 233

Indiana State House

MINUTES(amended and adopted)

CALL TO ORDER

Chairperson Sue W. Scholer announced there was a quorum present (see attendance sheet attached) and called the meeting to order at approximately 1:10 P.M.

AGENDA

- | | |
|---|----------------------------|
| - Call to Order | Chairperson Sue W. Scholer |
| - Approval of Minutes of September 16, 1996 and September 30, 1996 Meetings | Commission Members |
| - State Board of Tax Commissioners Fair Market Value Study Recommendations | Dr. Larry DeBoer |
| - Welfare Reform Presentation | Kerry Wiersma |
| - Child Welfare Report Presentation | Tracy L. Williams |
| - Proposed Bill Discussion | Commission Members |
| - Other Business | |
| - Next Meeting | |
| ?? Adjournment | |
-

APPROVAL OF MINUTES

Representative Scholer asked for questions or comments in regard to the minutes of the September 16, 1996 and September 30, 1996 meetings. Mayor Berkemeir motioned for the approval of both sets of minutes. The minutes were approved unanimously.

STATE BOARD OF TAX COMMISSIONERS FAIR MARKET VALUE STUDY

Dr. Larry DeBoer, project director, gave an abbreviated version of the Fair Market Value Study's final findings that were presented to the Real Property Assessment Practices Committee of the Indiana Legislature on December 10, 1996. The focus of his presentation was the projected impact on different

classes of property tax payers that will result from Indiana's transition to a fair market value assessment system. Dr. DeBoer also emphasized the intergovernmental impacts the revision will have in Indiana.

Mr. Cockrum said that when Indiana starts to make decisions with regard to how to change the assessment practices (true value vs. fair market value), the *process* (i.e. organization and division of responsibilities) of assessment at the state, county and township levels cannot be ignored.

Senator Zakas suggested the idea of lowering the township population cut off in order to have a full time elected assessor rather than a part-time trustee assessor. In Indiana, townships with a population of 8,000 or more have an elected township assessor (170 in total); townships with a population between 5,000-8,000 have the option of electing a township assessor; and those with populations less than 5,000 have trustee assessors. Currently in Indiana there are 1008 township assessing jurisdictions where approximately 70% of all elected township assessors are full-time assessors, while 92% of all township trustee-assessors are part-time assessors.

Ms. Gentry said that Indiana assessors at the county and township levels are not required to be certified assessors. Also, there is no quality assurance with regard to assessments in Indiana.

Representative Scholer said that citizens are going to be most concerned with is who is going to be responsible for the shift in the property tax burden (i.e. commercial or residential, new homes or old homes).

Senator Joe Zakas said that it was his understanding that there are several homeowners in Lake County who pay less than \$200 in property taxes a year. Often, this is the result of depreciation of a home and numerous property tax deductions. Is it possible that basic services such as police/fire protection are not being covered? The senator asked whether the IACIR should study whether a "basic services minimum tax" exists in other states or could be developed. Staff was charged with determining if a dollar amount can be calculated for basic services.

Representative Goeglein suggested that corrections be added to the formula of basic services. Mr. Krauss reminded commission members that perhaps we should include schools in our examination, because they are accountable for 50+ percent all property tax levies in many jurisdictions.

Mr. Cockrum suggested that it may be a good idea to investigate veteran deductions. He gave the example that some veterans receive deductions large enough to create a credit on their excise tax. He re-emphasized the lack of a property tax "floor" with respect to paying for basic services.

WELFARE REFORM

Kerry Wiersma, federal budget analyst for the Indiana State Budget Agency, presented a brief overview of the impact of welfare reform on Indiana (see attached handout). Senator Craycraft expressed concern about the letters he receives from young mothers who want to pursue a higher education, which

takes four years, even though they are only eligible for two years of child care assistance under the new law.

Representative Scholer shared the concern expressed at a recent conference that states will be tempted to use their savings from some programs, rather than reinvesting them. Although some programs are experiencing surpluses in their budgets now, there are anticipated additional federal cuts in future program budgets that will force programs to find alternative means of revenue.

CHILD WELFARE REPORT

Because of time constraints, Tracy Williams, IACIR staff research assistant gave an abbreviated presentation of the report *Indiana Child Welfare: The State of Our Children*. Ms. Williams detailed how in 1993, Indiana's percentage of substantiated and indicated reports of child neglect and physical abuse were consistent with its contiguous states, as well as the nation. However, the report found that the percentage of indicated and substantiated sexual abuse cases in Indiana is nearly two times that of the rest of the nation. In 1993, 2.9 children per 100,000 in Indiana were victims of maltreatment related fatalities compared to the national average of 1.5 children per 100,000 in the population. As reported by the Family and Social Service Administration (FSSA), child welfare expenditures increased 563 percent from 1985 to 1995, while inflation averaged 3.4 percent per year during this period. In Indiana in 1994, child welfare was supported by 17 percent federal dollars, 2 percent state funds and 81 percent local property tax levies. Conversely, all other welfare program were funded by 66 percent federal dollars, 33 percent state, and 1 percent local. Ms. Williams also presented the daily expense for the care of abused and neglected children, as well as the increase in the percentage of children in the child welfare system being placed in out-of-home care.

Ms. Gentry questioned Indiana's ability to capture more federal money to fund child welfare. Ms. Williams confirmed that Indiana has doubled its IV-E reimbursement (federal reimbursement for eligible children) from \$15 million in 1993 to \$30.5 million in 1995. However, some of this increase can be accounted for in the state's recent effort to receive retroactive federal reimbursement.

PROPOSED BILL

The chair indicated that all members should have received a copy of the proposed bill for re-authorization of the IACIR, in addition to an outline comparing the original authorizing bill to the bill prepared for introduction to the 1997 Indiana General Assembly.

Senator Zakas suggested that there should not be any restriction on re-appointments. Mr. Gyure questioned how the original members of the IACIR were chosen. Representative Scholer said that the Legislative Council chose the legislative IACIR members and appointed the chair and vice chair. Organizations such as Indiana Association of Cities and Towns, the Association of Indiana Counties, and the Indiana Township Association recommended the members representing local government.

Mr. Cockrum requested more information about why the proposal to add the commissioner of the State Department of Health and the secretary of the Family and Social Service Administration to the IACIR was developed. Mr. Krauss explained that with the IACIR's interest in welfare reform, child welfare, and property taxes that support the significant amount of these programs, it seemed appropriate to include representative from such agencies in the IACIR's discussions.

Senator Zakas felt that adding more local representation would be more beneficial. Ms. Gentry suggested adding the people mentioned earlier as members on an exoffio basis, where they would not have voting privileges nor count towards a quorum. Through further discussion, it was agreed that the line in the bill appointing the director of the Department of Commerce should be restated to indicate specifically the Lieutenant Governor as a commission member. There also was consensus that IDEM representation would be removed from the IACIR roster. Likewise, it was suggested that representation from departments such as IDEM and FSSA be invited to participate in IACIR discussions when the chair feels its appropriate. Legislative Services will be advised of additional changes to the bill, and staff will forward members a copy of the final bill for introduction.

OTHER BUSINESS

Staff indicated that only 16 percent of the 150 legislators had completed and returned the local government survey. Preliminary results were distributed, through this is not a representative sample and conclusions cannot be drawn.

NEXT MEETING

Representative Scholer will be arranging a joint meeting with the Governmental and Regulatory Affairs Committee chaired by Senator Beverly Gard and the Local Government Committee chaired by Representative Dan Stevenson. It is the intent of the IACIR to meet with these committees in the first or second week of the 1997 General Assembly.

ADJOURNMENT

The meeting was adjourned at approximately 3:30 P.M.