



### ***Wednesday, April 30, 2025***

The 2025 Legislative Session officially concluded last Friday in the early hours. Bills passed by both chambers are still being sent to Governor Mike Braun for consideration. The Governor has seven days to sign or veto a bill. If no action is taken within the seven-day period, the bill will automatically become law. With the General Assembly concluded, the B&T Government Services Team wanted to provide a high-level summary of the main topics covered at the Statehouse this session.

### **Session Summary**

#### **Taxes**

At the top of [Governor Braun's Freedom and Opportunity Agenda](#) priorities were significant tax cuts for all Hoosiers, beginning with property taxes. As Hoosiers have experienced rising property taxes, the General Assembly passed SEA 1, Local Government Finance – Sen Travis Holdman (R – Markle) with the intention of bringing relief to homeowners. The bill, now signed into law, will give homeowners a property tax credit up to 10% or a maximum of \$300. SEA 1 also impacted businesses taxes. HEA 1427, Department of Local Government Finance – Rep. Craig Snow (R – Warsaw), which passed after SEA 1, peeled back some of these changes. Among these changes, were the cuts that SEA 1 had made to business personal property taxes (BPP). Initially, SEA 1 raised the BPP exemption from \$80,000 to \$1,000,000 in the 2025 assessment. The exemption then increased to \$2,000,000 in 2026. HEA 1427 repealed the 2025 increase, so that the exemption floor will not increase until 2026. HEA 1427 left the exemption increase at \$2,000,000 in 2026. HEA 1427 awaits signing from the Governor.

HEA 1001, State Budget – Rep. Jeff Thompson (R – Lizton) passed the proposed biennial budget for Indiana and now awaits the Governor's signature. HEA 1001 contains a 5% funding cut to most state agencies and offices. The April budget forecast provided hurdles for the final draft of HEA 1001 as projections came in \$2 billion less in revenue over the next budget cycle. To accommodate the lower projections, fiscal leaders made additional cuts and increased the cigarette tax by \$2, cigar taxes will be capped at \$3, and alternative nicotine products will distribution tax 50 cents per ounce; the taxes' excess revenue will go directly to the Medicaid Fund. Even with these increased taxes, public health funding will see a cut this budget, going from \$100 million to \$40 million each year over the biennium. Per the budget, the state reserves will only be adding \$713 million to the current estimated \$2.7 billion in savings.

The budget, however, will maintain funding in the Department of Child Services (DCS), Medicaid, and K-12 Education with the addition of universal vouchers. Sen. Ryan Mishler (R - Mishawaka) stated his intentions to fully fund K-12 education numerous times, even if that meant other agencies would take a cut. The education fund received an allocation of \$100 million to aid the Governor's Freedom and Opportunity in Education Fund. The fund is intended to support new classroom initiatives and academic outcomes. Funding for virtual schools will remain at 85% per student compared to the amount public schools receive for each in person learner.

## **Social Policy**

Some Statehouse conversations mirrored those happening at the federal level this session. SEA 289, Unlawful Discrimination – Sen. Gary Byrne (R – Byrneville) became known as the DEI (Diversity, Equity, and Inclusion) bill this session. Governor Braun announced his plan to change DEI to MEI - Merit, Excellence, and Innovation during his State of the State speech in January. SEA 289 does not mention the acronym DEI, rather the bill would disallow state funded scholarships from considering personal characteristics of the recipient. The bill had amended in SB 235, Limitations on Diversity, Equity, and Inclusion – Sen. Tyler Johnson (R – Leo) which would have barred state agencies and colleges from funding DEI offices or employees and from bestowing contracts or grants on entities that mandate DEI training. However, this addition was later removed during the legislative process. Minority teaching scholarships awarded this application cycle will not be affected by the bill. SEA 289 is on Governor Braun's desk for consideration.

Immigration was a topic heavily discussed throughout session. While HB 1531, Various Immigration Matters – Rep. J.D. Prescott (R – Union City) did not pass this session, as members had concerns about the enforcement mechanism of local governments hiring unlawful workers, other immigration bills did make it to the finish line. HEA 1393, Immigration Notice – Rep. Garrett Bascom (R – Lawrenceburg) outlines the procedures law enforcement must follow when reporting unlawful persons in jails. The final product was a less strict version of the bill as many legislators thought the legislation might burden law enforcement. Another immigration-related bill which crossed the finish line was HEA 1114, Driving Without a License – Rep. Alex Zimmerman (R – North Vernon). The bill imposes harsher penalties for unlicensed drivers involved in an accident. Those who oppose the bill view it as more of an incentive for undocumented drivers to flee the scene of an accident and sets back the efforts to allow undocumented immigrants to gain driving privileges in the state.

## **Local and State Government**

The General Assembly made a few changes to the Open Door Law this session. Starting with increasing the number of exceptions for executive session through HEA 1134, Executive Sessions – Rep. Ben Smaltz (R – Auburn). Government officials will now be permitted to discuss employee health care options, handbook changes, negotiations on publicly bid contracts, and solicitation of contract proposals containing proprietary information in private through an executive session. HEA 1134 is awaiting the Governor's

approval. Also on the Governor's desk is HEA 1641, County Government Matters – Rep. Jennifer Meltzer (R - Shelbyville) which excluded police and fire merit system from the definition of a meeting under the Open Door Law, while also allowing executive sessions to review proposed contract terms and communicate with attorneys under attorney-client privilege.

As far as infrastructure goes this session, Indiana put a large focus on roads. Awaiting the Governor's signature is HEA 1461, Road Funding – Rep. Jim Pressel (R – Rolling Prairie) which will establish new public-private partnerships for transportation projects, create a railroad tax credit, and modify the county wheel tax and the county vehicle excise tax and specifies the purposes for which the proceeds of those taxes must be appropriated. In addition, HEA 1461 will allow the Indiana Department of Transportation (INDOT) to request a waiver from the Federal Government to implement new toll roads on interstate highways in Indiana. As for housing, HEA 1005, Housing and Building Matters – Rep. Doug Miller (R – Elkhart) awaits the Governor's approval as the bill will streamline the permitting process for Class 2 structures and prioritize loans for these projects. With contractors facing economic strain on projects, the Governor signed into law HEA 1033, Retainage Requirements – Rep. Pressel, which will help relieve the burden by decreasing the maximum amount of retainage that can be withheld during a project.

SEA 10, Voter Registration – Sen Blake Doriot (R – Goshen) now signed into law, will prohibit a student ID from being used as proof of identification for voting purposes. SEA 10 also altered voter list maintenance and data-sharing language by requiring county voter registration offices to perform voter list maintenance within 48 hours of receiving certain information, such as a change of address or death. After some public protest at the Statehouse this session, SEA 287, School Board Matters – Sen. Byrne was also signed into law; the bill will require a candidate for a school board race to either 1) state political affiliation 2) that the candidate is independent, or 3) that the candidate wishes not to disclose any party affiliation.

## **Health**

This session, both Governor Braun and the legislature were aligned in one goal regarding health policy – lower healthcare costs for Hoosiers and the state. IGA focused on reform for three groups, hospitals, insurance companies, and PBMs.

Numerous bills focused on reducing hospital costs for Hoosiers, and the state. The Republican priority bill, SEA 2, Medicaid Matters – Sen. Mishler directs Family and Social Services (FSSA) to publish new presumptive eligibility guidelines for Medicaid and consequences for hospitals that fail to abide. Sen. Mishler stated the goal of this Medicaid reform was to limit enrollees and those receiving temporary benefits to only those in need of support.

Another Republican priority bill, HEA 1004, Healthcare Matters – Rep. Martin Carbaugh (R – Fort Wayne), also focused on hospital costs. The introduced version of HEA 1004

would have prevented nonprofit hospitals from charging hospital fees a certain percentage over Medicaid. Rep. Carbaugh and Sen. Chris Garten (R – Charlestown) worked to walk back the bill, instead changing the first order to the Office of Management and Budget to conduct a study on the average nonprofit hospital fees. The study, which is set to be completed in June 2026, would then be used to set price caps for the five largest nonprofit hospitals. These caps would go into effect in 2029, barring any legislative changes. HEA 1004 is currently being considered by Governor Braun.

HEA 1003, Health Matters – Rep. Brad Barrett (R – Richmond) was also a Republican priority bill. HEA 1003 would make previously passed site of service language (HEA 1004, 2023) operational. The language was never implemented as the Department of Health ran into technical errors during the rule-making process. Similar to SEA 2, HEA 1003 targets Medicaid fraud and would empower the Medicaid Fraud Control Unit to investigate additional instances of fraud. Finally, HEA 1003 would require diagnostic centers to list the prices of services to be determined by the Department of Insurance. HEA 1003 is currently on the Governor's desk.

In addition to the new hospital reforms this session, several bills affecting the insurance and pharmaceutical industries, including Pharmacy Benefit Managers (PBMs), were passed. SEA 3, Fiduciary Duty in Health Plan Administration – Sen. Justin Busch (R – Fort Wayne) provides that third party administrators and PBMs owe a fiduciary duty to their client. SEA 3 has been signed by the Governor and is now law. SEA 140, Pharmacy Benefits, Sen. Charbonneau would also affect PBMs. Specifically, SEA 140 would allow PBMs to incentivize, but not require, the use of any specific pharmacy. Mail order pharmacies are exempt from this new requirement. Additionally, SEA 140 would mandate the minimum reimbursement for a pharmacy to be actual acquisition cost, plus a “fair and reasonable dispensing fee”. SEA 140 has been sent to the Governor.

SEA 480, Prior Authorization – Sen. Tyler Johnson (R – Leo) also affects the insurance industry. SEA 480 grants patients at least 12 visits for physical therapy per prior authorization approval. Additionally, SEA 480 prohibits insurance from denying a claim for a covered service solely due to the provider being out of network.

Along similar lines, HEA 1604, Cost Sharing; Out-of-pocket Expense Credit – Rep. Julie McGuire (R – Indianapolis) would require health plans offer a claimant a credit towards their deductible for a covered out-of-pocket expense. HEA 1604 is now being considered by the Governor.

As mentioned above, the budget significantly cut public health funding for Health First Indiana (HFI). HFI's funding is down \$60,000,000, from \$100,000,000 last year to only \$40,000,000 in this budget. However, the Medicaid program is fully funded in the final version of HEA 1001.

## **Education**

This session, Governor Braun set out to accomplish several key items outlined in his [Policy Agenda](#) at the start of his Administration. In this transitional document, Governor Braun covered the Administration's Education Plan, which focused on the following areas: improving literacy and math performances, expanding school choice, addressing teacher shortages, and modernizing career pathways.

The Presidential Administration also exerted influence on Indiana's legislature through the President's use of executive orders (EOs). In a unilateral push from both President Trump and Governor Braun, this year's legislation resulted in an increase in local and state control over Education.

The following sections are broken down into three separate, but overlapping, issue areas.

#### Addressing K-12 Teacher Shortages:

At the beginning of the legislative session, Governor Braun set out to address the teacher shortage in Indiana. SEA 146, Teacher Compensation – Sen. Linda Rogers (R – Granger) would raise the minimum teacher salary from \$40,000 to \$45,000. Last minute changes to the bill removed paid new parent and childbirth recovery leave for teachers, alongside the removal of the interstate teacher mobility compact. SEA 146 now awaits the Governor's signature.

Another way Governor Braun wanted to address the teacher shortage was by training, attracting, and retaining teachers. SEA 255, Education Matters – Sen. Spencer Deery (R – West Lafayette) would make it easier for individuals to receive an initial practitioner license to teach through the licensure pathways. SEA 255 also creates a pathway to boost teachers and licenses for individuals in competitive fields including Science, Technology, Engineering, and Mathematics (STEM). SEA 255 awaits signing from the Governor.

#### K-12 Curriculum and School Corporation Structure:

This legislative session, parental rights, curriculum reform, and student success were all heavily discussed. SEA 143, Parental Rights – Sen. Brown provides that a governmental entity may not substantially burden parents' rights. This bill further states that a government entity, such as a public school, is prohibited from advising, directing, or coercing a child to withhold certain information from the child's parents. SEA 143 was signed into law by the Governor.

SEA 255, Education Matters – Sen. Deery would allow public high schools to award academic credit for religious instruction, provided specific conditions are met and the school corporation adopts a policy permitting religious instruction for credit. SEA 255 has been signed by leaders of both chambers and awaits the Governor's signature. SEA 255 awaits signing from the Governor.

HEA 1634, Math Education – Rep. Teshka will require each school corporation and charter school to auto enroll students in an advanced math course. There is a provision

included which allows parents to opt student out of automatic enrollment. HEA 1634 awaits signing from the Governor.

SEA 482, Absenteeism and Student Discipline – Sen. Stacey Donato (R – Logansport) would define “chronically absent” to mean missing ten percent or more of a school year for any reason. SEA 482 would also require a public school to hold an attendance conference no later than ten instructional days after the student’s fifth absence. There is also a provision which allows the local prosecutors to step in and hold an intervention session with the students and the parents to best support the students and their family before filing for a violation of compulsory school attendance requirements. In addition, SEA 482 would also prohibit a public school from expelling students solely for being chronically absent or habitual truant. SEA 482 awaits signing from the Governor.

HEA 1002, Various Education Matters – Rep. Bob Behning (R – Indianapolis), also known as the “deregulation bill,” was a Republican priority bill to deregulate Indiana's education system. The main contents of the bill focused on removing expired and unfunded programs from existing education statutes within Indiana Code. During Conference Committee, a requirement that school districts and charter schools must offer a course studying ethnic and racial groups as a semester elective course was removed. It was stated that the Indiana Department of Education (IDOE) had reached out to get this provision removed fearing that it would be in violation of Trump’s EO which would restrict federal funding to state departments if they did not comply with the removal of “DEI language”. HEA 1002 awaits signing from the Governor.

HEA 1515, Education and Higher Education Matters – Rep. Behning establishes a three-school year Centralized School Facilities Pilot Program and a Student Transportation Pilot Program. No more than three applicants are selected by IDOE to participate in each pilot program. HEA 1515 also establishes the Indianapolis Local Education Alliance (IELA). IELA would be required to conduct a school facilities and transportation implementation plan headed by a nine-member board. Members of the board would include Mayor Joe Hogsett, Superintendent Aleesia Johnson, and the IPS board President. The mayor would be able to appoint four members while the Superintendent gets to appoint the remaining two members. HEA 1515 awaits signing from the Governor.

In HEA 1001, State Budget – Rep. Thompson, one of the financial decisions made was universal school vouchers funding. Universal vouchers for private school have long been a Republican priority over the years, and Governor Braun is the latest to champion the issue. HEA 1001 would expand Indiana’s School Choice Program to fully fund the vouchers regardless of income eligibility in the biennium. This expansion is viewed by Republicans as empowering both students and parents in making the best educational decision. The expansion of school choice and the implementation of resource sharing between public school corporations and charter schools align with Governor Braun’s goals of expanding access to education while increasing efficiency and reducing cost. HEA 1001 awaits signing from the Governor.

#### Career and Higher Education:

Higher Education was also impacted by SEA 448, Higher Education and Workforce Development Matters – Sen. Greg Goode (R – Terre Haute). SEA 448 gives the Commission for Higher Education (CHE) complete control over the approval or disapproval of certain branches, campuses, centers, degrees, or programs at publicly funded state universities. SEA 448 would better align workforce needs with educational programs coming out of state institutions. SEA 448 also creates a framework for the CHE to conduct degree and program monitoring and for the Board of Trustees to review faculty tenure. SEA 448 awaits signing by the Governor.

Similarly, HB 1002, Various Education Matters – Rep. Behning added a last-minute provision during Conference Committee that would allow the Governor to remove and replace members on Indiana University's board of trustees. SEA 448 now awaits the Governor's signature.

## **Energy**

Lowering energy costs was a priority for Governor Braun coming into his first term, and the legislature pushed policy intended to help achieve this. There was a significant push for nuclear energy development, originating in both chambers. A pack of Small Modular Nuclear Reactor (SMR) bills passed this session with HEA 1007, Energy Generation Resources – Rep. Ed Soliday (R – Valparaiso) creating a tax credit for manufacturing expenses. Senate legislation followed this bill with SEA 423, Small Modular Nuclear Reactor Pilot Program – Sen. Eric Koch (R – Bedford) establishing a pilot program, allowing public utilities to petition the Indiana Utility Regulatory Commission (IURC) to prove public convenience and necessity for the ratepayers. SEA 424, Small Modular Nuclear Reactor Development Costs – Sen. Koch then allows utilities to petition the IURC to recover up to 80% of the development costs. Many of these SMRs would be classified as an Energy Production Zone as outline in SEA 425, Energy Production Zones – Sen. Koch. Notably excluding wind and solar projects to maintain the public's ability to block these projects. SEA 424 has been signed into law while the others await the Governor's approval.

To safeguard Indiana's water resources the Governor signed into law SEA 4, Water Matters – Sen. Koch which gives the Department of Natural Resources (DNR) and the IURC the authority to oversee the Certificates of Public Convenience and Necessity for water utilities to construct, purchase, sell, or lease a long-haul water pipeline. This law is intended to help safeguard Indiana's water resources while also carving a path for continued economic development in the state.

## **Public Policy**

One of the challenges faced by the legislature this year was how to regulate the ever-changing landscape of craft hemp products. With several different types of products being pushed onto shelves, and with the varying levels of THC regulations, or lack thereof, the legislature set out to create more regulations. SB 478, Craft Hemp Flower and THC products – Sen. Holdman would have established regulatory testing and packaging requirements. The bill ultimately died during Conference Committee but there are already

conversations about addressing this in the next session with Senate President Pro Tempore Rodric Bray saying, “We’ll come back, I can promise you, next year and get something passed”.

## **Criminal Justice**

In recent weeks an attempt to criminalize homelessness has been in the media. HEA 1014, Public Safety – Rep. Zimmerman would have made sleeping on public property a Class C misdemeanor. The language in the bill was vague on the time limit as the bill only stated the act of sleeping on public property could not be for long term shelter. After the bill was scratched, pieces of the bill including the homeless misdemeanor language were added to SEA 157, Protection of Property Rights – Sen. Mike Gaskill (R – Pendleton), a bill intended to protect homeowners from potential squatter situations. The bill’s author in the Senate dissented on the bill resulting in the language being removed during Conference Committee. HEA 1014 now sits on the Governor’s desk.

There was also a push from House Republicans to reform the judicial system. As a way to enforce and incentivize prosecutors to fully exercise their abilities, the General Assembly passed HEA 1006, Prosecutors – Rep. Chris Jeter (R – Fishers) establishing a Prosecutor Review Board to review noncompliant prosecutors.

## **Points of Interest**

Since first taking office on January 13, 2025, Governor Braun has released a total of 64 Executive Orders (EO). Braun released a package of nine EOs in a package supporting the administration’s new “Make Indiana Health Again” initiative. Robert F. Kennedy Jr. joined the Governor at a press conference announcing the new initiative. The EOs made several changes to the Supplemental Nutrition Assistance Program (SNAP), including removing soda and candy from the list of eligible items for food assistance (pending federal approval) and reinstated income and asset verification procedures. The initiative also works to cut down on improper Medicaid payments, directing FSSA to enforce performance standards for hospital-based presumptive eligibility and stop accepting self-attested eligibility. Additionally, some Executive Orders overlap with bills passed this session. [EO 25-23](#), Increasing Opportunity for Hoosiers by Improving Price Affordability in Healthcare, directs the Department of Insurance to investigate surprise medical bills and PBM practices, and develop legislative recommendations for further action.

Besides health, Governor Braun has released several EOs concerning environmental regulation. Preeminent among these orders was [EO 25-38](#), Creating Opportunity Through Reduction of Excessive Environment Regulation. EO 25-38 halts the adoption of new environmental regulations and directs agencies to identify burdensome regulations and those that go beyond the federal standards. The agencies are required to draft a report of the harmful practices that will then go to the Governor’s office, with plans to repeal many environmental rules.



A significant number of Executive Orders affect internal practices for the state government. [EO 25-34](#), Promoting Families and Strengthening the State Workforce Through New Parent Leave and Childbirth Recovery Leave for State Employees extends some form of new parent leave to all state employees.

Thank you for the opportunity to work with you during the 2025 legislative session. This year, 248 bills in total passed from both chambers. Several bills changed significantly from January to now. This session was a wild ride, and we are happy you invited us along with you. Please feel free to follow up with any additional questions.

**Please feel free to contact a member of our legislative team should you have questions regarding the happenings in the Indiana General Assembly!**

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