



State Legislative Update

March 14, 2025

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

BIG PICTURE

Budget discussions are picking back up again as the Senate Committee on Appropriations began conducting their budget hearings, starting with a presentation from House Ways and Means Chairman Jeff Thompson on the House-passed version of [House Bill 1001](#).

The Committee also heard presentations from the state universities and the Indiana Supreme Court. On Thursday, Secretary of Management and Budget Lisa Hershman kicked off hearings for state agencies. So far, the Senate Appropriations Committee has heard the presentations from the agencies under the verticals of the Offices of: Management and Budget, Public Safety, Energy and Natural Resources, Commerce, Transportation, Education, and Health and Family Services.

The Senate budget hearings will continue next week starting on Monday with the Senate Subcommittee on K-12 funding taking public testimony on school funding. Later in the week, the Senate Committee on Appropriations will continue with presentations from the Offices of the Lieutenant Governor, Attorney General, Treasurer, Comptroller and Secretary of State.

NEW PROPERTY TAX PLAN ENTERS THE FRAY

This week House Committee on Ways and Means Chairman Jeff Thompson presented a new property tax plan focusing on long-term structural changes that would alter how taxes are calculated and phased in over several years. His 228-page [proposal](#), introduced as a proposed amendment to [Senate Bill 1](#), has the intent to move local units from a levy-based system to a rate-based system. Chairman Thompson argued one of the reasons it has been so difficult to provide relief to homeowners is the incompatibility of the State Constitution capping the rates under a levy-based system.

Under Thompson's proposal, every parcel of property will hit the cap at \$3.00. Once this rate is hit, the local unit cannot collect anymore taxes. This new system would allow the General Assembly to set rate caps for every unit of government, instead of the current infighting among local units over individual funding sources.

Lawmakers and public officials raised questions and concerns about the complicated plan and requested a more detailed fiscal analysis to understand the financial impact on different communities. The Association of Indiana Counties warned that relying on local income taxes to offset business tax cuts could keep property tax rates high. Additionally, business tax cuts could disproportionately impact small towns with one dominant employer. If those businesses pay less in taxes, local governments may struggle to maintain services.

Some lawmakers, like Rep. J.D. Prescott (R-Union City), proposed eliminating property taxes entirely by 2030, replacing them with alternative revenue sources. Others argued that the state's underfunding of schools has forced local districts to rely on referendums and bonds, leading to higher property taxes for homeowners.

Thompson indicated that further revisions to Senate Bill 1 are coming, acknowledging concerns about property tax rates and local income tax distribution. The House Committee on Ways and Means Committee is expected to introduce another version in the coming weeks.

A SECOND BILL SUPPORTING SMRS ADVANCES

The House Committee on Utilities, Energy and Telecommunications has advanced [Senate Bill 424](#), which would allow utilities to recover pre-construction costs for small modular nuclear reactors (SMRs) from customers before obtaining full regulatory approval. The bill, which passed committee on a bipartisan 10-3 vote, aims to position Indiana as a leader in emerging nuclear technology.

Supporters argue that SMRs are essential to meeting rising energy demand, particularly with attracting and supporting large investments that require high-energy capacity.

Critics, including ratepayer advocates, argue the bill shifts financial risk onto customers for projects that may never materialize because the technology is unproven.

Gov. Mike Braun's administration has backed the legislation, with Energy and Natural Resources Secretary Suzanne Jaworowski emphasizing that the bill aligns with an "all-of-the-above" energy strategy and could leverage federal and private-sector support.

Another major energy generation bill, [House Bill 1007](#), is going to continue to move with now-identical SMR language, in addition to other provisions intended to help expedite regulatory review of large load projects and ensure reliability is prioritized in the transition of generation resources as part of a broader strategy to modernize Indiana's energy sector.

AMENDMENTS MADE TO PARTISAN SCHOOL BOARD BILL

After hours of testimony last week, the House Committee on Elections and Apportionment decided to move away from the Senate's version of a partisan school board bill and instead revived their own previously defeated language.

The revised proposal, added as an amendment to [Senate Bill 287](#) by Rep. J.D. Prescott, removes the requirement for school board candidates to run in primaries and instead requires them to choose a partisan or nonpartisan label in the general election. The amendment also included language to disallow straight-ticket voting for school board races and modify the annual amount that the governing body of a school corporation may pay a member of the governing body from \$2,000 (under current law) to an amount not to exceed 10% of the lowest starting salary of a teacher employed by the school corporation.

The committee passed Senate Bill 287 with a vote of 8-5. One Republican committee member voted against the bill indicating there is still some disagreement among Republicans on the path forward.

A motion to reassign the bill to the House Education Committee failed on the House floor, meaning the bill will be on the Second Reading calendar next week for a full House discussion.

SENATORS CONSIDER SUPPORT FOR COUNTY PROSECUTORS

This week the Senate Corrections and Criminal Law Committee heard testimony on [House Bill 1006](#), which would create a special prosecutor unit to assist counties facing attorney shortages and high-profile cases with potential costs reaching \$19.5 million annually. Counties could receive partial reimbursement for deputy prosecutors, administrative costs and public defenders.

One controversial provision in the bill would establish a review board targeting prosecutors who decline to enforce certain laws, a move seen as a response to Marion County Prosecutor Ryan Mears' stance on marijuana possession and abortion cases. While the Indiana Prosecuting Attorneys Council supports the bill's funding aspects, they oppose the review board, arguing they should oversee any such process.

The proposal highlights Indiana's prosecutor shortage, with 800 attorneys handling the workload of 1,200. While crime has declined nationwide, violent crime has increased in Indiana, straining prosecutors further. The bill remains under consideration for future amendments.

BRAUN TARGETS ENVIRONMENTAL REGULATIONS IN NEW EXECUTIVE ORDERS

This week, Gov. Mike Braun issued two executive orders prohibiting the use of environmental justice and limiting any state environmental rules or regulations that are stricter than federal law.

[EO 25-37](#) bars state agencies from considering factors like race, educational attainment, ethnicity or other social criteria over objective environmental or economic data. Braun framed the move as ensuring all decisions are based on science, but environmental advocates said this dismisses broader social and health impacts.

[EO 25-38](#) prohibits the state from enacting environmental rules stricter than federal law unless explicitly required by state law or directed by the governor. Braun argued this would create regulatory certainty and encourage business growth. However, critics have warned it could weaken environmental protections.

The order also requires state agencies to review environmental regulations to ensure they do not place unnecessary burdens on businesses and communities. Agencies have been tasked with identifying policies that are costly, lack legal or scientific backing or do not benefit their environment in a report by July. A separate review of state environmental rules exceeding federal standards without clear legal authorization must be completed by October, with a final report recommending changes or justifications due by the end of the year.

WHAT'S NEXT?

To access other bills, view the latest session calendars and watch session live go to 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"> ● April 10 – Deadline for Senate bills to advance out of committee ● April 14 – 2nd Reading Deadline for Senate bills ● April 15 – 3rd Reading Deadline for Senate bills 	<ul style="list-style-type: none"> ● April 10 – Deadline for House bills to advance out of committee ● April 14 – 2nd Reading Deadline for House bills ● April 15 – 3rd Reading Deadline for House bills
<i>Conference Committees Begin April 16</i>	
<i>Anticipated Sine Die Date: April 24 Required Sine Die Date: April 29</i>	

PRIORITY LEGISLATION