



By Caryl Auslander • January 16, 2023

Local, state, and federal highlights in this week's memo include:

- **DOR Releases Guidance on Automatic Tax Payer Refund**
- **Indiana Lawmaker Proposes Changes to the Business Personal Property Tax**
- **IEDC Partners with California-Based Business Development Contractor**
- **Indiana State Representative to Run for New Albany Mayor**
- **Inflation Rate Fell to 6.5% in December**
- **U.S. DOE Unveils Student Loan Program Overhaul**
- **Important Dates**

DOR Releases Guidance on Automatic Tax Payer Refund

What's new: The Indiana Department of Revenue (DOR) has released some additional guidance regarding the Automatic Taxpayer Refund.

The details: Some Hoosiers will be able to claim the money as a refundable tax credit. Those eligible for the tax credit must meet the following conditions:

- They were not eligible for the initial, \$125 Automatic Taxpayer Refund sent in 2022
- They received Social Security benefits in 2022
- They are not claimed as a dependent on someone else's tax return

Zoom out: The state sent a pair of taxpayer refunds last year, with the initial \$125 sent in accordance with state law after Indiana had a budget surplus. The legislature approved a second \$200 refund during its summer special session and expanded eligibility guidelines.

How it works: To get the refundable tax credit, Hoosiers must file an Indiana tax return by Dec. 31, 2023, and claim the \$200 as a refundable tax credit.

- Additional information on claiming the \$200 refund as a credit is included in 2022 tax year instruction booklets and will also be part of DOR-certified tax preparation software products. You can find [the state's tax booklets and forms for 2022 here](#).
- DOR added that some individuals who qualify for the Unified Tax Credit for the Elderly (Form SC-40) may also be able to claim the Automatic Taxpayer Refund if they meet certain requirements. ([Wane15](#))

Indiana Lawmaker Proposes Changes to the Business Personal Property Tax

What's new: Indiana State Representative Peggy Mayfield, R-Martinsville, is reviving an effort to make changes to the business personal property tax that would offer a bit of a windfall to small-business owners while reducing local government revenue.

The details: Mayfield is filing legislation that would raise the exemption that determines which companies must pay the business personal property tax. Her bill would exempt all companies that own machinery, equipment and other tangible goods that cost them, in total, less than \$250,000. The current threshold is \$80,000.

- The proposed change could essentially eliminate as many as 48,000 tax returns, according to past legislative estimates.

Yes, but: Local government leaders harshly opposed the proposed cut that would have slashed local revenues by \$100 million statewide by the year 2037, according to a fiscal impact study by the Legislative Services Agency. A study by Indianapolis-based economic research firm Policy Analytics also found that eliminating the depreciation floor would have resulted in residential homeowners paying a larger share of the overall tax burden.

Zoom out: Efforts to reduce the personal property tax on businesses has been ongoing to decades. The concept has the support of House Speaker Todd Huston. But its chances of passage are less clear in the Senate, where leading Republicans are pushing for other ways to lower the tax burden on small business.

What they're saying:

- Some Indiana tax policy experts say Mayfield's proposal is an easier pill to swallow. "The depreciation floor affects the big businesses, whereas this threshold proposal only affects small and medium-sized businesses—which make up a much smaller fraction of personal property," said Larry DeBoer, a retired professor of agricultural economics at Purdue University who co-wrote the Policy Analytics study.
- Local government advocates say that there needs to be a funding replacement. "Further reductions, freezes or state-mandated cuts just means it's going to be that much more difficult for locals to keep up with the cost of inflation and services," said David Bottorff, executive director of the Association of Indiana Counties. He noted

state law will keep total property tax collections from increasing more than 5% in 2023, which is less than the current 7% inflation rate.

- Sen. Ryan Mishler, chair of the Senate Appropriations Committee, said he would be open to changes if there were greater demand from the business community. *“As we talked to some of the companies, at least the ones I’ve spoken with, that wasn’t one of their priorities,”* said Mishler, R-Mishawaka. *“Workforce, child care, housing—those are their priorities.”*
- Rep. Jeff Thompson, who chairs the House Ways and Means Committee, said he wants more time to analyze the state’s financial outlook before taking a position. Mayfield’s bill is expected to be assigned to the Ways and Means Committee. ([IBJ](#))

IEDC Partners with California-Based Business Development Contractor

What’s new: Last week, the IEDC announced that it has named California-based business development contractor, Jillian Ochs, to represent the state to California entrepreneurs, innovators and businesses. The goal is to both increase Indiana’s profile on the West Coast, and to get some of those people and companies to make investments in the Hoosier state.

Why it matters: This hiring is part of an emerging strategy for the agency: building a network of people in key markets around the U.S. who can scout out business opportunities for the Hoosier state.

The details: The focus will be on attracting investment from companies in future-focused industries such as life sciences, microelectronics, electronic vehicles, batteries and agricultural technology.

- According to the professional services agreement between the IEDC and Ochs, The agency will pay Ochs \$13,000 per month, which works out to \$156,000 for the one-year contract.
- In return, Ochs will be expected to come up with 250 West Coast-based companies and share that information with the IEDC.
- She will also be tasked with participating in at least one conference or event per month and having at least 20 *“targeted opportunity”* meetings and three *“strategic stakeholder”* meetings per month.
- After three months, she will also be expected to make an average of 2.5 *“relevant referrals”* to the IEDC of projects that the agency can develop into potential Indiana investment deals within 12 months.

What they’re saying: *“She [will] definitely use her network to talk about ‘Why Indiana?’ as these companies are looking to expand,”* said Ann Lathrop, the IEDC’s chief strategy officer.

- Lathrop said the IEDC sees an opportunity to attract companies that may want to relocate from California or add another location. The agency also sees potential in

luring start-ups and small companies here and in convincing California employers to hire Hoosiers as remote employees.

What's next: By the end of this year, Lathrop said, the IEDC hopes to have two additional business development offices in strategic U.S. locations—perhaps one on the East Coast and another somewhere in the Southeast. ([BJ](#))

Indiana State Representative to Run for New Albany Mayor

What's new: What's new: State Rep. Ed Clere has announced his candidacy for the New Albany mayoral race. The Republican legislator formally filed Friday to seek the mayoral seat in the 2023 municipal election. In November, Clere won re-election to District 72 in the Indiana House, and he is serving his eighth term.

What they're saying: *"I've always said you don't necessarily get to pick your timing," Clere said. "You have to be ready for opportunities as they arise. And I decided I needed to take my own advice and jump on this opportunity. I believe I'm the right person to lead New Albany into the future and I'm looking forward to the challenge."*

What's next: Friday, Feb. 3 is the deadline to file for candidacy in the municipal primary. Democrat Dylan Rash is the only other candidate who has filed at this point for the New Albany mayoral race. ([News and Tribune](#))

Inflation Rate Fell to 6.5% in December

What's new: The annual inflation rate fell from 7.1 percent in November to 6.5 percent in December, according to the [consumer price index](#), released Thursday morning. Prices fell 0.1 percent last month after rising 0.1 percent in November.

Why it matters: The hot inflation that persisted through much of last year continues to show signs of receding — offering at least some relief for shoppers, the White House and the Federal Reserve, though some underlying inflation pressure remains.

Between the lines: The Federal Reserve, which has been raising interest rates aggressively to tame inflation, is watching the services sector closely, where inflation can be more challenging to stamp out.

- A sub-index measuring price moves within the services category (excluding housing) accelerated by 0.4%, after two straight months of cooler readings
- Still, in the 12 months through December, this sub-index is up 7.4% (compared to 7.3% in November). ([Axios](#))

U.S. DOE Unveils Student Loan Program Overhaul

What's new: The U.S. Department of Education unveiled a proposal Tuesday that would overhaul a federal student loan income-driven repayment plan, and, if implemented, could help millions of low-income borrowers.

The details:

- Under the proposed rule, undergraduate borrowers would only be required to pay 5% of their income toward their loans, which would be down from the 10% required under the current income-driven repayment plan.
- The proposed rule would also amend the “Revised Pay As You Earn” federal plan to offer zero monthly payment plans to any borrowers who make less than \$30,600 a year and any borrower in a family of four who makes less than \$62,400.

Yes, but: The federal agency that would implement the plan, the Office of Federal Student Aid, handles the loans of 44 million borrowers. But it was not given an increase in its \$2 billion funding in the recent \$1.7 trillion government spending bill that covers the current fiscal year.

- Many student debt relief advocates, and some senior administration officials, are concerned on how the plan would be funded.

What they're saying:

- *“It’s true that we were very disappointed with the level of funding we received from Congress for Federal Student Aid,”* a senior administration official said. *“And that’s going to make it a challenge for us to carry out a number of our policy initiatives.”*
- *“The administration’s proposed overhaul will create the most affordable income-driven repayment plan that has ever been made available to student loan borrowers, simplify the program, and correct the mismanagement of student loan repayment data,”* U.S. House Education and the Workforce ranking member Rep. Bobby Scott, Democrat of Virginia, said. ([Indiana Capital Chronicle](#))

Important Dates

- **Friday, January 20th - Senate First Reading Deadline**
- **Tuesday, February 21st - House Committee Report Deadline**
- **Thursday, February 23rd - Senate Committee Report Deadline**
- **Thursday, February 23rd - House 2nd Reading Deadline**
- **Monday, February 27th - Senate 2nd Reading Deadline**
- **Monday, February 27th - House 3rd Reading Deadline**
- **Tuesday, February 28th - Senate 3rd Reading Deadline**
- **Tuesday, April 11th - House Committee Report Deadline**
- **Thursday, April 13th - Senate Committee Report Deadline**
- **Thursday, April 13th - House 2nd Reading Deadline**
- **Monday, April 17th - Senate 2nd Reading Deadline**
- **Monday, April 17th - House 3rd Reading Deadline**
- **Tuesday, April 18th - Senate 3rd Reading Deadline**
- **Thursday, April 27th - Anticipated Sine Die**

House Session Calendar