



POLICY GUIDE

2012

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FEDERAL TAX ISSUES

Expand Bonus Depreciation for Certain Property

Status: As part of the 2008 American Recovery and Reinvestment Act, taxpayers were allowed to elect to receive an additional first-year deduction for qualified property placed in service during 2008 and 2009 of 50 percent of the cost of the qualified property. The property's depreciable base is adjusted to reflect this additional deduction. These provisions were later enhanced and extended through 2012.

Problem: Bonus depreciation provisions are set to expire on 12/31/2012.

IMA Position/Solution: IMA supports the further extension of bonus depreciation. Bonus depreciation is a valuable tool for those IMA members that find the upfront cash infusion this deduction can provide is of benefit. The intent of the deduction is to accelerate in time the recovery of investment costs, thereby encouraging new investment and promoting economic recovery.

Make the Research and Experimentation Tax Credit Permanent

Status: The Research and Experimentation (R&E) Tax Credit is 20 percent of qualified expenses above a base amount. The calculation to determine the "base amount" is complex. As a result, taxpayers can elect the "alternative simplified credit" (ASC). The ASC is 14 percent of qualified research expenses that exceed 50 percent of a three-year average of qualified expenses.

Problem: Both credits are set to expire on 12/31/2011.

IMA Position/Solution: IMA strongly supports making both R&E credits permanent. The R&E Credit encourages technological developments that are an important component of economic growth. Because, however, it has never been a permanent part of U.S. tax law, uncertainty about future availability has diminished the incentive effect of the credit. Moreover, it should be recognized that the U.S. has among the highest corporate tax rates in the world. Credits such as the R&E Tax Credit help U.S. multinational corporations stay competitive in a tax sense with foreign-based multinationals. In addition, numerous countries offer very attractive, permanent tax incentives for research and development.

Administration of the R&E Tax Credit has historically been a severe problem on two levels. First, while the policy direction supplied by Congress through enactment of the credit has been clear, historically the Internal Revenue Service has attempted to implement a narrow view of "qualified" expenses. This has added to the complexity of the Tax Credit. In addition, because the Credit has always contained a "sunset" date, it has expired at several points, only to be re-implemented retroactively. This has caused more administrative complexity as companies cannot reflect an expired credit on their financial statements; thus causing a discrepancy between tax reporting and financial statements.

Repeal the LIFO Method of Accounting for Inventories

Status: A taxpayer with inventory may determine the value of its inventory and its cost of goods sold using a number of different methods, including last-in, first-out (LIFO). LIFO can provide a tax benefit to taxpayers facing rising inventory costs. To use LIFO for tax purposes the taxpayer must also use LIFO for financial accounting purposes. International financial reporting standards do not permit the use of LIFO.

Problem: The phase out of the use of LIFO for federal tax purposes has been proposed.

IMA Position/Solution: IMA opposes taking the LIFO tax method away from taxpayers. For those IMA members that are not impacted by international reporting standards, LIFO is commonly utilized. Repeal has no tax policy justification. Rather it is an attempt at a tax reporting uniformity that will increase the taxes of many smaller Indiana manufacturers. These companies are a central driver in job creation as economic recovery takes hold. The proposed tax increase is not only unwarranted but could be economically counter-productive if implemented at this time. If the use of LIFO is repealed, IMA supports a longer recapture period of a company's LIFO reserve, such as up to a ten-year period, at the taxpayer's discretion.

Reform United States International Tax System

Status: Among industrialized countries, the United States has the second highest corporate tax rates and is one of the few remaining industrialized countries that tax the worldwide income of its domestic multinational companies when such income is repatriated. The primary current mechanism available in the U.S. tax code to offset taxes U.S.-based multinationals pay through their overseas operations is the Foreign Tax Credit (FTC). The FTC in its current form, however, is insufficient to offset foreign taxes paid. As a result, US based companies are often subjected to a double taxation.

Problem: An assortment of proposals have been offered over the past several years to change U.S. tax law applicable to U.S.-based companies that engage in international commerce. All these proposals would, in effect, raise taxes on U.S.-based multinationals under the guise of encouraging corporate investment domestically. They would intentionally make foreign investment less profitable, thereby; it is reasoned, making domestic investment more attractive.

IMA Position/Solution: IMA believes that international tax law changes should be made that promote U.S. economic growth and secure U.S.-based jobs. To do that, however, changes to the tax code must recognize the true reasons that overseas investments are made. Too often, the tax code is used as a tool to further a domestic policy agenda and does not recognize these facts. An example of an international tax provision that needs to be addressed is the Foreign Tax Credit. The current worldwide tax system is out-dated and out-of-touch with our trading partners. The Foreign Tax Credit mechanism has been piecemealed and tinkered with over time, making it a tax policy provision that does not serve any interest completely.

In proposing changes to international tax provisions for U.S. multinationals, some vital economic facts must be central to any consideration: U.S. companies invest overseas to grow their companies, to make their companies more profitable and, thereby, to secure the livelihoods of all their domestic workers. Avoiding U.S. labor, environmental and/or tax laws is not the primary motivating factor. Changes to the U.S. tax code in this area should be geared toward making the U.S. tax code more reflective of the current state of commerce, not intended to penalize those that seek overseas markets. Specifically, IMA supports the exemption from U.S. taxation dividends received from foreign-based subsidiaries. Such an exemption would allow U.S. companies to more easily return capital to the U.S., enhancing domestic development.

Increase Taxes Paid by "Upper Income" Individuals

Status: In 2001, Congress passed the Economic Growth Tax Relief Reconciliation Act (EGTRRA). That Act phased in numerous tax changes for the purpose of enhancing economic growth. Among these changes were: reducing the highest individual income tax rate from 39.6 to 35 percent; reducing the second highest individual income tax rate from 36 to 33 percent; changes to both the itemized deduction limitations on higher income individuals-as well as the personal exemption reduction on higher income individuals, and reducing the individual income tax rates applicable to both dividends and capital gains to between zero and 15 percent. These tax changes were given a "sunset" date of 2010,

later extended to 2013. As a result, for 2013 and beyond, the tax law will revert to provisions as they existed prior to 2001.

Problem: Under current law, for individuals with taxable income of more than \$250,000 (married) and \$200,000 (single), EGTRRA tax rate reductions, the elimination of itemized deduction limitations and personal exemption reductions will sunset in 2013, thereby reinstating the pre-EGTRRA tax provisions for affected individuals. In addition, under some proposals, dividend and capital gain incomes, while not returning to pre-EGTRRA levels, would be taxed at 20 percent for these “upper” income individuals.

IMA Position/Solution: IMA strongly opposes these tax increases. Only about 20 percent of Indiana businesses are “C” corporations. The majority of Indiana manufacturers are structured as an “S” corporation or some other form of “pass-through” entity where income taxes from each company’s earnings are paid on the owners’ individual tax returns. As a result, most Indiana businesses are taxed through the individual tax code, not the corporate code. While the perception may be that by taxing income of more than \$250,000, only the very rich are affected, the reality is that the proposed changes will increase taxes applicable to business income, even if that income is retained by the business and not paid out via wages or distributions. The additional taxes will result in additional capital withdraws from the businesses to fund tax payments, which could have been used to reinvest in the businesses in the form of capital equipment purchases, facility expansion, job creation and/or labor compensation increases. In addition, businesses structured as a “pass-through” would be subject to a top marginal tax rate nearly five percentage points higher than “C” corporations.

Estate and Inheritance Taxes

Issue: Elimination of Estate and Inheritance Taxes.

Present Situation: Estate taxes and inheritance taxes are separate mechanisms. While both taxes share the same triggering mechanism (i.e. the death of an individual with assets) and both taxes are ultimately borne by the heirs to an estate, the taxes have distinctive differences. Inheritance taxes, implemented at the state level, are based on the relationship of the heirs to the deceased. Estate taxes, a federal provision that states “piggyback,” are assessed against the net value of all property owned by a deceased person.

Nationally, the issue of “death taxes” has been in transition. Historically the federal government imposed an estate tax with states piggybacking that tax. The federal tax included a “state death tax credit.” Through that mechanism, the federal government assigned a tax credit amount to each state based on the size of the state. Estates located in a state with an estate tax could reduce their federal liability by the amount they paid in state estate taxes up to that amount. Ordinarily, the total amount of tax paid would not change; it was more a matter of which level of government received the tax dollars.

In 2001, Congress began a temporary phase-out of the estate tax. Under that law, estate taxes were phased down to the point of elimination but then scheduled to return in 2011. In 2010, however, Congress enacted additional legislation to set the estate tax rate at 35 percent and provide a \$5 million exemption for 2011 and 2012, with pre-2001 rates and exemptions to resume in 2013. Also part of the 2001 enactment was the elimination of the state death tax credit, effective in 2005. As a result, states like Indiana, which has an estate tax, had to “decouple” from the federal estate tax to continue the collection of state estate taxes. Indiana did not decouple. If federal estate taxes return as scheduled in 2013, an Indiana estate tax will also return.

For Indiana, the loss of the estate tax was largely offset because Indiana has an inheritance tax separate from and in addition to its estate tax. While federal estate taxes were in effect, because of the credit provision, individuals may not have even known they were paying an Indiana estate tax. In

addition, the Indiana inheritance tax was largely hidden. While an inheritance tax return would be filed, so long as the tax due was under the federal state death tax credit amount, Indiana would reduce the Indiana estate tax by the inheritance tax, which again was part of the federal tax credit.

While the Indiana Estate Tax is currently not in effect, at least for the present, the Indiana inheritance Tax still is. For Indiana residents, that tax is imposed on the value of real and tangible property located in Indiana, as well as intangible property wherever it is located. For non-residents, the tax is imposed on real and tangible property located in Indiana. The tax rate ranges from one to 20 percent depending on the relationship of the heirs to the deceased and the value of the estate. The tax is filed in county court and paid to the county treasurer. Counties then remit 92 percent of the tax to the state. The tax does allow a limited number of exemptions, the largest being a 100 percent exemption on transfers to a surviving spouse and a \$100,000 exemption for transfers to children. In FY 2010, Indiana state and local governments collected about \$140 million in inheritance taxes.

Problem: Taxes triggered by death and imposed on the value of assets are economically counterproductive. They assume a disproportionate role in financial planning and overshadow more fundamental decisions about the use of assets. Pending estate taxes and/or inheritance taxes are artificial disincentives to further investment in an otherwise viable business, increasing the appeal of tax- or investment-reducing alternatives such as liquidation, downsizing, divestiture, or retirement. This is especially true when an estate's value is about to surpass any exemption equivalent amount. Older individuals owning businesses, when weighing ongoing investment risks and marginal rates of return in light of tax factors, see less value in maintaining these taxable enterprises. They may instead decide to reduce risk and preserve capital, by shifting resources, liquidating assets, and using tax-avoidance techniques such as insurance policies, gift transfers, trusts, and tax-free investments. In terms of state-imposed inheritance taxes, avoidance may include older residents with assets moving to more tax-friendly locations. In addition, there is a moral component in the need to eliminate estate and inheritance taxes. Advocates for these taxes offer that the inheritor of wealth doesn't deserve the wealth because he or she did not earn it directly. While it may be true that the receiver of wealth may not have a direct moral claim to that wealth, neither does anyone else. The rights to that wealth lie with the deceased persons, the person who earned it originally and paid taxes on it continually while living. The rights lie with the deceased to dispose of his or her wealth as he or she sees fit, whether that disposition be in the form of a charitable gift, a check to the government, or a gift to a chosen heir.

IMA Position Solution: The federal estate tax should be eliminated. In addition, Indiana should repeal its inheritance tax. IMA supports elimination of both estate and inheritance taxes.

STATE AND LOCAL TAXATION

The Indiana Manufacturers Association has developed this statement of policy on Indiana tax and fiscal matters. The intent of the policy is to provide a series of goals and objectives for the modification of state and local tax structures.

It is the overall position of IMA that any change to the tax structure which results in additional revenue for state or local government should be considered only after a full review of government spending has occurred and every effort has been made to curtail government spending.

The following policies are based on IMA's fundamental belief that:

- The tax code, as well as the regulations which implement that code, should be designed to promote economic growth not just raise revenues.
- The tax code/regulations should enhance the state's competitive position relative to the global environment.
- The tax code/regulations should remain compatible with federal tax concepts and definitions.
- The tax code/regulations should not discriminate among taxpayers.
- The tax code/regulations should provide ease of compliance.
- To the extent possible, the tax code should be comprised of broadly based, low rate taxes.

OVERALL OBJECTIVES

The primary objective of IMA is to institute a tax structure which:

- 1.) Is less property tax dependent;
- 2.) Is focused on the future rather than tied to the past;
- 3.) Positions Indiana to have a more competitive tax climate for economic growth, and;
- 4.) Fosters the protection as well as creation of high paying jobs.

Eliminate the Personal Property Tax Applicable to Production Equipment

Status: Indiana is one of a declining number of states that continue to tax investments in business personal property.

Problem: For Indiana, taxing production machinery and equipment is a highly counter-productive manner of raising revenues. Indiana's economy is the most manufacturing dependent in the nation. Yet Indiana penalizes further investments in manufacturing machinery and equipment by taxing those investments. The personal property tax is an antiquated tax. While historically it may have been an adequate method of raising revenues, it has no place in today's competitive economic environment.

IMA Position/Solution: The personal property tax as it applies to industrial machinery and equipment should be eliminated. Replacement revenues for this tax restructuring, should they be needed, should not come from real property taxes and should be limited to that necessary to provide a dollar-for-dollar offset for revenues lost. Moreover, methods of raising replacement revenues should be guided by the principles set forth in this policy document.

Funding Alternatives to Provide Property Tax Relief (Sales Tax)

Status: Indiana's efforts to reduce real property taxes and find funding alternatives for those taxes goes back several decades. The first major effort in this regard was the 1973 Bowen property tax control legislation, legislation that raised the state sales tax to reduce local property taxes and placed growth controls on property taxes going forward. More recently, major tax reform legislation was enacted in

both 2002 and 2008 for the same purpose. All of those major efforts had at least one component in common; they raised the sales tax to reduce property taxes. In addition, however, the 2008 legislation provide that future increases in local government funding come through the enactment of Local Option Income Taxes (LOIT) and put tax caps (1%, 2% or 3%) on various classes of property.

Problem: Local government funding is still highly dependent on property taxes. Moreover, the level of those taxes, especially as it concerns property taxed at 3% of assessed value, is still of concern.

IMA Position/Solution: Efforts to reduce property taxes should continue. Additionally, the current overall review of local government efficiency should continue. In considering any necessary replacement revenues for future property tax reductions, it should be recognized that sales and use taxes continue to be a more accepted form of taxation than property taxes.

If a local option sales and use tax is considered, it must be state administered with a tax base compatible with the state tax base. If expanding the sales tax base to include service transactions is considered, the basic nature of the sales and use tax should not be changed. That is, the tax should be borne by the ultimate consumer of the service and services utilized in the production of goods must be exempt. Moreover, current provisions limiting the application of the sales tax to goods directly used in the manufacturing process (including utilities) should not be changed.

Funding Alternatives to Provide Property Tax Relief (Local Option Income Taxes)

Status: Indiana's efforts to reduce real property taxes and find funding alternatives for those taxes goes back several decades. The first major effort in this regard was the 1973 Bowen property tax control legislation, which raised the state sales tax to reduce local property taxes and placed growth controls on property taxes. More recently major tax reform legislation was enacted in both 2002 and 2008 for the same purpose. All of those major efforts had at least one component in common; they raised the sales tax to reduce property taxes. In addition, however, the 2008 legislation provided that future increases in local government funding come through the enactment of Local Option Income Taxes (LOIT's) and put tax caps (1%, 2% or 3%) on various classes of property.

Indiana currently has three forms of local option income taxes: the County Adjusted Gross Income Tax (CAGIT), the County Option Income Tax (COIT) and the County Economic Development Income Tax (CEDIT). Each of these taxes was enacted at different times with tax proceeds dedicated to specific purposes. Legislation enacted in 2008 added a fourth component to LOIT's, a series of additional county based income taxes that can be used to either cap property taxes, reduce property taxes and/or provide additional revenues for public safety. Tax rates on each of these four LOIT components are capped.

Problem: Local government funding is still highly dependent on property taxes. Moreover, the level of those taxes, especially as it concerns property taxed at 3% of assessed value, is still of concern.

IMA Position/Solution: IMA supports the concept of Indiana becoming less property tax dependent. As a result, IMA supports local income tax options that offset property taxes. Such proposals, however, need to be administratively workable and compatible with IMA's overall tax objectives. Moreover, it should be recognized that the majority of small businesses pay taxes through the individual income tax. Uncapped or excessive local option income taxes may have an adverse impact on local job growth as these businesses are further taxed. Moreover, local spending practices should be reviewed prior to any additional tax mechanisms being imposed.

Encourage Investments in Production Equipment (Investment Tax Credits)

Status: Currently, a number of states allow corporate taxpayers a credit for a portion of investments in production equipment. Most of these state provisions provide far better investment incentive than does Indiana's Hoosier Business Investment tax credit.

Problem: Indiana's economy is the most manufacturing dependent in the nation. The vitality of that economy is dependent on Indiana's industrial sector making the necessary investments in production equipment that enhance productivity and thereby allow Indiana's industrial sector to compete in both domestic as well as foreign markets. Indiana is competing against other states, some of which provide investment tax credits, for business investment dollars. Yet, Indiana's current corporate tax structure hinders industry's ability to invest in job-creating activities.

IMA Position/Solution: Indiana needs to enhance its investment tax credit to make Indiana more competitive with other states in attracting business development. Indiana should partner with industrial investors to promote industrial growth. The Investment Tax Credit available to taxpayers in Indiana should mirror Indiana's position as the state most dependent on continuing streams of industrial investment for continued prosperity.

Reassessment/Annual Real Property Adjustments

Status: Indiana conducts general reassessments of real estate periodically, but reassesses personal property annually. Since 2006, however, Indiana initiated a process of annually updating real property values. The intent of these annual adjustments is to lessen the disparity between real and personal taxpayers and, in effect, reduce the impact of reassessments on homeowners.

Problem: Historically, the differing assessment cycles for real estate and personal property resulted in gradual shifts of tax burden from real estate to personal property. The swing resulted from the upward pressure of inflation effecting personal property assessments each year, while real estate remained static until the next reassessment. Compensating for this shift via reassessment can be politically unpopular, producing pressure on legislators to prevent it. Preventing the "re-shift" to real estate, however, is a penalty to business property taxpayers who have a relatively heavy mix of personal property as compared to real estate. Annual real property adjustments, however, have been controversial. Moreover, assessors find their work load increases with these adjustments.

IMA Position/Solution: Indiana should maintain its annual adjustment rule. Moreover, there should be no further increases in the time between reassessments.

Single Sales Factor Apportionment Formula

Status: States traditionally used a three part apportionment formula to determine how much income a multi-state business should report to each individual state. The components of this traditional formula were based on sales, income and payroll. Recently states began moving to a sales-only apportionment formula. As states do that, businesses with substantial investment in property and payroll ("home state" industries) ordinarily pay less in business income taxes as those factors are no longer considered. Conversely, business taxpayers who have sales in the single sales formula state but with relatively smaller investments in plant and payroll pay more. Indiana adopted single sales factor apportionment in 2006.

Problem: Indiana should maintain the single sales factor apportionment formula.

IMA Position/Solution: Indiana-based companies, as well as those with a substantial investment in plant and payroll in Indiana, pay a larger share of other state income taxes as those states enact sales-only apportionment formulas. By Indiana enacting such a provision, Indiana businesses are provided an “offset” to these taxes by providing a similar “home state” company advantage. Moreover, single sales apportionment is an effective economic development incentive. With the diminishment of property and payroll factors in Indiana, an automatic corporate income tax incentive is developed for investment in Indiana for companies that already have sales in Indiana.

Utility Consumer Use Tax

Status: In 2002, as a part of tax restructuring, Indiana enacted a Utility Gross Receipts Tax, a tax somewhat analogous to a sales tax. The tax rate was set at 1.4 percent. The tax base is the gross receipts of utility taxpayers on Indiana sales. The tax is applied to the purchase price of energy, collected by the utility and remitted to the state. Under the Utility Gross, however, no corresponding use tax was deemed necessary at the time of enactment due to the regulated environment under which the industry exists. The non-regulated natural gas market was not considered. As a result, non-Indiana natural gas suppliers may have an automatic 1.4 percent price advantage over Indiana natural gas providers. Most energy purchases are provided in a regulated environment. Purchases of natural gas, however, are largely unregulated.

Problem: Recently, the idea of a Utility Consumer Use Tax has been considered. That is, a “use” tax placed on the consumers of energy applicable to purchases that have not been subject to the Indiana Gross Receipts Tax.

IMA Position/Solution: IMA opposes the enactment of a Utility Consumers Use Tax. The Utility Gross Receipts Tax is ill-advised and, because it applies to both regulated as well as non-regulated energy purchases, may be creating market distortions. As a result, that tax should be repealed or at least minimized by confining it to regulated purchases. To create a new tax on consumers of energy places substantial additional energy costs directly on Indiana’s industrial taxpayers. Should such a tax be enacted, proceeds for the tax should be used to reduce the Utility Gross Receipts Tax.

Research and Development Tax Credit

Status: Indiana currently offers an income tax credit for ongoing investments in research and product development activities. Studies have shown that providing such credits will produce additional jobs. Over several legislative sessions, the Indiana R&D Credit has been refined and expanded to the point that Indiana now has more of the more favorable R&D investment incentives.

Problem: Periodically, whether to increase state revenues, simplify the tax code or reduce tax rates, legislators will consider the modification and/or elimination of various tax credits, exemptions or deductions.

IMA Position/Solution: IMA would oppose any modification and/or reduction to the Indiana R&D Tax Credit. The Indiana economy benefits from investments in research and product development by Indiana based companies.

Property Assessment Classification/Tax Caps

Status: The Indiana Constitution provides that all property be assessed on a uniform and equal basis. The Indiana Constitution also provides for various “tax caps” (i.e. tax limitations) which vary depending on the type of property. The Indiana property tax system is not technically a “classified” property tax system in that all properties are assessed under the same principals and taxed at the same tax rate. For business properties, however, tax bills cannot exceed 3% of assessed value while residential

properties are tax capped at 1% of assessed value. In addition, residential properties receive substantial deductions from assessed value that do not apply to other types of properties. The overall effect of this system over time is to shift property taxes from lower tax capped properties to higher tax capped properties.

Problem: No issue of taxation is as adverse to business growth and development as property tax classification. While Indiana does not technically have a classified property tax system, it does have a system that shares some of the same attributes. Experience has shown that the effect of classification is to distort the property tax system by providing property tax breaks to politically powerful groups (i.e. residential property owners). The property tax burden under these systems is shifted to the less favored. While politically attractive, classification is counter-productive to development efforts.

In 2008, the Indiana Legislature added “tax caps” of 1% of gross AV for homesteads, 2% of gross AV for farms and other residential properties and 3% of gross AV for all other real and personal property to Indiana statutes and began the process of adding these tax caps to the Indiana Constitution, a process completed in 2010. Residential tax caps in statute are, in effect, as inviolable as tax caps in a constitution. No legislator would ever consider raising a statutory residential property tax cap.

IMA Position/Solution: Indiana should continue to assess property based upon principals of equity and uniformity. In addition, property tax rates should apply uniformly to all properties. Tax caps (i.e. not allowing taxes to exceed a certain amount), however, are taxpayer protections and, therefore are acceptable, even if the caps vary by property type. The reality of the situation is: with Indiana residential properties enjoying substantial assessed value deductions and a 1% tax cap, non-residential properties need constitutionally imposed tax limitations, even if those limitations are substantially above the protections afforded homeowners.

Tax Increment Financing (TIF)

Status: Tax Increment Financing (TIF) is a method of funding local redevelopment projects by capturing the incremental increase in property tax revenues, which occurs when redevelopment increases property values. In areas designated as TIF districts, local taxing units continue to receive property taxes levied on assessed value before redevelopment; additional revenues generated by rising property values are allocated to redevelopment costs until those costs are repaid. TIF has been in effect in Indiana since 1975.

Problem: While the arguments for and against TIF mirror the arguments for and against tax abatement, the nature of TIF creates additional issues. For example, bonding is ordinarily a component of TIF creating type of bonds, repayment term as well as additions to debt concerns. Moreover, TIF differs from tax abatement in that specific taxpayers are financing infrastructure improvements for their own benefit whereas the benefit/detriment of tax abatement is on a community wide basis. The result of these concerns is to surround TIF with continual efforts to diminish the use of TIF and even to eliminate TIF entirely.

IMA Position/Solution: While it is appropriate for the legislature to continue to review the use of TIF and to make improvements where needed, Indiana needs to maintain TIF as a permanent part of the state’s redevelopment options. Over thirty other states utilize this economic development tool. For Indiana to diminish or eliminate TIF would put the state at a competitive disadvantage.

Tax Abatement

Status: Tax abatement is intended to encourage new capital investment by providing deductions from increases in the value of property for property tax purposes. The deduction is set by statutory

tables with a 100% deduction in the first year and declining deductions over a period of up to ten years for investments in both real and personal property. Legislation enacted in 2011 allowed counties greater flexibility to develop county specific abatement schedules.

Problem: The use of tax abatement to encourage investment is controversial. Advocates argue that the program generates jobs, stimulates the local economy and increases the tax base of the community. Critics contend that it has little effect upon business location/expansion decisions and narrows the tax base thereby increasing tax rates on other taxpayers. They consider tax abatement to be “corporate welfare” as, in their view, it subsidizes investments that would have been made without tax abatement.

IMA Position/Solution: Tax abatement is a vital economic development tool. Over thirty other states utilize tax abatement. For Indiana to diminish or repeal tax abatement would put the state at a competitive disadvantage.

Tax Credit for Use of Recycled Waste

Status: Present law provides a limited number of credits against a corporation’s state income tax liability that are primarily to encourage investment in certain specific areas. Research and development activities and the treatment of drug and alcohol abuse by employees are two examples of these credits. There is no such income tax incentive for corporations to recycle waste or use recycled waste products.

Problem: The issue of solid waste disposal and landfill capacity in Indiana deserves immediate attention. Much of the waste, such as metal and paper products, can be recycled.

IMA Position/Solution: Indiana should encourage the use of recycled waste to produce a finished product by providing a tax credit against the corporate income tax for manufacturers who either purchase recyclable waste or invest in operational changes necessary to allow the reuse of waste or byproducts of their own process.

Elimination of the Property Tax Add-Back

Status: Indiana tax statutes require that property taxes deductible on Federal tax returns be added back to income when calculating Indiana taxable income. Indiana is the only state with a property tax add-back requirement

Problem: The add-back provision creates double taxation as amounts paid in tax are added to income for tax purposes.

IMA Position/Solution: Indiana should eliminate the property tax add-back.

State Surplus Revenues/State Spending Levels

Status: In 2010, Indiana enacted legislation to provide that, whenever a state budget surplus exceeds tax percent of operating revenue, half of that excess will automatically be refunded to taxpayers in the form of a tax credit. The other half of the excess will be used to pay-down any outstanding state pension debt.

Problem: Indiana has, over the decades, struggled with the question: What to do with large budget surpluses when they occur. Defining the level of adequate state budget reserves has been part of the issue. Additionally, conflicts between additional spending and reducing taxes develop. At times the state has dedicated surplus amounts to specific debt reductions and at times the state has developed one-time mechanisms to return some monies to taxpayers. The 2010 provision is the first time Indiana has established an on-going surplus reduction/taxpayer refund provision.

IMA Position/Solution: The Indiana Manufacturers Association supports the provision enacted in 2010. IMA believes that maintaining an excessive level of surplus goes beyond the role of wise fiscal stewardship and that a portion of surplus revenues should be returned to the private sector so that those monies can be reinvested in further wealth creating activities. In returning surplus revenues to the private sector, IMA recommends the following:

- While a budget surplus may be a cumulative amount based upon several consecutive years of economic growth, recessions are a natural and reoccurring component of the economic cycle. As a result, maintaining a sufficient reserve to protect against the need for tax increases or draconian budget cuts during economic downturns should be of primary importance.
- The state should not commit itself to on-going spending programs that result in further building the state's expenditure base. Government spending programs immediately become perceived as entitlements. Once initiated, they are almost impossible to curtail.
- Any surplus reduction program should be based upon fostering economic growth. Short-term political considerations should be avoided. Surplus revenues should be focused upon areas in the private sector where the best current research indicates the greatest value in terms of economic growth.
- Recognition that the state continues to have an unconscionable level of unfunded pension obligations must govern the options chosen. Unfunded pension liabilities are, in effect, tax burdens placed upon future generations. Some allocation of the State's surplus balances should be set aside in a dedicated fund to reduce the unfunded liabilities of Teachers Retirement Fund and local public safety pensions.

Under current government accounting practices taxpayers are unable to readily ascertain the financial position of the State. To foster better taxpayer understanding as well as to add a greater consistency to the presentation of state financial data, standard accounting practices similar to those that exist in the private sector should be developed and strictly adhered to by all governmental bodies.

IMA further recommends that effective prohibitions against excessive increases in state spending be implemented. A constitutional amendment limiting state spending increases to some measure that incorporates both economic and population growth would be advisable. Any spending limitation, however, should not be so inflexible that it cannot be over-ridden by an affirmative vote of a substantial majority of the legislature.

Estate and Inheritance Taxes

Issue: Elimination of Estate and Inheritance Taxes.

Present Situation: Estate taxes and inheritance taxes are separate mechanisms. While both taxes share the same triggering mechanism (i.e. the death of an individual with assets) and both taxes are ultimately borne by the heirs to an estate, the taxes have distinctive differences. Inheritance taxes, implemented at the state level, are based on the relationship of the heirs to the deceased. Estate taxes, a federal provision that states "piggyback," are assessed against the net value of all property owned by a deceased person.

Nationally, the issue of "death taxes" has been in transition. Historically the federal government imposed an estate tax with states piggybacking that tax. The federal tax included a "state death tax credit." Through that mechanism, the federal government assigned a tax credit amount to each state

based on the size of the state. Estates located in a state with an estate tax could reduce their federal liability by the amount they paid in state estate taxes up to that amount. Ordinarily, the total amount of tax paid would not change; it was more a matter of which level of government received the tax dollars.

In 2001, Congress began a temporary phase-out of the estate tax. Under that law, estate taxes were phased down to the point of elimination but then scheduled to return in 2011. In 2010, however, Congress enacted additional legislation to set the estate tax rate at 35 percent and provide a \$5 million exemption for 2011 and 2012, with pre-2001 rates and exemptions to resume in 2013. Also part of the 2001 enactment was the elimination of the state death tax credit, effective in 2005. As a result, states like Indiana, which has an estate tax, had to “decouple” from the federal estate tax to continue the collection of state estate taxes. Indiana did not decouple. If federal estate taxes return as scheduled in 2013, an Indiana estate tax will also return.

For Indiana, the loss of the estate tax was largely offset because Indiana has an inheritance tax separate from and in addition to its estate tax. While federal estate taxes were in effect, because of the credit provision, individuals may not have even known they were paying an Indiana estate tax. In addition, the Indiana inheritance tax was largely hidden. While an inheritance tax return would be filed, so long as the tax due was under the federal state death tax credit amount, Indiana would reduce the Indiana estate tax by the inheritance tax, which again was part of the federal tax credit. While the Indiana Estate Tax is currently not in effect, at least for the present, the Indiana inheritance Tax still is. For Indiana residents, that tax is imposed on the value of real and tangible property located in Indiana, as well as intangible property wherever it is located. For non-residents, the tax is imposed on real and tangible property located in Indiana. The tax rate ranges from one to 20 percent depending on the relationship of the heirs to the deceased and the value of the estate. The tax is filed in county court and paid to the county treasurer. Counties then remit 92 percent of the tax to the state. The tax does allow a limited number of exemptions, the largest being a 100 percent exemption on transfers to a surviving spouse and a \$100,000 exemption for transfers to children. In FY 2010, Indiana state and local governments collected about \$140 million in inheritance taxes.

Problem: Taxes triggered by death and imposed on the value of assets are economically counterproductive. They assume a disproportionate role in financial planning and overshadow more fundamental decisions about the use of assets. Pending estate taxes and/or inheritance taxes are artificial disincentives to further investment in an otherwise viable business, increasing the appeal of tax- or investment-reducing alternatives such as liquidation, downsizing, divestiture, or retirement. This is especially true when an estate's value is about to surpass any exemption equivalent amount. Older individuals owning businesses, when weighing ongoing investment risks and marginal rates of return in light of tax factors, see less value in maintaining these taxable enterprises. They may instead decide to reduce risk and preserve capital, by shifting resources, liquidating assets, and using tax-avoidance techniques such as insurance policies, gift transfers, trusts, and tax-free investments. In terms of state-imposed inheritance taxes, avoidance may include older residents with assets moving to more tax-friendly locations. In addition, there is a moral component in the need to eliminate estate and inheritance taxes. Advocates for these taxes offer that the inheritor of wealth doesn't deserve the wealth because he or she did not earn it directly. While it may be true that the receiver of wealth may not have a direct moral claim to that wealth, neither does anyone else. The rights to that wealth lie with the deceased persons, the person who earned it originally and paid taxes on it continually while living. The rights lie with the deceased to dispose of his or her wealth as he or she sees fit, whether that disposition be in the form of a charitable gift, a check to the government, or a gift to a chosen heir.

IMA Position Solution: The federal estate tax should be eliminated. In addition, Indiana should repeal its inheritance tax. IMA supports elimination of both estate and inheritance taxes.

HUMAN RESOURCES, LABOR, LEGAL

Worker's Compensation

Issue: Indiana has long had one of the most cost effective state laws on workplace injuries in the nation.

IMA Position/Solution: Maintaining that and controlling future costs are of the utmost importance to manufacturers.

1. Maintain the original purposes of enactment from the 1910s through 1929 and beyond.
 - A. No fault system with very few defenses and no trial court involvement.
 - B. Exclusive remedy bars civil actions against anyone in the employment chain.
 - C. Employer has complete control of the choice of medical treatment with exception for emergency room treatment.
 - D. Weekly benefits not to exceed 66 2/3% of pre tax wages with statutory cap on calculation.
 - E. Compensation for permanent partial losses to the body to be for impairment rather than for disability.
 - F. Maximum total benefits and weeks of compensation written into statute with resort to the 2nd injury fund after maximums are met and to the 2nd injury fund for permanency beyond those maximums in limited increments requiring requalification.
 - G. Enforce strict causation burden of proof exclusively related to the workplace.
 - H. Medical fees charged to employers/insurers of injured claimants should be limited as are other kinds of medical care to prevent cost shifting onto the worker's compensation payers.
 - I. Self-insurance should be carefully overseen to ensure that fiscal responsibility for claims is not reduced.
 - J. The efficient operation of the Worker's Compensation Board should be carefully maintained.
 - K. Hearing members should be completely neutral and adhere strictly to the plain meaning of the words of the Act.
2. Apply the same criteria to the Occupational Disease Act.

Labor

Issue: The employment climate is greatly affected by state law impacting the employer/employee relationship.

IMA Position/Solution: Keeping it favorable to good employment relations is a priority.

1. Indiana should prohibit by law forced union support. This includes enacting Right to Work legislation covering all employers.
2. No state labor law analogous to the NLRA should be enacted.
3. State Civil Rights law should be in place and limited in jurisdiction to the smallest employers
4. IOSHA should be in place under Section 18(e) of the federal act and should never adopt any standard other than by reference to federal law. IOSHA should always be limited by law to be no more stringent than federal enforcement. The Indiana Department of Labor should not have rule making authority other than to adopt federal OSHA standards by reference.
5. State laws affecting the employer/employee relationship should be for extremely limited purposes and of minimal impact, never interrupting the enterprise of the employer.
6. No state legislation should ever be enacted where the terms of the legislation are subject to bargaining under the NLRA or and other law.
7. No state law should exist requiring wage and benefit setting by government for tax funded projects. Neither should any project involving public funds require union only work nor impose the wage and benefit standards of unions.

8. Indiana should always remain an employment-at-will state.

Transportation

Issue: As the leading manufacturing state in America, the ability to transport materials and products is very important to continued vitality of our industry.

IMA Position/Solution: State law and policy should reflect the most advantageous terms necessary to ensure that the leading manufacturing state in America – Indiana – does not find its employers disadvantaged by limited transportation opportunities such as truck restrictions limiting movement of goods and services used or produced here nor penalizing shippers in liability law.

Tort/Civil Law/Courts

Issue: Maintaining a favorable civil law climate is critical to the existing business climate of a state. Indiana's is good now and must remain so.

IMA Position/Solution:

1. Tort remedies should be severely limited to prevent abuse by would be plaintiffs.
2. Responsibility for loss/injury should be apportioned among the parties including plaintiffs and non-parties to reflect actual responsibility
3. Serious remedies should be applied by law and strictly enforced against those who engage in bringing false or frivolous actions.
4. Existing remedies should not be changed to enhance plaintiff recovery.
5. Whenever possible, rather than a law stating defenses for defendants, the law should create immunity. The purpose is not to allow a defendant to successfully defend in court, but to avoid being in court.
6. The method of selection of Appellate and Supreme Court Justices should be reformed/ revised to remove plaintiff's bias in the selection process.

Unemployment Compensation

Issue: This system must be fair and reasonable to finance. It should be only for those with substantial attachment to the workforce who are unemployed through no fault of their own.

IMA Position/Solution:

1. The law must require substantial employee attachment to the workforce via work for employers covered by the act.
2. Must require separation from employment not for just cause in connection with the work and must not allow compensation for those who quit their jobs voluntarily or for personal reasons.
3. Serious wrong doing resulting in discharge should in cancellation of wage credits.
4. Law should penalize those disqualified by reduction of benefits rights during the benefit year.
5. Maintain benefits at a level such that they are not a disincentive to work. Require strict adherence to weekly eligibility requirements of being able, available and actively seeking employment.
6. Assess benefit liability to all base period employers proportionally to their wages paid.
7. The system should charge all benefits, with few minor exceptions, to base period employers.
8. No one should be eligible during vacation periods unless they have been notified that they will not be employed following the vacation period.
9. The array of experienced rated taxes should not create either reward for those employers who benefits from UI benefits flowing into the economy nor a disincentive to hiring.

- a. Administration of the law should be neutral and appeals should be to referees who are neutral and fair. Fair hearings should allow parties to be seen by the trier of fact. Referees and administrative law judges should be monitored regularly.

Immigration

Issue: This should not be a state issue.

IMA Position/Solution: Oppose establishment of a state law. Immigration is within the jurisdiction of federal law.

Private Property Rights

Issue: This should not be overcome by other rights.

IMA Position/Solution: Oppose imposing restrictions on an employer's control of their private property as they deem appropriate. This includes opposing restrictions on property owners' right to exclude materials, items and conduct they wish not to allow on their property.

General

Issue: Oversight of imposition of regulatory burdens on manufacturers.

IMA Position/Solution: Statutory enactments leading to regulations should prohibit overzealous enforcement by regulations or rules thus preventing undue burden upon the manufacturing community that is regulated.

ENVIRONMENTAL, ENERGY, INFRASTRUCTURE

GENERAL ISSUES

Environmental Stewardship

Status: The majority of manufacturers take their responsibility for environmental stewardship very seriously. This is manifest in a commitment to regulatory compliance, management systems and pollution prevention.

Problem: Indiana has very few programs to support and encourage top performers. This can be a detriment to attracting and retaining manufacturing companies in Indiana. IDEM is in the process of implementing the Environmental Performance Track Program, which is a good beginning. The program does, however, require annual submissions by program participants of environmental improvement projects for assessment by IDEM. Currently, the IDEM program does not solely recognize actions already taken.

IMA Position/Solution: The IMA supports the following concept: Indiana manufacturers that consistently demonstrate environmental stewardship through a combination of commitment to environmental compliance, operation of an environmental management system, or pollution prevention can be relied upon to carry out their environmental responsibilities without rigorous oversight. These manufacturers should enjoy greater regulatory flexibility. Possible benefits could include expedited permit reviews and fewer monitoring and reporting requirements. The IMA supports the adoption and expansion of the Environmental Performance Track Program to implement and develop the stewardship concept for the benefit of our state.

Informal Agency Guidance

Status: The agency has developed a growing reliance on informal guidance decisions. Guidance decisions do not provide for public input and are not supportable in law.

Problem: Informal guidance documents reduce a company's ability to understand all of its obligations and can increase costs of compliance and disrupt project implementation. Without public knowledge of guidance and non-rule policies, these policies may be crafted and finalized without the benefit of full discussion of all the issues surrounding them. This can lead to guidance documents that are unduly burdensome, inefficient or ineffective.

IMA Position/Solution: Regulated entities should not be required to follow a policy that does not carry the effect of law.

Environmental Policy Leadership

Status: The Environmental Quality Service Council (EQSC) has been very successful in facilitating discussion on a variety of important environmental policy issues. Through working groups, IDEM has provided opportunity for stakeholders' input into significant rulemaking issues. However, there remains

opportunity for the administration to assume a greater leadership role in determining the appropriate, high-level environmental policy issues for which new rules and/or legislation would be developed.

Problem: The working group process is not always used to develop policy or address controversial rulemaking issues, but is used by IDEM to communicate its positions. When used, the process is not always open and inclusive. There is no consistent process to develop high-level environmental policy. This results in policies being determined at levels within IDEM where consistency cannot be assured, which leads to frustration among all stakeholders as new legislation and rulemaking activities are pursued.

IMA Position/Solution: The IMA encourages the administration to continue a more proactive role in providing leadership to adopt environmental policy that provides strategic direction to legislative and rulemaking activities. The IMA also supports the efforts of the General Assembly through the EQSC to provide leadership for environmental policy and strategic direction to legislative and rulemaking activities. The IMA supports the IDEM's use of regulatory development work groups that include all stakeholders used in a constructive manner at the inception of the process. The IMA further encourages the administration and the IDEM to provide management training to IDEM staff so that overall management quality at the agency can be improved and made more consistent with the laws that govern IDEM.

Compliance Assistance

Status: The general assembly has enacted several statutes (e.g., Environmental Audit Privilege and Compliance Assistance Program) designed to find new, creative ways to aid compliance. IDEM has established an Office of Compliance Assistance and a Compliance and Technical Assistance Program (CTAP) with a modest staff.

Problem: The regulated community continues to make substantial progress in understanding and implementing new and existing regulatory requirements and the IMA applauds IDEM's role in this process. However, much more could be done to develop a more productive partnership, spirit of cooperation and trust between the regulators and the regulated. For example, many still remain cautious, notwithstanding IDEM's April 1999 Self-Disclosure and Environmental Audit Policy, about voluntarily disclosing compliance issues discovered because of the uncertainty of IDEM's response and fears of enforcement. In addition, many at IDEM routinely demand that the regulated community comply with IDEM or EPA guidances, which do not have the effect of law.

IMA Position/Solution: The IMA supports and urges the expansion of beneficial programs like the Compliance and Technical Assistance Program, pre-inspection notification by the Office of Enforcement, voluntary audits and pollution prevention. IDEM should continue work to develop a true partnership with the regulated community and the public to increase compliance.

IDEM should continue to advertise and honor its self-disclosure and auditing policy and make clearer to the regulated community how it will respond to voluntary disclosures, both in terms of its substantive response and whether it will give the voluntarily disclosed information confidential treatment. Joint

training of regulators and the regulated community on new programs and rules will allow all sides to better understand each other's views and problems and help break down the "us vs. them" barrier.

Finally, IDEM program offices should continue to periodically hold public outreach sessions to describe upcoming priorities and positions and to develop an honest, open dialog as to what IDEM expects.

Permit Application Process

Status: The General Assembly enacted IC 13-15-4-10, granting discretionary authority to the IDEM commissioner to suspend the processing of an application and the period during which the application must be completed under certain circumstances, including when the "commissioner receives a written request from an applicant to withdraw or defer processing of the application for the purposes of resolving an issue related to a permit or to provide additional information concerning the application."

Problem: IDEM routinely requests permit applicants to provide more information, which requests may require more time than is provided under the application period. Instead of suspending the application upon the permit applicant's request, IDEM is routinely denying applications when the application period expires. IDEM's denial of requests to defer application processing results in increased fees to the applicant; but more importantly, increases the time frame for the agency to properly review the permit application.

IMA Position/Solution: The IMA supports the modification of IC 13-15-4-10 to require suspension of the permit application at the request of the applicant for purposes of resolving an issue related to a permit or to provide additional information concerning a complete application, provided the statutory conditions are met.

Permit and Fee Accountability

Status: The General Assembly has the authority to establish fees charged to grantees of water, hazardous and solid waste permits. Fees under the state's Title V permit program are levied by the Air Pollution Control Board. In 1994, permit accountability time frames were adopted to establish standards for agency staff related to permit issuance.

Problem: Progress has been made in increasing accountability to the regulated community for how permit fees and dedicated funds are spent as a result of the activities of the Environmental Quality Service Council and the legislative reform of the three rulemaking boards. Concerns remain, including the accountability of how these funds are utilized within the agency. It appears that the permit backlog is decreasing and the potential reduction in workload suggests fewer staff requirements, as opposed to increasing fees to maintain a budget designed to issue permits that were backlogged over time.

IMA Position/Solution: The IMA supports the continuation of legislative control over fee structures for the water and solid and hazardous waste programs. IMA supports the use of high-quality staff and the rebate of permit fee funds not utilized in a timely manner. Further, the IMA supports clearly-defined

goals for IDEM administrative improvement related to permit issuance and compliance support paid for, in part, with permit fees. The IMA supports the current permit fee system developed under the Indiana Title V air program as long as accountability measures agreed upon are closely followed by IDEM. The IMA supports the usage of dedicated funds only for their dedicated purpose and opposes use for undocumented costs.

Maximum Penalty for Minor Violations

Status: The Indiana General Assembly enacted IC 13-30-7 to provide that the maximum penalty for a minor violation committed by a business entity to be a maximum of \$500. The statute requires that each Pollution Control Board adopt regulations to administer the provisions of the statute.

Problem: IDEM requires the same civil penalty policy for any violation cited in a Notice of Violation. IDEM issued a new Civil Penalty Policy in 1999 that does not comply with the statute and sets a penalty range of \$1,000 to \$5,000 for violations with minor potential for environmental harm.

IMA Position/Solution: The law establishes a maximum \$500 penalty for a minor violation. Administrative rules should be adopted by the Pollution Control Boards that define a minor violation, including any violation of a numerical limit or standard that falls within the statistical range used to establish the standard. When IDEM pursues an enforcement action for a violation that is minor, as defined by the legislature, the assessed penalty should not exceed \$500.

Sunset Provisions for Administrative Rules

Status: Legislation was enacted in 1996 requiring all administrative rules to sunset seven years following promulgation, unless the rule is readopted. IDEM proposed that all environmental rules be readopted in an Indiana Register notice published in 2000. IDEM specified that these rules would be readopted unless public comment regarding a specific part of a rule was received. IDEM would then make recommendations to the appropriate rulemaking board following a review of public comments.

Problem: The process put in place in 2000 has resulted in considerable administrative burden on IDEM, the regulated community and other interested parties. IMA supports rules being readopted based on the promulgation date rather than re-adoption of all rules every seven years. IMA believes this is consistent with the current statutes.

IMA Position/Solution: The IMA supports the principle behind the sunset requirements but recognizes that some modification to the existing statute to ease the administrative burden for all stakeholders may be necessary. An approach that would stagger rule expiration dates, rather than re-adoption of administrative rules in mass once every seven years, would be preferred. IMA believes rules should sunset, unless justified.

Environmental Boards

Status: Environmental rulemaking boards rely heavily on IDEM to advance environmental rules and other initiatives that are appropriate and in the best interests of the State of Indiana. Board members do not have any independent expertise from IDEM to assess alternatives to IDEM proposals.

Problem: The boards have virtually no staff of their own, thus all drafting and processing of comments is performed by IDEM. The current process does not allow for an independent review of the information provided by both IDEM and stakeholders.

IMA Position/Solution: Rule development is the responsibility of the environmental boards, and the statute requires that the boards be independent. The IMA supports the continued development of draft rules and initiatives by IDEM, but believes the processing of comments and development of a final rule should be by the respective board independent of the IDEM. This will likely require compensation to board members. In addition, the boards should insist on a proper and thorough economic analysis that includes the impact on the regulated community for all rulemaking activities.

Federal Regulation Adoption

Issue: Most of the environmental regulations businesses must comply with originate at the federal level. They have common names such as Clean Air Act, Clean Water Act, etc. States are then required to meet the criteria in rulemaking.

Problem: In years past, rulemaking in Indiana (to comply with federal standards) has gone well beyond what was required, with little apparent benefit. To counteract excessive regulation beyond federal requirements, the regulated community expends considerable time and resources to obtain an end product that is more similar to the federal standard. At times, industry has asked the legislature to intervene on specific issues so that the final work product more closely resembles the federal law. The legislature has intervened on several occasions. The time and resources spent by the legislature and the regulated community to correct excessive regulation is inefficient and imprecise.

IMA Position/Solution: The legislature should enact a law that would preclude the adoption or enforcement of a regulation, nonrule policy, or guidance document more stringent than the corresponding federal regulation unless the general assembly enacts authorizing legislation.

Interpretation of EPA Environmental Rules Adopted by Reference

Issue: Indiana adopts by reference federal regulations for programs it is implementing such as programs under the Clean Air Act and the Resource Conservation Recovery Act.

Problem: In some instances, EPA may have issued interpretations of the federal regulations or discussed interpretation in the preamble to the federal regulations Indiana has adopted by reference. However, Indiana courts have held that these rules are subject to independent IDEM interpretation, as if IDEM had promulgated them itself. Unless IDEM and/or the rulemaking boards specify that IDEM will

recognize an interpretation EPA has issued, the regulating community has no idea what interpretation IDEM will put on these rules. Moreover, the regulated community generally has not had an opportunity to make specific comments about how IDEM will interpret the rules being adopted by reference.

IMA Position/Solution: The environmental boards, when adopting a federal regulation by reference, should specifically state that IDEM is to recognize any interpretation EPA has given on a rule the boards adopt by reference.

Air Issues

Global Climate Change

Issue: Since the U.S. Supreme Court's ruling in *Massachusetts v. EPA* that USEPA has authority to regulate greenhouse gases (GHGs) under the Clean Air Act, the possibility of USEPA or Congress establishing GHG emission reduction requirements has greatly increased. The prevailing view among regulated industry is that regulation by USEPA under the existing Clean Air Act would be extremely costly and result in significant regulatory gridlock. A legislative solution by Congress would seem more appropriate, but due to Indiana's high reliance on manufacturing and coal as an energy source, the potential for GHG legislation to impose significant and disproportionate financial burdens on Indiana is very high. Even the most optimistic cost estimates for a cap and trade-based emission reduction program will mean costs in the hundreds of billions of dollars. In addition, regulating GHGs in the U.S. but not in developing nations such as China or India will cause economic dislocation to those countries, which in turn will result in increased global GHG emissions.

IMA Position/Solution: The IMA is greatly concerned with the potential costs of GHG regulation or legislation, and the disproportionate impact of those costs on Indiana manufacturers and electric rate payers. The IMA strongly believes that USEPA should not regulate GHG emissions under the existing Clean Air Act. The IMA opposes any legislation that would increase costs on Indiana manufacturers and electric ratepayers without mitigation of those costs. In addition, the IMA opposes any legislation that does not provide measures to protect Indiana manufacturers from the competitive advantages developing nations will have if they do not adopt GHG emission reductions. The IMA opposes any unilateral or overall emission reduction mandates that are not based upon sound science and produce no demonstrable environmental gains. The IMA supports programs to increase energy efficiency and alternative energy choices that reduce GHG emissions.

Greenhouse Gas Permitting

Issue: USEPA has adopted air permitting requirements for sources of greenhouse gases [GHGs] based on an interpretation of the Clean Air Act stating that some form of permitting is required once EPA began regulating GHG emissions from mobile sources. In addition, EPA has taken steps to accelerate the adoption of those permitting requirements in the implementing states by threatening to take over state permitting authority. IDEM has adopted the EPA GHG permit tailoring rule, purportedly to reduce the potential regulatory impact of this program on Indiana businesses. All of this is occurring despite litigation over the permitting rules themselves, and the rules that EPA alleges triggered the permitting

requirements. As a result of this heavy-handed approach from EPA, IDEM has made public statements about the state's ability to regulate GHGs that may not be legally correct. Each of these actions has created uncertainty for the regulated community; and if enacted in Indiana before the litigation is resolved, the GHG permitting rules in Indiana could put Indiana businesses at an economic and legal disadvantage compared to other states.

IMA Position/Solution: IDEM should assert that the Indiana Constitution prohibits the automatic adoption of GHG permitting requirements in Indiana. In the event that federal regulation nullifies the tailoring rule, IMA supports a process of assessment of the need for any state regulation or legislation to adequately protect the states manufacturing interests.

Implementation of National Ambient Air Quality Standards for Sulfur Dioxide (SO₂)

Issue: In June of 2010, USEPA replaced its existing 24-hour and annual SO₂ air quality standards with a significantly more stringent one-hour standard. EPA has instructed states that not only will ambient monitoring data be used to make attainment and nonattainment designations, but dispersion modeling must also be used to confirm whether an area is attaining the standard. Counties without monitoring data or modeling analysis will be designated as "unclassifiable." In addition, EPA is requiring dispersion modeling analyses to demonstrate attainment with the NAAQS when states submit their State Implementation Plans. For a one-hour standard, dispersion modeling typically results in overly conservative estimates of air quality impacts, so it is quite possible that numerous counties in Indiana would be designated nonattainment or the SIP development will result in Indiana sources having to install SO₂ emission control systems or take restrictions on the kinds and amounts of fuels that may be burned. IDEM has indicated it does not want to create unnecessary issues for counties and that it intends to work with the regulated community on developing the SIPs. IDEM estimates that 75 facilities in 42 counties will be affected by this standard. The IMA believes there will be more.

IMA Position/Solution: Because of the likelihood of overly conservative impacts, the IMA does not believe dispersion modeling is an appropriate method for determining attainment and should not be used. IDEM should focus its activities for determining attainment status on those counties that are clearly nonattainment. Other counties should be left as unclassified. It should also work with potentially affected industries to clear up the emission inventory and obtain accurate information that will be used in the modeling analyses. Furthermore, IDEM should establish a workgroup to ensure that regular updates are provided to the affected sources regarding attainment recommendations and SIP development activities, so that sources will be well informed and able to provide feedback to the agency as they proceed with the SIPs.

Implementation of National Ambient Air Quality Standards for Ozone and PM_{2.5}

IMA Issue: IDEM is responsible for developing and enforcing State Implementation Plans [SIPs] to attain National Ambient Air Quality Standards. This process includes designating areas as attainment or

nonattainment. Non-attainment designations make economic development more difficult. In addition, the designation triggers regulatory requirements that may place significant burdens on local industry.

IMA Position/Solution: Indiana should proceed cautiously in its development of SIPs for ozone, NO_x and PM_{2.5} and/or non-attainment classifications. Indiana should refrain from imposing additional ozone and PM_{2.5} requirements until the impact of the NO_x SIP Call, national diesel engine and gasoline engine standards, the federal utility emission reduction programs, and other regulatory programs have been evaluated. Finally, Indiana policy leaders should encourage federal Clean Air Act amendments to eliminate non-attainment designations for regional pollutants since science demonstrates this approach does not work. Additionally, IDEM should consider the utilization of a workgroup approach to ensure that the affected sources are well informed and able to provide feedback to the agency in a timely manner.

Compliance Monitoring Requirements

Issue: Construction and operating permits (including FESOPs and Title V permits) issued by IDEM have included rigorous compliance monitoring terms. EPA issued its Compliance Assurance Monitoring (CAM) rule, and IDEM has issued periodic monitoring guidance for emission units not subject to CAM. In addition, IDEM has begun a rulemaking action to promulgate compliance monitoring requirements for permits. The compliance monitoring requirements in construction and operating permits are based on informal policy guidelines developed by IDEM. These guidelines differ substantially from the EPA CAM rule in terms of applicability and detail. Indiana manufacturers have found that in some cases, the terms are excessively detailed and inappropriate given the level of emissions from the sources or the type of operation involved. Because IDEM is requiring compliance monitoring before EPA CAM requirements go into effect, individual companies may have to revise compliance monitoring programs once CAM applies to them. Further, a competitive disadvantage is being created because other Midwestern states have not included excessive and detailed compliance monitoring terms in their permits. In addition, Indiana does not recognize legitimate periods of monitoring downtime and deems any failure to collect required monitoring data as a violation of permits and rules.

IMA Position/Solution: The IMA supports promulgation of Indiana compliance monitoring rules that mirror the federal CAM rules. Construction and operating permits should not include detailed and excessive compliance monitoring terms without regulatory authority for such terms. There should be no compliance monitoring requirements for trivial activities, insignificant activities and low-emitting emission units. Compliance monitoring requirements should apply only to emission units that have the potential to cause significant air quality impacts, and such requirements should correspond to the level of potential impacts. Gap-filling Title V compliance monitoring should not be required on a once-per-shift basis, and duplicative monitoring requirements should be eliminated. The IMA supports creation of an incentive program for monitoring or other alternatives to reduce the frequency of testing, paperwork, recordkeeping, etc., when historical data shows compliance. IDEM should reduce the amount of stack testing they currently require. Compliance monitoring requirements should provide allowances for failure to collect monitoring data if the failure is due to equipment malfunctions, maintenance, and other quality assurance activities.

Construction and Operating Permits

Issue: Indiana’s air pollution control regulations establish a multitude of permitting requirements including construction permit programs. The time delays and administrative procedures of the Major New Source Review, Minor New Source Review and operating permit programs, such as Title V and FESOP permits impede a company’s ability to make new products or improve operations and can affect a site’s economic vitality.

IMA Position/Solution: The IMA strongly believes the Indiana permit programs must provide as much operational flexibility as authorized by state and federal law, and should not impede growth or responsiveness to market changes. The IMA supports requirements to ensure that its construction and operating permit rules do not create duplicate or overlapping procedural requirements. The IMA supports IDEM permit programs, which include operational flexibility provisions and streamlined permit modification procedures. The IMA supports IDEM’s current efforts to make comprehensive changes to the air permitting rules so that the rules are more streamlined and efficient.

Title V Operating Permits

Issue: The Title V operating permit program imposes significant costs on Indiana businesses and IDEM. In addition, permit revision processes can delay important projects. Companies must expend significant effort to revise permits whenever rules change. IDEM has more than 15 years of implementing the Title V operating permit program, and has the experience base to understand the strengths and weaknesses in how the program is implemented. In addition, the U.S. EPA Title V Task Force issued a report that describes more than 100 recommendations for improving the program.

IMA Position/Solution: IDEM should evaluate what changes it can make to its implementation of the Title V permit program in order to reduce the cost and increase the efficiency of the program. It should adopt Title V Task Force recommendations that achieve this objective. In particular, IDEM should revise its approach for determining the applicability of MACT and other complex rules, and revising its Title V rules to allow off-permit changes. Furthermore, IDEM should revise its rules so it may process more permit revisions through administrative permit amendments and minor permit revisions instead of significant permit revisions.

Non-Attainment Areas

Issue: Ambient monitoring data show that some Indiana counties are meeting the National Ambient Air Quality Standard for pollutants for which they have been designated as non-attainment. Maintaining the non-attainment designation for these counties unfairly creates a stigma of “dirty air” for them and inhibits economic growth and development. In addition, new National Ambient Air Quality Standards have the potential to create new nonattainment areas. Indiana recently proposed nonattainment designations for fine particulate matter and USEPA has disagreed with those designations.

IMA Position/Solution: The IMA supports immediate redesignation of any county for which monitoring data supports redesignation to attainment status.

Definition of “Source” Contiguous or Adjacent Properties

Issue: Under federal permitting programs, such as Title V of the Clean Air Act and Prevention of Significant Deterioration (PSD), multiple-plant sites may be considered a single source if they meet certain criteria identified in state and federal rules. One of the criteria for determining whether multiple sites can be considered a single source is whether the facilities are on “contiguous or adjacent properties.” IDEM is interpreting the definition of contiguous or adjacent properties to include sources far apart in physical distance. This is creating significant new permitting issues with no justification.

IMA Position/Solution: IDEM should only consider sites that share a common property line or touch at a corner or are divided only by a public right-of-way as “contiguous or adjacent properties.”

Opacity Rule: Applicability

Issue: Opacity rules (visible emission standards) have been a long-standing means of regulating air pollution. The standards essentially serve two purposes: to minimize the “public nuisance” element of visible smoke, and to serve as surrogate indicator for a source’s ability to meet particulate matter emission limits. The Indiana opacity rules do not specify an applicability threshold to distinguish which sources are subject to the standards and which are not. As a result, IDEM interprets the rules to apply to all emission sources in the state, regardless of the sources’ potential to emit particulate matter. With the advent of the Title V, FESOPs and Source Specific Operating Agreements, applying the opacity rule to all sources of emissions creates far more economic and administrative burden than air quality benefit gained. The compliance monitoring and compliance certification elements of Title V force companies to implement rigorous procedures to assure compliance with the standard, even if it is unlikely the standard would ever be exceeded, or even if violation of the standard would not cause any public health threat. In addition, there are now many sources subject to NESHAP rules that establish opacity requirements that in some cases create inconsistent or duplicative requirements compared to Article 5.

IMA Position/Solution: The Indiana opacity rules should be revised to have clear applicability thresholds that reflect the likelihood of the source to cause significant impacts on air quality. In addition, the opacity rules should be revised to exempt sources subject to NESHAP opacity requirements from the Article 5 opacity requirements, similar to the exemption that exists for sources subject to NSPS opacity limits.

Opacity Rule: Defining Compliance

Issue: For many operations, in particular coal-fired boilers, it is virtually impossible for a source to maintain opacity below regulatory levels 100 percent of the time. The opacity limits in rules and permits are usually expressed in terms of very short-term time frames, such as six minutes. When a source uses Continuous Opacity Monitors, every brief instance of excess opacity is recorded and reported to IDEM. Typically these brief periods of excess opacity last minutes not hours, and are indicative of short-term,

easily corrected problems. These incidents are not indicators of sustained compliance issues. In such circumstances, a different type of standard, expressed over a longer period, with a different compliance measure may make more sense and provide equal or better environmental protection.

IMA Position/Solution: The Indiana opacity rules should allow sources that use Continuous Opacity Monitors to exceed applicable opacity limits for a small percentage of time in recognition that there may be brief periods when a source is unable to comply with the opacity limit without causing health issues.

Contractor Status at Title V Sources

Issue: Many large companies use contractors at their plant sites to perform functions to support the primary site operation. In many cases, the contractor operations are incidental to the overall function of the site. IDEM has interpreted the definition of Title V source to require that the contractor's operations be included within the scope of the primary operation's Title V permit. Some industries challenged this position in court and won. Requiring a contractor's activities to be included within the scope of the overall site Title V permit imposes an unreasonable liability on the site owner. The responsible official for the site owner cannot reasonably certify the compliance status of the contractor's activities. Furthermore, IDEM has informed contractors that it will not issue Title V permits to contractors who operate on these sites unless the contractor's activities are incorporated into the site owner's Title V permits. This position delays the implementation of new activities and services at these complex sites.

IMA Position/Solution: The IMA supports treatment of contractors as independent permit holders, and requests an open dialogue with IDEM to develop appropriate criteria for determining which contractors should be treated independently.

Multi-Pollutant Legislation

Issue: Numerous new air quality regulations for eight-hour ozone, fine particulates, sulfur dioxide, nitrogen oxides, mercury reductions, and regional haze have been adopted recently that will require significant emission reductions from the electric utility industry. Individually these requirements will produce duplicative requirements and conflicting deadlines. Single-pollutant regulations offer little flexibility for use in market mechanisms and do not encourage new technologies controlling more than one pollutant. Further, single-pollutant regulations are inconsistent – creating uncertainty in planning, which drives us further away from sound economic and energy policies that rely on local energy sources.

IMA Position/Solution: The IMA supports federal multi-pollutant legislative concepts that reduce emissions while replacing conflicting regulations with one concise set of rules with a multi-year planning horizon. This approach is consistent with a viable and affordable fuel mix needed to maintain a robust manufacturing economy. IMA opposes multi-pollutant bills that include carbon dioxide mandates and set unreasonable emissions targets and timetables.

National Emissions Standards for Hazardous Air Pollutants (NESHAP)

Issue: New regulations must be adopted in Indiana that regulate the emissions of Hazardous Air Pollutants (HAP) for specific industrial sources. The regulations are technology driven rules produced from more than ten years of federal rulemaking designed to greatly reduce HAP emissions. Modifications to the federal rules create a greater burden on the businesses of Indiana, creating an economic disadvantage without any commensurate environmental benefit.

IMA Position/Solution: The IMA supports the efficient incorporation of federal NESHAP rules as promulgated, but not more stringent than the federal regulations.

Timely Review of Pre-Construction Permits for Existing Sources

Issue: IDEM's practice has been to prioritize construction permit reviews for newly constructed sources. Although the agency's performance in reviewing applications has improved greatly, permit reviews for modifications at existing sources are often delayed. Often the projects at existing sources have significant economic benefit to the state, and timing of implementing the project is as critical as for an entirely new facility.

IMA Position/Solution: It is crucial for IDEM to meet permit accountability time periods for all pre-construction permits, regardless of whether it is for a new source or a modification to an existing source. Tactics such as requesting additional information to stop the time review clock must be minimized or avoided altogether.

Accurate BACT (Best Available Control Technology) Analyses

Issue: When conducting the economic analysis as part of BACT permit reviews, IDEM has ignored rising and fluctuating natural gas prices. This results in evaluations that overstate the cost-effectiveness of some emission control systems, such as thermal oxidizers. As a result, some sources may be required to install these systems when they are not cost effective.

IMA Position/Solution: IDEM should use a higher and wider range of natural gas costs when conducting BACT evaluations to reflect the likelihood that natural gas costs are both increasing and fluctuating.

Integral Process Equipment

Issue: When determining potential emissions and the applicability of air permitting requirements, IDEM must decide whether equipment that has the effect of reducing or capturing emissions is used as process equipment [it is integral to the process] or air pollution control equipment [it is used to reduce emissions]. The decision can affect whether a permit is required or the level of permitting needed. In recent permit reviews, IDEM has shifted basis for its decision on whether equipment is integral to the process or air pollution control equipment on factors such as the economic costs and benefits of

operating the device. The agency has required sources to submit economic justifications on why the equipment must be operated. This approach leads to inconsistent and unpredictable results, and is heavily dependent on the economic value of the material captured in the control device. For example, if a baghouse that is part of a material transfer system is used to move and collect an inexpensive raw material or by-product, it is more likely to be considered a pollution control device than if it were collecting an expensive raw material.

IMA Position/Solution: IDEM should follow the Indiana air pollution control rules when implementing this definition. The criteria for determining whether equipment is integral to the process instead of air pollution control equipment should be based on whether the process could operate normally and safely and at the intended level of quality without the equipment being present. If the process cannot operate normally, safely, and at the intended level of quality without the equipment, then the equipment is integral to the process. If the process could run normally without the equipment being present, then the equipment is air pollution control equipment. The economic value of the raw material should be irrelevant to the decision.

Train Wreck Scenario

Status: Some sectors of industry, including most acutely the electric utility sector, are being confronted with a plethora of new federal air regulations, as well as new federal regulations from other media programs. These include GHG permitting under the GHG Tailoring Rule, the Utility MACT, new short-term NAAQS for NO_x and SO₂, NSR implementation of PM_{2.5} NAAQS, the new Cross-State Transport Rule, and others. The combined compliance obligations will have a staggering impact on the economic viability of existing facilities in several industrial sectors, such that many existing facilities will shut down rather than make expenditures that cannot be recouped. In addition, the stringency and cumulative impact of these new regulations will potentially deter development of new facilities in these sectors. This situation has been popularly termed the “Train Wreck” scenario. Not only will these circumstances produce more job losses in an economy already teetering toward recession, but they will be a substantial obstacle to economic recovery in the United States.

Problem: While it is recognized that this issue is one of national scope and cannot be resolved by Indiana state government, many IMA members are seriously threatened by the combined regulatory onslaught of these recently issued or pending federal regulations. The IMA should urge the NMA to support and promote federal legislative initiatives to defer the effectiveness of many of these new regulatory actions for a sufficient time to blunt the negative economic impact over the short term.

Water Issues

Antidegradation Procedures for Special Designation Waters/Outstanding State Resource Waters

Status: Federal rules require Indiana to adopt an antidegradation policy that goes beyond the basic requirements to protect existing uses. These rules will require additional restrictions on new or increased discharges to water bodies with water quality better than the applicable standards. As part of this process,

IDEM has also assigned special designations to surface waters that exhibit exceptional quality. A proposed rule was preliminarily adopted by the Indiana Water Pollution Control Board in September 2011. The proposed applies a flat one-time 10 percent available unused loading capacity to all dischargers. IDEM has stated that the special designations rulemaking will be undertaken separately after the antidegradation rulemaking is completed. HEA1162 (2009) has helped resolve some of the policy issues associated with special designations. Environmental groups have petitioned U.S. EPA Region V to withdraw the Indiana Water Quality Program. EPA has also reopened its water quality standards rulemaking in 2010 and has solicited stakeholder input on antidegradation. A national rule that includes antidegradation requirements may be proposed in 2012.

Problem: The antidegradation policy may require more stringent limitations than established by water quality standards and national technology-based effluent limitations. Therefore, the agency will be establishing essentially technology-based effluent limitations on a state level. Indiana's proposed rules are even more stringent than previously adopted rules. Dischargers to specially designated surface waters in Indiana are subject to restrictions and requirements above and beyond those applied to all other surface waters of the state and may require that existing water quality be maintained. This restriction means that communities within a watershed that receive a special designation will have burdensome permit requirements compared with other communities. The new program includes proposed default effluent limits that will be the most stringent of either applicable federal effluent guidelines or best professional judgment limits established by IDEM. The program also covers wetlands and 410 water quality certifications. It is not known how IDEM will be applying "narrative" standards in antidegradation decisions. IDEM has also indicated that it has the ultimate power to determine when a new or increased discharge is socially or economically important.

IMA Position/Solution: In light of the social, economic and land use implications of the antidegradation rules, IMA believes that no water body in an urban or developed area should receive a special designation unless there is substantial local support from all segments of the community. IMA also believes that changes in discharge that are not "significant" should not require an agency approval. Special designations must be assigned to only surface waters that truly exhibit exceptional water quality. IDEM also needs to adopt a de minimis policy, whereby de minimis increases in pollutant loadings should not fall under any antidegradation requirements. The rules should be reasonable, understandable and predictable and not delay issuance of permits. If IDEM does not amend the proposed rule to be consistent with state law on antidegradation, IMA encourages the General Assembly to reiterate and clarify the intent of state law.

Indiana Surface Water Quality Standards

Status: For more than 12 years, Indiana has been engaged in the process of revising its water quality standards for both the Great Lakes and non-Great Lakes basins. IDEM withdrew its 1999 triennial review rulemaking and has divided the subject material into several smaller rulemakings. IDEM claims that the scope of the triennial review process has proven to be large enough to warrant a number of individual rulemakings, rather than one all-inclusive rulemaking. The first revisions to these rules were made as a result of the "fast track" rulemaking conducted in March 2005.

Problem: The water quality standard and water discharge permitting rules are outdated; and in some cases, they lack scientific basis. The continued use of these standards creates permitting delays and appeals. Concerns continue over IDEM’s willingness to further conduct timely updates to the water quality rules. In many cases, suggested rule changes can eliminate flexibility and practicality and increase compliance costs without adding environmental benefits.

IMA Position/Solution: The IMA supports the adoption of surface water quality standards that are: 1) based on proper designated stream uses; 2) scientifically defensible; 3) based upon waters of Indiana; and 4) demonstrate that water quality benefits do not require unreasonable costs. The IMA supports smaller rulemaking efforts when they address specific industry issues (i.e. reasonable antidegradation procedures, reasonable mixing zones, etc.). IDEM also needs to correctly implement Senate Enrolled Act 431 (2000) with regard to standards.

Proper Designation of Water Uses

Status: The Clean Water Act requires each state to designate uses for “navigable” waters. The use category determines the ambient water quality standards to be achieved in the water body. Permit limits are then designed to assure that those ambient standards are met. In 1990, IDEM eliminated such partial-body contact recreation uses and designated all waters of the state for aquatic life and full-body contact. These designations establish unrealistically stringent ambient water quality standards throughout the state without regard to any reality associated with water uses. There is a process under EPA rules to revise designated uses. A bacteria rule was issued in 2008 that will allow partial-body contact recreational use designations for recreation.

Problem: There are numerous stream segments in Indiana that simply do not have any reasonable potential to attain these high level of uses, and requiring permit limits to meet them is an unreasonable and wasteful expenditure of limited resources. Improper judgment about designated uses of waters should be based on “actual” uses. Cost-effective and reasonably protective actions should be properly considered instead of requiring the elimination of discharges based upon widespread social and economic impact.

IMA Position/Solution: IDEM should develop use and partial-use categories (tiered aquatic life uses) and criteria that reflect actual uses for Indiana’s water and conduct a systematic review of waters to designate uses that can reasonably be expected to be achieved. IDEM needs to work with local government to fully utilize tools to revise designated uses. A system to implement a streamlined process to conduct and approve use attainability analyses should be utilized by IDEM to properly change designated uses of waters.

Nutrient Standards

Issue: The Indiana Department of Environmental Management (IDEM) has been working on surface water quality standards for nitrogen and phosphorus and is expected to propose rules in 2012. IDEM has been participating in regional technical advisory group meetings with U.S. EPA Region V and has been conducting studies to support the development of these referenced-based standards. IDEM has employed

two consultants to help develop effect-based criteria for lakes. IDEM is also considering the application of a general uniform technology-based discharge standard for removing phosphorus.

Problem: The Clean Water Act requires effects-based criteria (Sec. 304). As such, IDEM cannot adopt the reference condition criteria approach that has been published by U.S. EPA, as these are not effects-based criteria. The uniform technology-based limit for phosphorus removal being considered by IDEM is based on controls applicable to municipal facilities discharging to lakes. If nutrient standards are not properly developed, they could be misapplied to Confined Feeding Operations (CFOs).

IMA Position/Solution: The IMA supports rules that use credible science to protect proper assigned water uses. IDEM should, in no way, try to adopt the U.S. EPA reference condition criteria approach for nutrients as it has no credible scientific basis. It should be noted that many nutrients do not impair water quality by themselves and are dependent on many other factors. IDEM should not move forward with the proposed uniform technology-based limit for phosphorus removal for all dischargers, as there is not adequate technology and cost information to substantiate its application.

Cooling Water Intakes and Discharges

Status: In April 2011, EPA proposed a 316(b) rule (76 FR 22174) establishing requirements for existing power plants and industrial facilities withdrawing more than two million gallons per day and using at least 25 percent of the water for cooling purposes. A final rule will be used by July 2012. Until the final rule is issued, EPA has instructed the states and EPA regions to use “best professional judgment” for determining the best technology available for minimizing adverse environmental impact from cooling water intakes. U.S. EPA issued similar requirements in June 2006 for industrial facilities. The scope of this rule, called the Phase III rule, is very limited, applying only to certain oil and gas exploration facilities. Environmental groups again have sued EPA, claiming that all industrial facilities should be included in the rule. Litigation on this matter is pending. IDEM is re-evaluating the implementation of thermal criteria and variances under section 316(a) of the Clean Water Act (CWA). Specifically, IDEM is requiring that NPDES permit holders reapply for alternative thermal discharge limitations that were issued under Section 316(a) of the CWA 15 to 25 years ago. IDEM has not, however, developed or approved guidance or standards for new or revised thermal discharge limitation demonstrations.

Problem: The U.S. EPA has created a dilemma for permit writers and the regulated community. If permit writers implement Section 316(b) using best professional judgment in the next NPDES permit they issue, they may be forced to revise their decision once EPA reissues the rule for electric generating facilities and other industrial facilities. EPA has lost the expertise it accumulated during the initial development of standards to evaluate alternative thermal discharge limitations. Neither EPA nor IDEM has developed or approved guidelines or standards for preparing and approving demonstrations under Section 316(a) of the Clean Water Act. As a result, NPDES permits for thermal discharges have been delayed and/or subject to inconsistent standards.

IMA Position/Solution: IDEM should implement 316(b) with great caution so as to avoid requiring implementation of the rule now, only to require costly changes later when EPA issues new rules. In the absence of guidance from EPA, IDEM should develop standards for the preparation and approval of 316(a)

demonstrations, and should issue those standards for public review and comment. In addition, IDEM should develop and use sound scientific principles for identifying a “balanced, indigenous population” appropriate to receiving water. The identification of a “balanced, indigenous population” should encourage sustainable alternatives to cooling towers, where appropriate, even though those alternatives might result in higher discharge temperatures.

Ground Water Quality

Issue: The Water Pollution Control Board adopted ground water quality standards in August 2001. Five state agencies (DNR, IDEM, Indiana Department of Health, Office of the State Fire Marshall and State Chemist of the State of Indiana) now need to adopt rules to implement said standards. IDEM is trying to adopt Maximum Contaminant Levels (MCLs) for specific a substance that, in effect, requires ground water to meet standards established for drinking water.

Problem: The adopted ground water quality standards can be broadly interpreted with regard to scope and applicability. This broad interpretation can cause inappropriate application of the standards and confusion among the five state agencies and the regulated community. Adoption of MCLs to all ground waters is not appropriate as these are numbers for drinking water after treatment.

IMA Position/Solution: The IMA supports rules that specify Indiana’s policy with regard to ground water quality and that encourage the development of “brownfield” sites. The implementation of the adopted rules should be clear in scope, establish a practical ground water scheme, practical ground water quality standards, and a practical point of application of the standards. These rules should provide the necessary guidance for determining the appropriate ground water quality, but should not create new unwarranted mandates on industry. The EQSC should monitor the progress of the five agencies as they adopt rules to implement the standards.

Impaired Waters Determinations/Total Maximum Daily Loads (TMDLs)

Status: IDEM is required by federal law to implement a TMDL process by which it determines the pollutant load that an “impaired” stream segment can carry and still support the uses designated by the state. Based upon the loads established from this process, IDEM allocates pollutant loads to point and non-point sources to bring pollutants causing impairments down to levels that support the designated uses of the water body. A recent court decision has also challenged a state’s ability to implement permit limits based on TMDL that are greater than five years old. HEA 1162 (2009) provides provisions that allow for public participation in the listing of new pollutants found to potentially be above a standard during a TMDL investigation.

Problem: IDEM does not have a standardized framework for implementing the TMDL program. IDEM policies are unclear and subjective about data requirements to list or delist a water body; and to complicate matters, U.S. EPA has delayed issuing new rules or guidance about how to develop and implement TMDLs. The Water Pollution Control Board has not met statutory deadlines for rulemaking. Delays in issuing these rules are causing significant issues and could require the agency to unnecessarily repeat TMDL work.

IMA Position/Solution: IDEM should take a long, careful look at the water quality data of each of the state's water bodies in order to take full advantage of the program flexibility offered by EPA. The Water Pollution Control Board must adopt rules consistent with statutory requirements and deadlines that:

- Set a minimum data quality and quantity requirements for listing, TMDL development, and delisting of streams.
- Identify appropriate models and tools for development of TMDLs.
- Define the process for listing and delisting streams after the initial list is established.
- Verify that the designated use is appropriate for the stream.
- Verify that the water is not currently attaining the use standards.
- Allow for public participation in the listing and delisting process and TMDL process.
- Provide flexibility in permitting for new and increased discharges, including allowance trading.

Water Diversions from the Great Lakes

Status: The Council of Great Lakes Governors signed a compact in December 2005 that specifies management technique for water withdrawals from the Great Lakes. In 2008, the Indiana General Assembly enacted legislation to adopt the Great Lakes Compact. The legislation included additional language specifying state implementation requirements. The other seven Great Lakes states' legislatures also have adopted the Great Lakes Compact, and Congress is anticipated to ratify the Compact in the near future. The 11th Circuit Court has ruled that the movement of one water basin to another may result in a discharge of pollutants and could require an operation to obtain a National Pollutant Discharge Elimination System (NPDES) permit.

Problem: The compact is a legal agreement between the eight Great Lakes States that will impact current and future uses of surface and ground water within the Great Lakes basin. Within Indiana, existing and future users in the Lake Michigan and Lake Erie basins will be impacted by new permitting and reporting requirements, as well as water conservation programs, for in-basin uses. Furthermore, certain provisions of the compact and its implementation requirements for the Great Lakes basin, such as the water conservation measures, may be considered a template for all waters of Indiana.

IMA Position/Solution: The IMA recognizes the importance of the Great Lakes as a natural resource for all uses, including manufacturing processes. The IMA will monitor and participate in rulemaking efforts by the Indiana Department of Natural Resources and Natural Resources Commission to implement the compact to assure members have cost-effective access to water resources.

Combined Sewer Overflows (CSO)

Status: IDEM and the U.S. EPA are issuing permits and taking enforcement actions that specify requirements for municipalities with combined sewer systems, concerning combined sewer overflows (CSOs) during wet weather events. The General Assembly has adopted a statute, Senate Enrolled Act 620, (SEA 620, (2005), which is intended to promote a reasonable approach to addressing these issues. Many cities have implemented new user rates to fund CSO compliance requirements. IDEM is under pressure to

make decisions based on widespread social and economic impact to communities in order to implement SEA 620. U.S. EPA has been increasing enforcement action on communities with CSOs.

Problem: Indiana has nearly 100 CSO communities, the highest of all states. Improper judgment about appropriate cost-effective, reasonably protective actions and whether eliminating discharges based upon widespread social and economic impact could have a dramatic negative effect on the Indiana economy. Improper judgment about the role of industry discharge in these large storm events will also contribute to great economic disadvantages compared to other states. Proper implementation of SEA 620 will play a strong role in minimizing these problems.

IMA Position/Solution: The CSO provisions of SEA 620 will be implemented through new Water Pollution Control Board rules and IDEM guidance. IDEM and the board should establish cost-effective policies and rules that are also protective of water quality and are not administratively burdensome.

Storm Water Regulation

Status: Municipalities are implementing the community education and outreach provisions of the storm water rules and enforcement has been increasing. The review of storm water associated with construction activity erosion control plans have been transferred to the Department of Agriculture and are requiring significant staff resources. Permittees have been getting multiple inspections by different agencies with conflicting interpretations. EPA has also issued new technology based limits for discharges of storm water from construction activity, but withdrew numeric turbidity limits. IDEM is also considering revising the storm water general permitting rules to include guidance in EPA multi-sector general permits (MSGPs). EPA has been tightening benchmark limits in MSGPs. EPA has also been telling states to use Best Management Practices (BMPs). However, it has recently issued guidance to require numeric water quality-based limits.

Problem: Many issues are still unresolved in the municipal system rules. The rules associated with municipal separate storm sewer require local jurisdictions to adopt local ordinances and permitting programs. In many cases, new control and permitting obligations will be required. In some cases, a business may be required to get a permit from both IDEM and the local jurisdiction. In many cases, local authorities will be requiring fees for these programs based on unexplained assumptions. In the construction activity rules, there is no appeal process to deal with unreasonable soil and water conservation service requests to amend erosion control plans. IDEM will also have to make a decision about whether these municipal storm water discharges that contain storm water associated with industrial activity will not be subject to antidegradation rules. Permittees holding storm water general permits need consistent inspection criteria when being inspected by multiple agencies and should not have to comply with EPA guidance that is not cost-effective.

IMA Position/Solution: EPA needs to be using EPA historical guidance for using BMPs. IDEM and the Water Pollution Control Board should reevaluate the storm water rules as they are unnecessarily more restrictive than the federal rules and create duplicative permitting and compliance burdens. Any fees assessed to support these rules and inspection interpretations must be clearly justified and utilized exclusively for the purpose of the program. These storm water permits should not be subject to

antidegradation rules. IDEM should not propose rules that incorporate EPA multi-sector guidance without considering cost-effectiveness.

Wetlands Management: Federally Regulated Wetlands

Status: In order to undertake activities to dredge or fill federally regulated wetlands, a Section 404 permit must be obtained from the U.S. Army Corps of Engineers. It is incumbent upon states to issue 401 water quality certificates. In Indiana, IDEM is responsible for this task. IDEM has not issued water quality certification for federal nationwide permits. The Water Pollution Control Board preliminarily adopted the rules in February 2002 and has taken no further action. Interpretation of recent federal court decisions on waters of the United States have not been put in Indiana rules. IDEM has also been working on rules for isolated wetlands.

Problem: IDEM has continued to interpret 401 authority to duplicate the Corps 404 process. This is redundant to the federal review process and introduces unpredictability to the person proposing a project. The agency policy is overly restrictive and affects the use of private property.

IMA Position/Solution: IDEM should issue a 401 certification for all federal or regional nationwide permits. Compensatory mitigation decisions should be left to the Corps. Redundancy with existing Corps requirements needs to be reduced or eliminated. For all situations allowing a federal Corps Nationwide Permit, IDEM should issue general permits that are no more restrictive than existing Corps Nationwide Permits and waive 401 water quality certification for such permits. The General Assembly should consider legislation to improve efforts on streamlined mitigation banking.

Pretreatment Program Implementation

Status: IDEM is considering efforts to enforce the pretreatment permits. IDEM and EPA are taking actions to require municipalities to demonstrate that they have set local ordinance limits for pollutants under the federal general pretreatment permit program provisions. Municipalities are concerned about EPA changing the definition of what constitutes a complete and valid pretreatment program. EPA has been conducting a new study of a significant municipal treatment system that is evaluating the removal efficiency of hundreds of pollutants. IDEM developed rules that create a more stringent definition of what constitutes a “pass-through” to municipal treatment systems.

Problem: EPA and IDEM have been requiring municipalities to set new local limits for industry based on the potential of pollutants to interfere with or pass-through a municipal treatment system. These targeted individual efforts to set local limits are circumventing the national pretreatment program efforts. Municipalities will also have to implement rules that could cause dischargers to violate local limits and requirements because IDEM has redefined the definition of “pass-through.”

IMA Position/Solution: The determination of whether municipalities have adequate local pretreatment limits should be aligned with timing of EPA efforts at the national level. Municipalities are already conducting whole effluent toxicity testing to protect against pass-through of pollutants. Sludge quality and disposal are already effectively managed under the EPA 40 CFR 503 rules and under IDEM land

application and solid waste rules. IDEM needs to change the definition of “pass-through” to be consistent with federal law.

Waste Issues

Brownfield Redevelopment

Status: The industrial property redevelopment program created in 1997 was intended to provide incentives for individuals, companies and others to purchase and redevelop contaminated (brownfield) sites. IDEM’s remediation guidance is intended to foster the redevelopment of brownfield sites by providing guidance on agency-wide, risk-based decision making for the various IDEM cleanup programs.

Problem: The amount of time necessary to obtain a “no further action” determination under IDEM’s remediation guidance impedes private investment.

IMA Position/Solution: IMA supports the implementation of HEA 1162 (2009) into IDEM’s remediation guidance and the creation of targeted incentives to encourage private investment in brownfield sites. Protections against future environmental liabilities must be incorporated into the program in order to encourage property transfer for redevelopment. IMA supports predictable, reasonable risk-based cleanup standards and expedited approvals by cleanup programs in order to foster private investment decisions. The Indiana Finance Authority’s issuance of Brownfield ?? (BFPP) letters, site status letters, and comfort letters is an example of how brownfields redevelopment can be fostered. However, one problem is that the Value ?? (VRP) has become so cumbersome and time consuming that it has ceased to function as an effective mechanism for brownfield redevelopment and property transfers.

“Need” Requirement for Solid Waste-Disposal Capacity

Status: The U.S. Supreme Court has determined that states cannot interfere with interstate commerce of solid waste. Bills are now pending in congress to allow states to use other mechanisms to control out-of-state or out-of-county waste.

Problem: The need demonstration is de facto flow control. The need demonstration eliminates competition resulting in a cost increase to consumers (waste generators) without increased environmental protection. The need demonstration has significantly and unnecessarily increased the layering of bureaucratic requirements on permit applicants.

IMA Position/Solution: IMA strongly supports the principles set forth within a free enterprise system where the marketplace, not the government, is allowed to determine the needs. “Need demonstration requirements” should be eliminated.

Toxic Release Inventory Reporting

Status: Annually, the IDEM Office of Pollution Prevention and Technical Assistance publishes Toxic Release Inventory (TRI) data submitted by selected industries under Section 313 of the Emergency

Planning and Community Right-to-Know Act (EPCRA). This data includes required reporting for chemicals contained in wastes that are disposed in landfills and deep wells.

Problem: Chemicals disposed within secure, permitted landfills and deep wells are effectively isolated from the environment. As a result, they are not “true” releases, such as discharges to the air and surface waters. This leads to significant confusion among the general public about which releases may pose a threat to human health and the environment. In addition, not all sources of releases to the environment are covered by this reporting requirement, and the data that is reported is only an estimate. Therefore, the data does not represent the total release to the environment.

IMA Position/Solution: The IMA believes that the Office of Pollution Prevention and Technical Assistance should put the amount of toxic releases reported by industry into proper perspective when they are reported to the general public. IMA believes a distinction between a “release” and proper management of the media should be given as part of the report to the general public.

Solid Waste Management Districts

Status: In 1990, solid waste management districts were created by the General Assembly to address the shortage of landfill disposal capacity in the state. Today, there are 65 districts that utilize tax dollars, user fees or some combination of the two.

Problem: Adequate landfill disposal capacity currently exists in Indiana. The solid waste management districts have not played a role in the development of this capacity.

IMA Position/Solution: The General Assembly should review the need for the solid waste management districts and determine if their original purpose continues to be valid. IMA believes the solid waste management districts’ annual revenues should be capped at a level appropriate to their district population base and should not be allowed to utilize tax dollars as a revenue source.

IDEM Remediation Policy

Status: IDEM is currently working on two Non-Rule Policy Documents (NPDs) that will constitute a complete re-write of its Risk Integrated System of Closure (RISC) and associated RISC User Guide NPDs initially adopted in 2001. Among other things, this rewrite will incorporate the requirements of House Enrolled Act 1162, which was adopted by the General Assembly in 2009, and created several important statutory provisions governing IDEM’s remediation programs. The first part of the rewrite, called the Indiana Remediation Closure Guide (RCG), was released for public comment in May 2011. The companion document, called the Remediation Program Guide (RPG), was released for public comment in October 2011. IDEM has said it plans to present the RCG to the Solid Waste Board at its November 2011 meeting. No timetable has yet been set for presenting the RPG to the Board.

Problem: These two guides will likely govern remediation projects under virtually all of IDEM’s remediation programs for years to come. IDEM has done a commendable job incorporating the

requirements of 1162 into the guides. Nevertheless, some additional work remains to be completed. In particular, IDEM needs to materially amend its approach to demonstrating plume stability and vapor intrusion (VI) to avoid creating unnecessarily complicated and expensive investigation and remediation projects. IDEM also needs to develop clearer guidance on how and when sites are grandfathered under a particular set of rules so the regulated industry is not chasing a moving target.

IMA Position/Solution: IDEM needs to complete its meetings with small work groups on Plume Stability, VI and its look-up tables, and incorporate the input and hard work of these groups into the final RCG. IDEM needs to create a similar work group process to discuss and address multiple RCG comments that were submitted in addition to these three areas. IDEM should not, at the very end of this good collaborative process, short-circuit the process by prematurely presenting the RCG to the board before further input is received. IDEM should convene a similar work group process for the RPG. Both documents need to ensure the dictates of 1162 are met.

IDEM Efforts to Recover Administrative Costs for Non-VRP Remediation Oversight

Status: IDEM continues to send bills for its oversight costs to non-VRP sites.

Problem: IDEM does not have statutory authority to recover these costs administratively like it does with the explicit provisions of the VRP statute. Nevertheless, IDEM continues to send oversight bills. Most companies do not understand the lack of authority issue, or do not wish to incur the cost to litigate the issue, and therefore pay oversight bills. Moreover, companies have been told that they will not be processed through the program or receive their “no further action letters” or equivalent, unless or until the bills are paid. IDEM’s bills also have not provided sufficient information to facilitate review and justify payment.

IMA Position/Solution: IDEM should stop sending oversight bills to non-VRP programs until and unless it receives statutory authority to do so.

Coal Combustion Residuals

Issue: The use of coal in the production of energy creates a residual ash. The ash is referred to as Coal Combustion Residuals (CCR). CCRs are utilized in road construction and building products among other uses. CCRs that are not beneficially reused must be properly disposed of as a waste. How the CCRs are regulated will have a great impact on the cost of handling and disposal. The U.S. EPA is currently developing regulations that could classify CCRs as a hazardous waste under the Resource Conservation and Recovery Act (RCRA) Subtitle C.

Problem: If CCRs are regulated as a hazardous waste, the cost of energy will increase in response to the increased cost of handling and disposal. In addition, the determination that CCRs be treated as a hazardous waste will deter the use of CCRs in a beneficial manner due to liability concerns of the manufacturers. Beneficial use that may continue will be more costly, discouraging the further development of beneficial uses.

IMA Position/Solution: The IMA recommends to U.S. EPA that CCRs continue to be regulated as a non-hazardous waste under RCRA Subtitle D. In addition, the IMA encourages IDEM and the administration to promote the regulation of CCRs as a non-hazardous waste.

Good Character Law

Issue: The Good Character law for solid and hazardous waste permits was first adopted in 1990. It was one of 10 pieces of solid waste legislation passed that year, all of which focused on out-of-state waste. Since the law passed, it has been used only two times to deny a permit. One was a political decision and the other could have been denied under the existing law that allows denials for knowing and repeated violations. The law was amended in 2005 to exempt transfer stations from the law if the applicant holds an Indiana permit and is operating another transfer station, solid waste disposal facility or hazardous waste facility in Indiana.

Problem: The requirement to file disclosures for the permit applicant, including its officers, directors and senior management officials and all persons or entities that directly or indirectly own 20 percent or more of the applicant for the five-year period before the application is filed, creates an extensive paperwork burden on applicants. Even if IDEM then approves the permit after review of the disclosures and mitigation, the good character law has frequently been the basis for citizen appeals of permit decisions, due to the broad discretion provided for denial under the good character law. The financial burden caused by this law is not reasonable based on the history of this program and the value that has been demonstrated.

IMA Position/Solution: Either the good character law should be repealed; or alternatively the law should be amended to allow landfill applicants, like transfer station applicants, to be exempted from the law when the applicant holds another transfer station or landfill permit and is already operating in the state.

HEALTH CARE REFORM

Status: The Patient Protection and Affordable Care Act (PPACA) is a United States federal statute that was signed into law by President Barack Obama on March 23, 2010. The law (along with the Health Care and Education Reconciliation Act of 2010) is a product of the health care reform agenda of the 111th United States Congress and the Obama administration. The PPACA reforms certain aspects of the private health insurance industry and public health insurance programs, including increasing insurance coverage of pre-existing conditions and expanding access to insurance to over 30 million Americans, while mandating an increase in total national medical expenditures:

Problem: The PPACA sets in motion promulgation of rules by multiple federal agencies including the Department of Health and Human Services, the Dept of the Treasury, and the IRS. In addition, 26 individual states attorney generals and other parties have sued the federal government over all or parts of the PPACA's implementation. Various courts have responded to these suits with decisions ranging from legal acceptance of the entire act to reversal of sections of the act to outright declaration of it being declared completely unconstitutional.

In addition to the legal uncertainty of the PPACA continued rapidly rising health care costs are a challenge for manufacturers. Manufacturers want to attract and retain highly skilled, healthy and productive employees and are committed to sponsoring benefit programs that maintain the appropriate balance of quality care, flexible designs and shared financial responsibility but are unable to efficiently plan under these murky circumstances. The rising costs associated with a growing uninsured population and federal and state entitlement programs – all of which manufacturers share – are threatening our industry's competitiveness.

The U.S. devotes a much larger share of GDP to health care than other industrialized nations and thus hurts our competitiveness. Basic quality indicators show that the U.S. does not have the best health outcomes and the medical system is inefficient. . Process inefficiency adds costs to any business – including health care. Administrative and medical process inefficiencies lead to duplication of basic patient services and tests, preventable medical errors, lost productivity, and decreased patient satisfaction. America's inefficient medical liability system encourages frivolous lawsuits, unnecessarily increased costs through the use of defensive medicine, higher administrative costs, and less access to quality care as physicians relocate or retire.

IMA Position/Solution: As has been demonstrated in the manufacturing sector, innovation is the only solution for lower costs in the long run. The IMA supports reform measures that enhance performance incentives for innovation in the health care sector. Federal and state government should promote competition based on quality and value.

1. Strong liability and tort reforms covering both medical services and medical products are needed. These reforms should include uniform standards for medical liability claims, limits on non-economic damages in jury awards, periodic payments for large damage awards, limits on attorney's fees, mandatory offsets for collateral sources of recovery and stricter statutes of limitations.
2. The entire expense of health insurance coverage or plans should be tax deductible for businesses regardless of corporate/business organizational structure. PPACA taxes on medical manufacturers, employers, and insurance carriers should not be implemented.

3. The Worker's Compensation system should maintain its independent status and continue to be regulated only at the state level.
4. Employers and employees should be free to choose the plan that best meets their needs. Should employers, either through contract or voluntarily with their employees, agree to provide a corporate plan, they should be free to do so. Competitive provider networks and insurance plans should be promoted to maintain a progressive, evolving marketplace. There should be no assignment of benefits legislation or new employer mandates. The state should take no action to change the ERISA preemption of state law and should encourage employers to provide ERISA approved self-funded health care plans for manufacturers of all sizes.
5. The IMA opposes Medicaid and Medicare reimbursement reductions to health care providers in instances where it causes cost shifting, which in turn raises private payers' costs or reduces the availability of quality health care. Both the state and federal government have responded to growing costs by reducing reimbursements to providers and cost shifting to the private sector – actions that exacerbate affordability and access in the private market and are forcing many employers to reduce or cease offering health benefits. Cost shifting is a significant hidden tax on all privately insured Americans.
6. The IMA supports legislation to promote broader consumer and employer access to provider health care performance and pricing data. Providers should continuously improve the value of care delivered by using outcome research, practice guidelines and by making data available to assist purchasing decisions. Efforts should be made to reduce administrative costs both for private medical plans and government programs through such means as greater use of electronic interchange of information. Improvements in access to health care and provider performance and pricing data. The IMA approves of the standardization of health care provider data to provide employers and consumers with reliable cost and quality information upon which health plan and provider selection decisions can be made. Information related to quality and cost should be readily available in a user-friendly format for all health care stakeholders – employers, government, insurers, consumers and providers.
7. The IMA opposes legislative efforts that could weaken or destroy health care networks that negotiate on behalf of employers, individuals and other private payers with medical providers to provide health care at reasonable rates.
8. The IMA believes health care reform should preserve the public/private partnership in delivering medical coverage to American citizens. The federal or state government should not be the sole provider of health care.

OTHER ISSUES NOT DIRECTLY COVERED BY SPECIFIC POLICIES

From time to time, IMA staff members are faced with legislative decisions regarding matters that do not fall squarely within specific policy areas. Frequently when that happens, it is with virtually no time for membership deliberation. When that happens, IMA staff will make the best determination possible in light of their understanding of the interests of the manufacturing community and take an appropriate position, if necessary.

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