



## State Legislative Update

January 31, 2025

**TO:** IN American Academy of Pediatricians  
**FROM:** Bose Public Affairs Group

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### BIG PICTURE

As lawmakers find their step, more and more bills are moving through the process. There is just two more weeks for bills to pass out of committee if they are to have a chance at being signed into law.

See what bills are scheduled for committees in the Senate [here](#). Click [here](#) to view the House's committee schedule.

### BRAUN'S FIRST STATE OF THE STATE ADDRESS

Governor Mike Braun doubled down during his first State of the State address Wednesday night on many of the promises he made on the campaign trail last year. Governor Braun used the opportunity to outline his administration's focus on property tax cuts, government efficiency, public safety, health care reform and economic development. He framed Indiana's success as a foundation for greater achievements and urged lawmakers to pursue bold reforms. He also highlighted the following key policy proposals:

- **Property Taxes:** Braun's plan, housed in [Senate Bill 1](#), would cap property tax increases at 3% (2% for seniors, low-income homeowners, and families with minor children) and raise the homestead deduction for homes under \$125,000.
- **Government Efficiency:** Braun touted executive orders eliminating diversity programs, cutting regulations by 25%, and restructuring his cabinet to function more like a business.
- **Public Safety & Immigration:** He called for tougher penalties on drug dealers and repeat violent offenders, while pledging Indiana's full cooperation with federal immigration enforcement. Braun defended sending Indiana National Guard troops to Texas and cited a need for stricter immigration policies.
- **Economic Development:** Braun hinted at restructuring the Indiana Economic Development Corporation to prioritize homegrown businesses, reflecting his own background as a small business owner.
- **Health Care Reform:** Declaring Indiana's rising health care costs unacceptable, Braun proposed transparency initiatives, audits, and reforming pharmacy benefit managers.

GOP leaders praised Braun's agenda, emphasizing alignment between the governor and the legislature while Democratic leaders criticized Braun's tax plan for shifting burdens to local governments, questioned the impact of his health care proposals and opposed his rollback of diversity initiatives.

Click [here](#) to read Braun's full speech.

## **PUSHBACK ON ANTI-DEI POLICIES**

During Governor Braun's State of the State address, members of the Indiana Black Legislative boycotted the speech and held a rally at the Statehouse to protest the elimination of diversity, equity and inclusion (DEI) programs. More than 100 members of the public joined in the event to show their support.

Last week, the Indiana Black Legislative Caucus held a press conference condemning Braun's executive order eliminating DEI initiatives, including a closure of the Equity Inclusion and Opportunity Office. Members of the caucus described the efforts as "distracting" from other key priorities such as maternal health coverage, housing affordability and water safety education.

A few proposals have been filed by legislators to rollback DEI initiatives. The Senate Judiciary Committee previously considered [Senate Bill 235](#), which would prohibit agencies from funding DEI offices or positions, awarding contracts or grants to entities requiring DEI training and allow Indiana's attorney general to take legal action against violations. The bill defines DEI as initiatives related to race, ethnicity, or sex and includes efforts by state agencies to influence staff composition, enforce differential treatment, implement related policies or training, or endorse positions using any of 15 prohibited phrases.

The committee also heard testimony on [Senate Bill 289](#), which targets DEI policies in K-12 schools. The bill would require schools, local governments and state agencies to publicly disclose related training and curricular materials while prohibiting them from promoting "stereotypes." It would also bar these entities from mandating adherence to DEI concepts or using public funds for DEI consultants or trainers.

Both bills passed committee 8-2 on party lines last week and are currently pending on the Senate's 2nd Reading calendar.

## **STATE OF THE JUDICIARY HIGHLIGHTS INNOVATION IN INDIANA COURTS**

Indiana Supreme Court Chief Justice Loretta Rush delivered her 11th State of the Judiciary address on Wednesday, highlighting innovations in the judicial system and partnerships with lawmakers. She emphasized efforts in child support enforcement, adoptive family support, elderly advocacy, and the expansion of problem-solving courts, particularly for veterans. Rush also celebrated technological advancements improving court efficiency, including AI-powered court recordings. Her speech featured personal stories of impact, such as a veteran's successful rehabilitation.

## **CHANGES MADE TO HOUSE EDUCATION PRIORITY BILL**

This week, the House considered 2nd Reading changes to [House Bill 1002](#), an omnibus education deregulation measure prioritized by House Republicans. The bill aims to reduce or eliminate certain requirements related to teacher training, professional development, school programming, administrative duties, and school boards. It also removes expired education provisions.

Amendments accepted included eliminating annual performance requirements for charter schools and economic disclosure mandates for charter board members. The bill is expected to pass next week and be sent to the Senate for further consideration.

## **HEALTH CARE COSTS BILL HELD IN COMMITTEE**

Members of the House Insurance Committee considered [House Bill 1003](#), authored by State Rep. Brad Barrett (R-Richmond), aimed at lowering health care costs in Indiana through "site of

service” reform, Medicaid fraud enforcement, transparency, access expansion, wellness promotion and competition enhancement. The bill would prevent hospitals from charging higher inpatient rates for outpatient services, a move Barrett says will reduce costs but hospitals argue will harm their financial stability.

Opponents, including hospital officials and organizations benefiting from the federal 340B drug pricing program, warn the bill could negatively impact services for low-income patients. The Damien Center and federally qualified health centers argue they already pass savings to patients and fear additional regulations. Meanwhile, employer groups support the bill for cost reductions.

The bill also grants law enforcement powers to the Medicaid Fraud Control Unit under the Attorney General's Office, improving its ability to investigate fraud. Gov. Mike Braun's administration supports the proposal, which aligns with his executive order to review the 340B program. The bill was held from vote by the chair to continue working on amendments.

### **NO VOTE ON NONPROFIT HOSPITAL LEGISLATION**

Members of the House Public Health Committee debated [House Bill 1004](#), which would redefine nonprofit hospital status in Indiana, but delayed a vote for further amendments. House Bill 1004 proposes that hospitals charging more than 200% of Medicare rates lose their nonprofit tax benefits and be classified as for-profit. It also seeks to narrow the definition of "community benefit" to charity care, uncompensated care, and care reimbursed below Medicaid rates.

Supporters, including Governor Mike Braun's administration, argue the bill increases transparency and ensures nonprofit hospitals provide benefits equal to their tax exemptions. However, hospital officials warn the 200% benchmark is too low, could cause financial harm, and might not lead to lower patient costs. Some fear losing nonprofit status over a single service charge and criticize the lack of an appeal process.

The bill remains under consideration in committee.

### **HOUSING FUND LEGISLATION PASSES FIRST HURDLE**

The House Government and Regulatory Reform Committee approved [House Bill 1005](#), which would add \$25 million to a revolving loan fund aimed at boosting housing construction, especially in rural areas with density-friendly policies. The bill, authored by State Rep. Doug Miller (R-Elkhart), builds on previous funding that helped create 3,350 housing units. It also allows homebuilders to use private inspectors if local governments cannot complete inspections within ten days, a provision that raised some concerns.

Supporters, including homebuilders and realtors, emphasize the need for more housing, with Indiana projected to require 143,000 new single-family homes by 2028. Others however, expressed concerns about private inspections. The bill passed the House Government and Regulatory Reform Committee 11-1 and now heads to the Ways and Means Committee.

### **ENERGY BILL RECOMMITTED TO WAYS AND MEANS**

[House Bill 1007](#), which is aimed at supporting growing energy needs for current and prospective customers in Indiana, was cleaned up a bit through amendments and passed out of the House Utilities, Energy and Telecommunications Committee. The bill must now be considered by the House Ways and Means Committee through a fiscal lens.

### **COMMITTEE PASSES SENATE HEALTH CARE COSTS PRIORITY**

The Senate Health and Provider Services Committee approved [Senate Bill 3](#) requiring third-party administrators, pharmacy benefit managers, and other intermediaries managing employer-sponsored health plans to act in the best financial interest of plan sponsors. The bill imposes a “fiduciary duty” on these entities, aiming to increase transparency and reduce healthcare costs.

Supporters argue the bill ensures employers receive unbiased recommendations and have legal recourse if intermediaries act against their best interests. Critics warn it could unintentionally increase costs by limiting negotiation leverage.

Indiana would have the broadest version of this law in the nation if passed, joining Washington, D.C., and 12 other states. The bill, a Senate GOP priority, now moves to the full Senate for consideration.

### **WATER MANAGEMENT BILL MOVES TO FULL SENATE**

The Senate Utilities Committee passed 7-1 [Senate Bill 4](#), which would regulate basin-to-basin water transfers and require permitting from the Department of Natural Resources and the Utility Regulatory Commission for long-distance pipeline projects.

Economic development leaders spoke largely in favor of the bill during its initial hearing two weeks ago.

The bill is now pending on 2nd Reading where further changes could be considered.

### **SENATE PASSES CONTRACT REGULATIONS**

The Senate unanimously passed [Senate Bill 5](#), which strengthens regulations on large state contracts. The bill enhances efficiency and accountability by imposing stricter rules on contracts over \$500,000 and creating a no-bid list for underperforming contractors. It also requires state agencies to submit quarterly progress reports on major contracts and undergo reviews for significant contract amendments or new federal funding requests requiring state matching funds.

The bill now moves to the House for consideration.

### **PROPERTY TAX BILLS RECEIVE CONSIDERATION IN THE SENATE**

The Senate Tax & Fiscal Policy Committee took testimony this week on a variety of proposals aimed at providing property tax relief to homeowners and businesses.

Most of these proposals were testimony-only, and will likely be wrapped up as part of a holistic conversation on property tax reform for homeowners. [Senate Bill 1](#), which contains Governor Braun’s property tax priorities, will be heard in the Senate Tax Committee next Tuesday.

The committee did however vote to advance [Senate Bill 443](#), which would increase the business personal property tax exemption from \$80,000 to \$160,000, and phase down the 30% depreciation floor on business personal property to 0% over a three-year period.

### **HOUSE COMMITTEE ADVANCES IGAMING AND CHARITY GAMING BILLS**

A House committee advanced [House Bill 1432](#) to legalize iGaming in Indiana on a 9-2 vote after extensive debate. The proposal, authored by Rep. Ethan Manning (R-Logansport), would allow online casino gaming and digital lottery sales while increasing taxes on sports betting. Manning estimates the measure could generate over \$300 million in new annual state revenue.

Supporters argued that illegal online casinos already operate in Indiana without oversight or consumer protections. They said legalization would regulate the industry, ensure state revenue, and expand responsible gambling programs. The bill sets a 26% tax rate on iGaming until 2026, then implements a graduated rate from 22% to 30%. Only casinos and racetracks would qualify for licenses.

Some opponents called for stronger safeguards, while others argued Indiana could crack down on illegal gambling without expanding legal options. The bill establishes a responsible gambling fund, funded by annual licensee fees, to support treatment and prevention efforts.

The Hoosier Lottery supports online lottery sales, saying it would boost revenue without harming retail sales. The measure also increases revenue-sharing with communities and strengthens self-exclusion programs.

The committee also voted out [House Bill 1433](#), which allows charity organizations like VFWs to modernize their charity gaming options with electronic e-pull tabs. Although not an identical bill, the Senate Committee also voted out a similar bill in [SB 209](#), which is now on the 2nd reading calendar.

Both HB 1432 and 1433 have been recommitted to the House Committee on Ways and Means.

### **NO VOTE ON CASINO RELOCATION**

A Senate committee will not advance a bill that would move a casino license from Rising Sun in southeastern Indiana to New Haven near Fort Wayne. The proposal, [Senate Bill 293](#), sparked intense debate, with about 20 opponents testifying against it while a dozen supporters spoke in favor. Both groups had a strong presence outside the committee room.

Full House Resorts, the casino operator seeking the move, argued that revenue had dropped in Rising Sun due to competition from Ohio and Kentucky. The company estimated state tax revenue could rise from \$2.3 million to \$65.4 million if the casino moved. Supporters, including New Haven's mayor, saw the move as a major economic opportunity, while opponents cited gambling addiction concerns and questioned the long-term viability of brick-and-mortar casinos.

Committee Chair Sen. Ron Alting (R-Lafayette) pulled the bill after committee testimony saying he does not plan to allow a vote this year.

Bill author Sen. Andy Zay (R-Huntington) suggested the proposal could still be amended, including adding a referendum or competitive bidding. The bill could resurface in another committee or be attached to other gaming legislation moving through the House.

### **WHAT'S NEXT?**

To access bills, view the latest session calendars, and watch session live go to [iga.in.gov](http://iga.in.gov). Please contact your BPAG Professional with any questions regarding the topics above.

Below are the major session deadlines to keep in mind:

House	Senate
<ul style="list-style-type: none"> <li>● Feb. 17 – Deadline for House bills to advance out of committee</li> <li>● Feb. 19 – 2<sup>nd</sup> Reading Deadline</li> <li>● Feb. 20 – 3<sup>rd</sup> Reading Deadline</li> <li>● April 10 – Deadline for Senate bills to advance out of committee</li> <li>● April 14 – 2<sup>nd</sup> Reading Deadline for Senate bills</li> <li>● April 15 – 3<sup>rd</sup> Reading Deadline for Senate bills</li> </ul>	<ul style="list-style-type: none"> <li>● Feb. 17 – Deadline for Senate bills to advance out of committee</li> <li>● Feb. 19 – 2<sup>nd</sup> Reading Deadline</li> <li>● Feb. 20 – 3<sup>rd</sup> Reading Deadline</li> <li>● April 10 – Deadline for House bills to advance out of committee</li> <li>● April 14 – 2<sup>nd</sup> Reading Deadline for House bills</li> <li>● April 15 – 3<sup>rd</sup> Reading Deadline for House bills</li> </ul>
<p><b><i>Conference Committees Begin April 16</i></b></p>	
<p><b><i>Anticipated Sine Die Date: April 24</i></b>  <b><i>Required Sine Die Date: April 29</i></b></p>	

**PRIORITY LEGISLATION**