

By Caryl Auslander • January 23, 2023



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

- **Indiana GOP Members Join Anti-ESG Movement**
- **Indiana Congressman Jim Banks Adds Name to 2024 U.S. Senate Race**
- **FTC Takes on Noncompetes**
- **Wholesale Prices Fall 0.5 in December**
- **U.S. Reaches Debt Ceiling, With No Deal in Sight**
- **General Statehouse Update**
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Indiana GOP Members Join Anti-ESG Movement

What's new: Some Indiana Republicans want to join that coalition and eliminate any possible ESG considerations from state pension investments. At least 19 other states have attempted similar legislation, according to the Philadelphia-based Morgan Lewis law firm, which has been tracking such action.

The details: House Bill 1008 (Rep. Manning, R-Logansport) would require that the Indiana Public Retirement System make investment decisions “*solely in the financial interest of the participants and beneficiaries of the public pension system.*”

- State law already requires Indiana to make investment decisions based on the interests of beneficiaries, though, so it's unclear how much HB 1008 would actually change the state's current investment strategy.
- HB1008 would protect companies from divestment on the basis of four factors: failing to meet or commit to environmental standards, involvement with the firearms industry, contracting with U.S. Immigration and Customs Enforcement or working in fossil fuels, mining, agriculture, food animal production or mining. It would also disallow consideration of greenhouse gas emissions or hiring practices.

What they're saying:

- House Speaker Todd Huston said last week that the new law would clarify that policy and ensure INPRS, the state's requirement system, was following it. “Their job is to invest and maximize returns,” Huston said. “*Ours is to create public policy.*”
- The bill's author, Rep. Ethan Manning, R-Logansport, said that it would not preclude the state from investing in funds with an ESG label if those had higher returns or lower costs than a fund without the label. So long as INPRS is making decisions solely in the best financial interest of the participants and beneficiaries, they can continue to invest in any fund or with any bank.
- Mitch Kramer, a financial planner and founder of Fluent Financial in Dallas, is an advocate of anti-ESG policies, including the ones in his state. Kramer warned that painting an anti-ESG policy with too broad a brush could also be problematic. He warned against prohibiting all business with an investment solely because they offer ESG funds.

The bigger picture: HB 1008 is one of nine priority pieces of legislation for House Republicans this session. Other top issues include the state's biennial budget, creating more work-based learning opportunities for high school students, expanding school choice and lowering health care costs. The legislative session will run through late April. ([IndyStar](#))

Indiana Congressman Jim Banks Adds Name to 2024 U.S. Senate Race

What's new: Northeast Indiana Congressman Jim Banks jumped into the 2024 race for the U.S. Senate on Tuesday — becoming the first candidate in what is expected to be a crowded Republican field.

What they're saying:

- *“One thing is clear to me and that's that Hoosiers deserve a conservative fighter in the Senate. And Mike Braun has been a consistent conservative and we should have a conservative replace Mike Braun and I want to be that conservative leader, that conservative fighter,”* Banks said.
- *“I think it was obvious to me after being in the House for a few terms is that there aren't enough conservatives in the Senate. We saw the massive omnibus spending bill get passed in the Senate here recently with Republican support and that's only paved the way for our \$32 trillion national debt to grow even more. So, we need conservatives in the Senate who are going to fight back against the Democrats and the Biden agenda, not to go along with it,”* he said.

Some background:

- Banks grew up in Columbia City, the son of a factory worker and a nursing home cook.
- He was first in his family to go to college and met his wife while at Indiana University.
- In Congress, he has focused on veterans issues — he served in Afghanistan for parts of 2014 and 2015 while in the state Senate — and holding China accountable.
- Banks also ran the largest conservative caucus — the Republican Study Committee — for two years.
- He recently came up short in a vote to become the House Republican whip and staunchly supported U.S. Rep. Kevin McCarthy in the recent speakership fight. ([Indiana Capital Chronicle](#))

FTC Takes on Noncompetes

Since the Federal Trade Commission proposed [banning employers from using noncompete](#) agreements just over two weeks ago, [more than 4,400 comments](#) have rolled in from the public on the government's website.

Why it matters: It's likely the FTC's ban will get watered down, delayed, or even tossed out in court. Yet the proposal has revealed deep dissatisfaction with noncompetes among American workers, and some employers are taking notice.

What they're saying: Axios read through many comments on the government website: We found just one opposing the ban, which would prohibit companies from requiring employees to sign away their right to work for competitors in a certain industry for a period of time.

- *"There is something distinctly un-American about barring individuals from liberty and the pursuit of happiness by limiting economic opportunities to whatever company a person happens to work for at the time,"* reads one comment.
- Others called these agreements *"unjust"* and *"unfair."*

Meanwhile: In recent years, more states have moved to restrict the use of noncompete agreements — particularly for lower wage earners. But that's made it harder for some companies who are trying to hire workers for remote positions around the country, said James Daire, associate director of legal at Yelp, which supports a nationwide law.

The other side: Companies say they need these agreements to keep former employees from spilling secrets, and that they promote innovation. The U.S. Chamber of Commerce says that the FTC simply doesn't have the authority to do this.

What's next: The FTC comment period ends in March. The Chamber said it would [go to court](#) if necessary to block it. ([Axios](#))

Wholesale Prices Fall 0.5 in December

What's new: Wholesale prices fell 0.5 in December, outpacing an expected decline of 0.1 percent, as inflation continues its six-month downward slide.

- On an annual basis, wholesale prices dropped to 6.2 percent in December [from 7.3 percent in November](#), the largest month-to-month drop since prices started falling in June, according to producer price index (PPI) data released Wednesday.

The details:

- The sharpest monthly price declines for individual goods were seen in a 9.4 percent drop in fresh and dry vegetables, a 13.4 percent drop in gasoline, a 27 percent drop in No. 2 diesel fuel and a 5.9 percent drop in grains. Those are seasonally adjusted single month percent changes.
- On the flip side, wholesale prices of fresh eggs have still been soaring, up 25 percent from November to December. Iron and steel scrap metal are also higher, seeing an 8.3 percent monthly increase.

Zoom out: Inflation has been falling as [the Federal Reserve has been cranking up interest rates](#), which rose from zero percent to 4 percent over the course of 2022. Higher interest rates make it more expensive to transact throughout the economy, bringing down demand and prices along with it.

- But precipitously falling inflation has also reawakened a set of arguments that inflation in the wake of the pandemic was actually a temporary phenomenon and not indicative of deeper structural problems in the economy.
- These arguments have been bolstered by the fact that the job market has stayed hot and employment levels high while prices have been coming down — a seeming contradiction for many economists.

What they're saying: *"This supports what many of us had said last year, the inflation was temporary, attributable to supply shocks from the pandemic closures and then the war in Ukraine,"* economist Dean Baker of the Center for Economic Policy and Research, a think tank, said in a statement to The Hill. *"With the economy reopening, most of the impact of the supply shocks is being reversed, with many of the items that had seen the sharpest price increases now seeing deflation."* ([The Hill](#))

General Statehouse Update

Week two at the statehouse saw legislative hearings and committee work kick into high gear. The [House Committee on Ways and Means](#) continues to push forward with budget requests, and in the Senate, highly anticipated language around bail set off robust committee discussion. Bills affecting hospitals and education also made headlines this week. Let's dive in ...

House Ed Committee Hears HB 1002, Senate Ed Considers Expanding Vouchers

[House Bill 1002](#) was the first bill to hit [House Education Committee](#) desks on Wednesday. Bill authors say the proposal will provide more job training to high school students to address skills gaps and employee shortages. [The plan would create career scholarship accounts for students who apprentice directly with employers.](#) It would also change graduation requirements and funds previously allocated toward free college through the 21st Century Scholarship would be available for us in on-job training.

Funding concerns from schools that currently operate career and technical education programs, parents who questioned another round of changes to graduation requirements, and costs covered by the state all stand to be resolved. Lawmakers took no additional action on HB 1002 and plan to meet again next week.

Meanwhile, in the [Senate Education and Career Development Committee](#), a proposal to [extend the state's current Education Scholarship Accounts \(ESAs\)](#) to all students in Indiana was discussed.

ESAs are currently limited to students who qualify for special education and fall under an income ceiling. [Senate Bill 305](#) would extend the program to all students, regardless of a student's educational needs or their family's income level. Expect to hear continued committee discussion on this proposal in the coming weeks.

Bail Legislation

As we mentioned last week, Senate Republicans listed changes to how courts handle bail as a [top priority](#). Less than a week later, [Senate Joint Resolution 1](#) (a constitutional amendment) landed in committee. [The proposed legislation would allow judges to deny bail if a suspect poses a substantial risk to the public.](#)

Opponents voiced their fear that broader discretion given to judges could give way to more prevalent discrimination and contend that the resolution conflicts with Eighth Amendment protections from excessive bail.

Bill authors say there is a need to add this additional tool to judges' toolboxes as a matter of public safety. The bill passed out of the [Senate Corrections and Criminal Law Committee](#) 5-3 and now heads to the Senate floor for further consideration.

A Note on Processes For Constitutional Amendments - Any proposed change to [Indiana's Constitution](#) must see approval by two successive general assemblies, not legislative years. This means it would need to pass this session and after a new legislature takes office in 2025. From there, it would be on the ballot in 2026, and a majority of Hoosiers would need to vote for the measure for it to take effect.

House Ways and Means Hears from IEDC, IDOE

The [Indiana Economic Development Corporation](#) was first up to present to the House Committee on Ways and Means this week. [Their requested additional monies include \\$150 for a revolving Site Acquisition Fund, a \\$300 million Deal Closing Fund, and another round of Regional Economic Acceleration and Development Initiative \(READI\) grants.](#) Through the last \$500-million round of READI funds, the IEDC processed \$1.5 billion in requests across 800 projects.

The [Indiana Department of Education](#) also proposed how the state should fund educational programming across the state. Dr. Katie Jenner, Secretary of Education, [discussed future plans of refocusing K-12 education in three different areas: student experience, teacher support and various administrative reinforcements.](#)

One key area of focus was literacy and allowing for earlier introductions of IREAD assessments. Jenner noted that 1 in 5 Hoosier children leave third grade without having foundational reading skills. Requests for budget increases also included funds for tuition, literacy aid, and special education.

First Health Care Bill Heard in House Public Health Committee

The first of numerous anticipated bills to tackle high health care costs made its way to the [House Public Health Committee](#) on Tuesday. [House Bill 1271](#) changes the information that non-profit hospitals and insurers must provide ahead of a public forum. No action was taken on the bill so expect to see part two of this discussion in the coming weeks.

On Deck for Next Week

Expect to see the [Indiana Black Legislative Caucus](#) roll out its legislative priorities on Monday morning. [Representative Earl Harris \(D-East Chicago\)](#) is the newly elected chair. All bills have now been filed and are public, so look for lots more committees to be scheduling bills next week.

Hendricks County Chambers Update

A number of bills have been introduced and are moving next week that align with the Hendricks County Chambers of Commerce foundational principles. A few that we wanted to highlight:

Childcare/PreK:

- [SB368](#), authored by Senator Stacy Donato (R-Logansport) that creates a cost sharing pilot program for child care and education will be heard this week. This is a pilot program specifically for some counties in NE Indiana. This has a fiscal price tag so we believe it will

get recommitted to Senate Appropriations Committee should it pass, where it's future is unknown.

Housing:

- [HB1005](#), authored by Representative Doug Miller (R-Elkhart) establishes the residential housing infrastructure assistance program and residential housing infrastructure assistance revolving fund and it will also be heard this week. It provides that political subdivisions may apply to the fund for loans for certain infrastructure projects related to the development of residential housing. Note that the low number of this bill means that it is a House Republican priority.

Workforce:

- Please read the update above about HB1002. There will be significant work done to this bill in the coming weeks. Stay tuned ...

Please review your bill track list (below) and let us know if you have any questions - Chambers care about a lot of issues, so this list is very expansive!

Here is the [live link](#) to your bill track for 2023.

Action Items

- Please review your bill track and let us know of any bills of interest to you

Important Dates

- **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**

Senate Session Calendar

House Session Calendar