



Republicans ram through HJR3

Party line 9-3 vote in Elections brings amendment to full House

By **MATTHEW BUTLER**
and **BRIAN A. HOWEY**

INDIANAPOLIS — Less than 30 hours after House Speaker Brian Bosma moved the constitutional marriage amendment to the Elections and Apportionment Committee, that panel voted 9 to 3 by party lines to send the controversial package for full House debate.

With less than a day to consider the implications of the Speaker exercising his prerogative, it became apparent the outcome within the new venue. The vote occurred after more than four hours of testimony in the House chambers late Wednesday afternoon and into the early evening. Supporting the amendment included Chairman Milo Smith and Reps. Kathy Kreag Richardson, Woody Burton,

Continued on Page 3



Curt Smith (left photo) and HJR-3 proponents gather prior to testimony on Wednesday. Above, Speaker Bosma just after his Tuesday power play. (HPI Photos by Matthew Butler)

Business property shaft

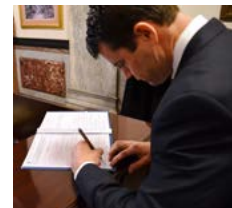
By **BRIAN A. HOWEY**

INDIANAPOLIS – Seven out of 10 Hoosiers live in a city, suburb or town.

Here is what Gov. Mike Pence and legislative Republican leaders have in store for you. They want to repeal the business personal property tax in an effort to improve what is already one of the best business climates in the nation. They are attempting to begin a phase-out on new business equipment this year, with the goal of a total repeal a few years down the road.

This is good, right? Aren't all tax cuts good?

I guess, unless the tax cut for businesses and big corpora-



“I’ve been working with liberals, progressives, more moderate Members and then staunch conservatives. I think we need to search for common ground across the aisle, across the ideological spectrum.”

- U.S. Rep. Todd Young





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tions is made up in the form of local option income taxes. A local option income tax means that they want individual counties to make up the \$1 billion or so in revenues going to local governments, libraries and schools by dingling your paycheck.

Earlier this month, Gov.

Pence said in his annual State of the State address, "This tax is especially damaging because it makes it harder for Hoosier businesses to grow by directly taxing any investments they make in equipment. Taxing equipment and technology in a state that leads the nation in making and creating things just doesn't make sense. And it looks like our neighboring states have figured that out. Ohio and Illinois don't have a business personal property tax, and Michigan lawmakers just voted to phase theirs out."

"To make Indiana more competitive," Pence said, "let's find a responsible way to phase out this tax. But, let's do it in a way that protects our local governments and doesn't shift the burden of a business tax onto the backs of hardworking Hoosiers."

The problem is that while Pence and legislative leaders are hell-bent on phasing out the tax, they have virtually no "replacement" solution other than shifting the burden on to your paycheck. They haven't done their homework.

And if your county decides not to come up with replacement revenue, then an array of services will be cut. There may not be school bus service for your kids, or it may be curtailed. Or police cars and school buses will stay in service longer. There might not be enough money to properly service those vehicles.

It used to be that crooks and rabble-rousers were the ones screaming, "Don't taze me, bro." Now, it's police chiefs tazing themselves to buy new squad cars.

When Gov. Pence and State Rep. Eric Turner, the Cicero Republican who is sponsoring House Bill 1001, met with the Indiana Association of Cities and Towns last week, they made it clear that they had no intention of

providing replacement revenue for cities and towns. "Rep. Turner is not going to consider any amendments in 1001," said Matt Greller, executive director of IACT. "He's not interested in any form of replacement revenue at all outside of what might be existing. Obviously that is concerning to us. His primary rationale for that is because there are local option income taxes. We disagree with that. It's not a local option when a particular unit in the county has no say in the adoption process. To say nothing about schools or libraries that have no say."

SB1, which passed out of the Tax and Fiscal Policy Committee by a 7-2 vote on Tuesday, would eliminate the tax for businesses with less than \$25,000 in property, which would cost the state about \$25 million. That bill would create a panel study the issue further.

With the vast changes in Indiana's tax structure over the past decade, a comprehensive study should be done.

There are County Option Income Tax Councils in each county, but this is a convoluted process that would end up pitting cities, where there might be many businesses with a lot of personal property taxes wanting an option income tax against the county or neighboring towns that don't have much at all.

It is concerning, because since voters passed the constitutional property tax caps in 2008, municipalities have seen revenues cut \$1 billion annually.

Both Republican and Democratic mayors are aghast at this lack of preparation.

Terre Haute Mayor Duke Bennett, a Republican, told the Tribune-Star, "Personal property taxes, which are collected on business equipment, provide more than \$4 million to the city's approximately \$33 million general fund budget each year, according to county figures. If the tax is lifted, the city would lose that money and, in addition, the Terre Haute Sanitary District would lose nearly \$1 million. We can't sustain another \$4 million hit on

the general fund." Bennett said that without replacement revenue, the city would be forced to cut 150 employees. "A big portion of that would be policemen and firemen," he said. "We've cut all of the other areas to the bone, basically."

And Goshen Mayor Allan Kauffman, a Democrat, said in a letter to Elkhart County legislators in December, "I can hardly believe the state legislature is now contemplating taking another \$1 billion from local government, libraries and schools by eliminating business personal property . . . without a replacement revenue. And if they do come up with a replacement scenario, it is likely to be another form of local option income tax. So we shift more cost to the working class, who are already making less in Elkhart County than in the state, and less in Indiana than the rest of the country. How much more burden do we expect the \$13/hour (and many less than that) employee to absorb?"

In Evansville, Republican Mayor Lloyd Winnecke and Democratic Council President John Friend are on the same page. "It could affect the quality of public safety. It could affect the quality of green space and parks in communities and businesses that want all of that when they're looking to relocate," Evansville Mayor Lloyd Winnecke says.

Both Winnecke and City Council President John Friend spoke out against the governor's plan. "If you walked in and said, 'Mayor, we have to cut \$7.3 million from your budget,' I don't know how we'd do it without layoffs," Winnecke told WFIE-TV. Councilman Friend envisioned future wars between counties where some might increase a local option income tax, and others don't. "Imagine Vanderburgh County, Posey, Warrick and Gibson kind of working in unison to bring in investment into southwestern Indiana and then all of a sudden one county has it, the other doesn't," Friend explained.

During the first legislative session for Gov. Pence last year, he heralded a record tax cut. But most of that went to accelerating a repeal of the inheritance tax (from which virtually no one in the middle or lower classes will see a dime), and tax cuts for corporations and financial institutions. There was also a 5 percent income tax that puts about \$40 back into the wallets of average Hoosiers.

Now he is proposing this business personal property tax repeal without doing the necessary homework on how it will impact the places where 70% of Hoosiers live.

In this mode of Indiana Republican leadership, the buck stops . . . just short of your wallet. ❖

Marriage, from page 1

Jeff Thompson, Timothy Wesco, Casey Cox, Richard Hamm and Holli Sullivan. Opposing were Democrat State Reps. Phil GiaQuinta, Kreg Battles and John Bartlett. Rep. Terry Goodin was excused.

"Every citizen should have the opportunity to vote in November," said Advance America's Eric Miller, a long-time proponent of the amendment. "I would urge you to vote for HJR-3 without amendment so Hoosiers can vote. If this is passed in 2014 without amendment, there will be 235 days, those opposed to HJR-3 will have the ample opportunity why the citizens should vote no. Likewise, those who support marriage between one man and one woman will have ample opportunity to vote. The people of Indiana will be able



House Elections Chairman Milo Smith presided over four hours of testimony and a party line vote. (HPI Photo by Matthew Butler)

to make an informed decision on Nov. 4. I trust the people of Indiana will make the right decision."

State Rep. Eric Turner, who sponsored the bill, testified, "The constitutional amendment we are proposing simply protects existing state law."

GiaQuinta asked Turner, "This will outlaw civil unions, correct?" Turner responded, "Yes."

It was that second sentence that helped produce a deadlock on the House Judiciary Committee last week, forcing Bosma to move it to Elections. Republican State Reps. Wendy McNamara, Jerry Torr and Dan Leonard were either undecided or opposed, creating the unforeseen dilemma for social conservatives who expected it to easily move to the House floor for debate.

Indiana University attorney Jackie Simmons testified that the second sentence could impact extending benefits to same sex couples among the 40,000 university employees. She said that a judge has ruled that a similar constitutional amendment in Kentucky had the attorney general there ruling that the University of Kentucky and the

University of Louisville cannot offer benefits to same sex couples. Simmons said that similar amendments in other states will be tested on the 14th Amendment to the U.S. Constitution, which guarantees "equal protection" to all citizens.

Simmons was asked about HB1153, the clarifier bill. She noted that it wasn't passed by 2011 legislature that first approved the constitutional amendment, presenting a probable legal challenge.

Emerging from this testimony was the notion that the constitutional amendment might actually subject Indiana's marriage law to more legal challenges. The current Indiana law, passed in bipartisan fashion in 1997 and signed by Democratic Gov. Frank O'Bannon, had been upheld by the Indiana Court of Appeals. The amended constitution, and particularly the clarifying HB1153, will almost certainly face a legal challenge, particularly since the companion legislation was not passed by the General Assembly in 2011.

"The current statute has been held up in court; it has been challenged," Battles said after the hearing. "We stand a greater, not a lesser, chance it will be challenged, not in a state court, but federal court."

Much of the testimony on Wednesday was similar to that heard on Jan. 13.

"Debates like this pit neighbor against neighbor, elected official against elected official," said Marya Rose of Cummins Engines, who said that \$17 million was spent on a similar showdown in Minnesota. "We know that being able to attract the best and brightest will make Cummins great. We know employees will leave our state if HJR3 passes. We've seen it happen. We believe this amendment will cause irreparable harm to Indiana and our business climate."

Carol Trexler, a married lesbian with terminal lung cancer, testified that her partner Donna Trexler was denied access to medical records from hospitals. "Despite all of our legal documents, the doctors didn't look at Donna as



The Texlers (top photo) and IU's Jackie Simmons, testified against HJR-3 over aspects of domestic partnerships. (HPI Photos by Matthew Butler)

my wife when I was in the hospital with cancer," she said. "Every form I filled out was another reminder that we were treated differently."

High-profile attorneys Jim Bopp and Peter Rusthoven who spoke for and against the amendment, respectively, were unable to attend. Before the hearing, Jennifer Wagner, with Freedom Indiana, said it was difficult with only 24 hours notice to assemble their previous speakers and any replacements.

Those testifying in favor of the amendment, however, appear to have had

earlier warning and, perhaps, a bit more time to mobilize a second response. "I heard rumblings last week," said Curt Smith, of the Indiana Family Institute. "I learned, I think Monday afternoon," he told Howey Politics Indiana before the hearing. "I was given assurances by people – no not the Speaker – that the bill was going to move one way or another."

Smith did not see this as any form of special treatment. "I've been there when the Speaker is for you and when the Speaker is against you," he remarked. Smith was alluding to when past-Speaker Pat Bauer, D-South Bend, blocked the marriage amendment and pressured Rep. Terri Austin, D-Anderson, in Smith's words, "to flip her vote." "It's a lot more fun when the Speaker is for you; it's just in the nature of the institution."

Judiciary Committee member Rep. Jerry Torr, R-Carmel, who was widely considered to be one of at least three Republicans still undecided (or even against) the amendment, said on Wednesday, "I was not particularly surprised. I think this is better for the process, probably. Proponents and opponents will be given an opportunity to be heard now again."

Chairman Rep. Milo Smith, R-Columbus, said he learned Monday his committee would take on the re-signed constitutional amendment and companion bill. He said he was advised over the weekend "to be prepared" for the possibility. "We've been debating this issue for 10 or 12 years and it's really up to the voters and that's

what the Election Committee is about, elections," Chairman Smith said. "Therefore, I think assigning this committee was the right thing to do. I even told the Speaker I thought it was a good idea."

Bosma's announcement on Tuesday afternoon came as a surprise to Rep. Kreg Battles, D-Vincennes. "There was a moment of shock when there was, 'Holy cow, that's my committee!'" he said after the hearing. "Shock is the biggest understatement in the world." Battles was the one member to change his vote from 2011.

"I can tell you without any reservation, that I was truly undecided," Battles said afterward. However, as the hearing progressed, the line of skeptical and frustrated questioning on the part of the Vincennes high school chemistry teacher increasingly suggested he would vote 'no.' Battles, joined by his Democratic colleagues, hit on concerns also aired in the Judiciary Committee last week. The volume of their inquiries stood in stark contrast to the relatively few questions from Republican members. Asked why that may be the case, Battles answered, "I don't think it was by accident this bill was sent to this committee. I think it was sent here with a clear purpose and that purpose was obviously achieved."

A couple of Republican members' remarks, however brief, suggest the potential of more interesting things to come. Once the roll call came, Rep. Holli Sullivan, R-Evansville, voiced the desire to simply get the amendment before the full House. Rep. Casey Cox, R-Fort Wayne, indicated interest in the possibility of amendments once on the House floor. Cox told Tom LoBianco of the Associated Press, "I was willing to bring it to the floor, and when it comes to the floor we'll take a look at it then."

This was not lost on Wagner. "It was noteworthy to me that a couple of the Republicans even said, 'we're passing it out to consider it on the floor, we'll consider amendments to it.' That's the silver lining here."

Asked if he knew what might be the character of such amendments, Chairman Smith answered, "I do not. They didn't mention it to me. I probably won't be supportive of any amendment if it comes time for me to vote on it, because, if we amend it, we won't be able to vote on it Nov. 4, 2014."

Cox told the Fort Wayne Journal Gazette that he would like to see the ban's controversial second sentence—"A legal status identical or substantially similar to that of



The Indiana Family Institute's Curt Smith testifies on Wednesday. (HPI Photo by Matthew Butler)

marriage for unmarried individuals shall not be valid or recognized" – removed through floor amendments. One could assume in the larger House that Cox is not alone in that view.

At noon today, groups advocating the amendment will host Gov. Mike Pence as he keynotes the Faith and Community Leader Legislative Luncheon.

The political impact

As for the increasing possibility of HJR-3 making its way out of the Statehouse and on to the ballot in November, the Indiana Family Institute's Smith is already planning. "We'll form a coalition," Smith explained. "We've done a lot of spade work already. We'll include a lot of Indiana groups and national groups and I'll be very involved so hopefully it will have a Hoosier twang."

As for those arguing against HJR3, he expected an already developed strategy lifted from elsewhere: "I think they'll run the same race they did in

Minnesota," Smith surmised. On this point he was in agreement with Cummins Inc. Vice President Marya Rose who spoke against the amendment before both committees. She said Indiana was following Minnesota's experience. That state rejected a similar amendment during a 2012 referendum but it involved, she argued, an unnecessary and divisive debate that pitted "neighbor against neighbor" and cost some \$17 million.

What are the potential political impacts of HJR-3 moving forward?

First, Speaker Bosma has become the face of the issue at this point. Bosma had said he would not "dictate" how the amendment would fare and had repeatedly said it would be "treated like any other bill." But over the past 10 days, it became obvious to everyone that would not be the case. With the conservative Gov. Pence and two super majorities, this is the moment where the stars align for Hoosier social conservatives. This is their moment and HJR-3 is the holy grail.

From the perspective of Gov. Pence, Bosma's intervention is a good thing. The governor has shown little interest in involving himself with the marriage amendment, nor does he want it on the ballot should he seek reelection in 2016. For that, Pence owes Bosma a significant debt.

Secondly, a number of independent observers see anywhere from \$10 million to \$15 million spent on HJR-3 between now and the fall. In Minnesota, a state of similar

size of Indiana, \$17 million was spent. Given the fact that there is no presidential, gubernatorial or U.S. Senate race on the ballot, HJR-3 will fill this mid-term vacuum.

It is a considerable political risk, particularly with the second sentence becoming the focus of political and future judicial confrontation and support for the package eroding with it. Many Republicans speaking to HPI expressed amazement that Bosma, a lawyer, would allow the legally flawed amendment to proceed. Many said things like, "If it's that important, it's imperative to get it right."

For Republicans in urban, suburban and college town districts – and this group would include State Reps. Randy Truitt of West Lafayette, Mike Speedy and Cindy Kirchhofer of Indianapolis –there is the potential for an influx of moderate to liberal voters who could come out to vote in favor of HJR-3.

From Bosma's perspective, with a 69-seat majority, the risk of losing four or five House seats is a worthy tradeoff to achieve this holy grail.

The Chesapeake Beach Consulting Poll released at HPI's deadline last week reached several conclusions:

- While this issue is less of a priority than other legislative issues and will not be a vote driver in November, it has primary consequences with 68% indicating they would vote against their state senator or state representative in the primary election if that person did not share their view on this issue, but an opponent did.

- Majorities oppose allowing gays and lesbians to get married and majorities support this constitutional amendment. And, even when told that state law exists defining marriage as between one man and one woman, 58% of voters supporting protecting this law by placing this language in the state constitution.

- The only time we see majority opposition to the amendment is when voters are told the second sentence could prohibit civil unions and affect domestic partnership benefits.

- A majority of voters approve of removing this second sentence, and 43% indicate that a legislator voting to remove this second sentence would not have an effect on their vote to reelect that legislator.

- Supporters of the amendment favor removal of the second sentence, as this takes away the main argument of opponents and increases the chances of passage.

- 67% of voters indicate it would not make a difference in their voting in November if the legislator did not put this issue on the November ballot.

- 55% indicate it would not make a difference if the legislature did put the issue on the ballot.

- Initially, 77% of these voters believe this issue is important enough that voters should be allowed to vote on it. 80% hold this point of view on the informed ask.

Of these points by the pollster, the fifth point, those favoring the removal of the controversial second sentence that precludes civil unions, stands out. This will be the lightning rod for the opposition of HJR-3 and the wild card heading into November. ❖

Kentucky, Virginia challenges to same sex marriage bans

Here is a roundup of marriage ban news from around the U.S.

FRANKFORT, Ky. - Kentucky Gov. Steve Beshear and Attorney General Jack Conway are asking a federal judge to deny summary judgment—and an immediate injunction—in a lawsuit challenging the state's same-sex marriage ban (WFPL-FM). In December, Louisville residents Greg Bourke and Michael De Leon asked a federal judge to issue a ruling and implement an injunction against the state's ban on same-sex marriage. On Monday, Beshear and Conway asked the judge to deny Bourke and De Leon's request. But an attorney representing Bourke and De Leon said he believes Beshear and Conway are secret supporters of their cause. "It's the plaintiffs' position in this case, and it has been all along, that Kentucky's laws prohibiting same-sex marriage are unjust and unconstitutional," Canon told WFPL. "I think that the Beshear administration knows that, and the response that they filed yesterday tacitly acknowledges that."

Conway's spokeswoman said it'd be inappropriate for the attorney general to express personal views on a matter pending in court. In 2010, then-Senate candidate Conway opposed same-sex marriage. In a statement, Beshear deferred to the 2004 referendum approving the state's same-sex marriage ban, saying voters "have made the decision for the commonwealth."

* * *

RICMOND, Va. – Virginia Attorney General Mark R. Herring will announce Thursday that he believes the state's ban on same-sex marriage is unconstitutional and that Virginia will join two same-sex couples in asking a federal court to strike it down, according to an official close to the attorney general with knowledge about the decision (Washington Post). The action will mark a stunning reversal in the state's legal position on same-sex marriage and is a result of November elections in which Democrats swept the state's top offices. Herring's predecessor, Republican Ken Cuccinelli II, adamantly opposes gay marriage and had vowed to defend Virginia's constitutional amendment banning such unions, which was passed in 2006 with the support of 57 percent of voters. Herring, too, had voted against same-sex marriage eight years ago, when he was a state senator. But he has said that his views have changed since then and that on Thursday he will file a supportive brief in a lawsuit in Norfolk that challenges the state's ban, said two people familiar with his plans. Herring will say that Virginia has been on the "wrong side" of landmark legal battles involving school desegregation, interracial marriage and single-sex education at the Virginia Military Institute, one official said. He will make the case that the commonwealth should be on the "right side of the law and history" in the battle over same-sex marriage. ❖

Schools, legislators scramble to find ways to keep buses running

By MAUREEN HAYDEN

INDIANAPOLIS – School officials and state legislators from around the state are searching for ways to keep the school buses running - and children safe on the streets - pending the loss of millions of dollars for school transportation.

More than 50 school districts in Indiana stand to lose at least 20 percent of their revenues for transportation, new buses and other big-ticket projects under a new law that requires them to first pay off their debts.

The law, slated to go into effect later this year, comes as many cash-strapped districts are still struggling to adjust to property tax caps passed by lawmakers in 2008.

The new law would severely impact the schools in counties that saw dramatic drops

in the value of their commercial and industrial bases last year – a drop that has already cut deeply into the taxes they collect to keep buses running and repair leaky roofs.

Goshen Community Schools, for example, stand to lose 47 percent of their revenue for transportation and capital projects, or a \$3.5 million loss. School officials, who've already seen a 20 percent drop in property tax revenues due to the tax caps, have cut back bus routes and informed more children they'll have to walk or find another way to get to school.

"This is a working community," said Goshen Superintendent Diane Woodworth. "We know parents have to leave home before their kids go off to school, so they rely on those school buses."

Woodworth has asked teachers to urge students affected by the bus cuts to stay on the sidewalks when they walk to school – especially on dark, winter mornings when streets are snow-covered and slick. School nurses have stocked extra clothing for children who arrive wet after walking through rain or melting snow.

"It's frightening some mornings to see those children out walking in the dark," Woodworth said. "I just pray, 'Please, children, stay on those sidewalks.'" School districts across Indiana were affected when tax caps limited revenues to pay for a range of services and projects. Under current law, school corporations can spread those losses over several funds, including debt service, school pension debt, capital projects, transportation and bus replacement.

But the new "protected levy" law, passed in 2012 and delayed until this July of this year, removed that flexibility. It requires districts to apply their property tax revenues to debt payments before other expenses.

The Legislative Services Agency, the non-partisan research arm of the General Assembly, found the new law impacts school districts differently. About one-third of school districts won't see immediate reductions in revenue available for transportation and capital projects when the new law goes into effect this summer. But the LSA report also noted that an increasing number of school districts may face this funding dilemma in years to come as the tax caps continue to erode school revenue.

Reasons vary as to why some schools are impacted more than others.

Sen. Luke Kenley, R-Noblesville, the powerful Senate Appropriations chairman who backed the protected levy law as a way to protect bondholders, said some districts got themselves into this fix by overbuilding and taking on too much debt before the tax caps cut into their revenues. Other districts, he said, suffer from poor financial management.

"You have schools where somebody hasn't managed money well in the past and now they're in a jam," Kenley said.

In Muncie, where school officials have been criticized for not making tough cuts in the past, the situation is critical. Muncie schools stand to lose nearly 90 percent



of their transportation funds under the new protected levy law. Last November, voters turned down a referendum that would have raised local taxes to keep school buses running. In response, Muncie schools asked state officials to let them drop bus service next year – a request that's been denied.

Some state legislators looking for a solution for the problem said poor financial management isn't the only reason for the districts' woes. Schools confronting declining property values and a large share of residential taxpayers – who proportionately pay less in property taxes than business – also find themselves in a pinch.

State Sen. Carlin Yoder, R-Middlebury, whose

district includes Goshen, points to a nearly 10 percent drop in assessed value of property in Elkhart County between 2010 and 2012. It resulted in almost \$815 million less in taxes for local governments, libraries and schools.

"The Goshen schools are managed well," Yoder said. "But they're facing a problem that isn't their fault."

State Sen. Pete Miller, R-Avon, is working with Yoder, Kenley and others to find a fix. In Miller's district, at least two school corporations took on big debt to build schools to accommodate the growth of young families with school-age children. Those districts now stand to lose a big portion of their transportation dollars because of the new protected levy law.

"A lot of schools are in the same boat, even if they got there in different ways," Miller said.

There's no consensus yet on what the fix needs to be. State Sen. Randy Head, R-Logansport, has proposed creating a grant program, administered by the state Department of Education, that would help hard-hit schools replace revenue lost by the property tax caps.

Other proposed legislation would give schools more flexibility in paying off debts by easing some of the restrictions imposed by the new protected levy law. Some school officials, meanwhile, are asking legislators to create another local-option income tax to funnel more money directly to school districts.

Rep. Todd Huston, R-Fishers, has a bill that would give more flexibility to school corporations to deal with the impact of the loss of revenue from the tax caps. Among other things, his bill would delay implementation of the protected tax levy law for three years and it would differentiate between debt incurred before and after the tax caps went into effect. Doing the latter could put more money back into school transportation funds.

Huston's bill was heard by the House Ways and Means Committee Tuesday, where it received cautious support.

"I think everybody on both sides of the aisle recognizes this is a problem that needs to be addressed," said committee member Rep. Mike Karickhoff, R-Kokomo. "This gives us a brief fix and more time to address the issue."

Kenley, meanwhile, said he's also confident that a temporary solution will be found during the short, legislative session that must wrap up by March 15. But he also expects legislators will return next year, during the longer budget session, to re-examine larger issues of school funding.

"We've got to determine what's causing some of these (funding) problems and we need to look at them in the long run," Kenley said. "We don't want schools not to be able to provide transportation for their students." ❖

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Bingo jackpots could grow with new bill

By MAUREEN HAYDEN

INDIANAPOLIS – Bingo players in church basements and American Legion halls could hit much bigger jackpots this summer if legislators raise the limits on prize money.

A bill passed by the Senate Public Policy Committee would up the limit on cash prizes from \$599 to \$15,000 for individual games, and boost the top prize to \$30,000 for the "super" bingo games that hundreds of non-profits use to raise money.



The legislation comes after a nearly \$100 million drop in the amount raised by bingos and other charity gaming over the past five years, amid heavier competition for gambling dollars.

"We really think by raising the prize limits, we can make charity gaming more competitive," said the bill's author, state Sen. Jean Leising, R-Oldenburg.

Bigger prizes would answer the prayers of parishioners of St. Louis Catholic Church in Batesville. Up until two years ago, the church's bingo games generated about \$200,000 a year in profits – all of which went to help local families pay tuition at the church school.

Bingo revenue is down almost 35 percent. Church members blame the unlimited bingo prizes in some neighboring states, as well as Indiana's two-year-old smoking ban, which exempted casinos but covered bingo halls.

Lawmakers capped bingo prize money after the state began regulating charitable gaming in 1994. The caps were intended to keep unscrupulous operators from moving into the state and squeezing out churches and charities. Charitable gaming – which includes bingos, raffles and pull-tabs – raises only about \$4 million a year for the state, through fees charged to game operators. But it raises millions of dollars for churches and non-profits.

Ed Feigenbaum, who produces the Indiana Gaming Insight newsletter, said charitable gaming made more than \$500 million in gross revenues every year from 1997 to 2009. The plunge started in 2010. By last year, the 3,200 charities and churches licensed for gambling pulled in about \$450 million – dramatically down from the high-water mark of \$585 million in 2000. Bingo alone generated \$425 million in gross revenues for non-profits in 2007. By last year, that figure had dropped to \$187 million. The decline is due in part to tougher rules imposed by the state, which have decreased the number of bingo operators.

Feigenbaum said the drop in charitable gaming parallels a decline in casino gaming. He recently reported

that Indiana's casino tax revenues are falling faster than expected – almost 15 percent over the past six months. That follows four years of falling revenues. The trend hits state coffers hard. Last year, the State of Indiana collected about \$752 million in gaming tax revenues, down from nearly \$1 billion five years ago.

Welfare drug testing bill advances

A bill that would require screening for possible drug use welfare recipients is moving forward in the Indiana Legislature (Evansville Courier & Press). A House committee voted 8-4 on Wednesday to advance the bill. The bill would require Indiana residents receiving Temporary Assistance for Needy Families be screened through a questionnaire and drug tested if they show a likelihood of addiction. Benefits would continue if they test positive as long as they enter treatment. An amendment removed a mandate for recipients of the Supplemental Nutrition Assistance Program to show photo identification. Committee chairwoman Rebecca Kubacki of Syracuse says photo identification is impractical because of the cost and inevitable battle with the federal government. Bill sponsor Rep. Jud McMillin of Brookville says might try to reinsert the requirement later.

Lawmakers take aim at gun buy backs

A proposal forcing Gary and other Indiana cities to end their gun buy-back programs was approved 6-2 Wednesday by the Senate Judiciary Committee (NWI Times). Senate Bill 229, which now goes to the full Senate, prohibits local governments and their police departments from conducting gun buy-back events intended to reduce the number of guns circulating in a community. The sponsor of the measure, state Sen. Jim Tomes, R-Wadesville, said he can't understand why police would want to destroy guns, when most guns police obtain or seize have significant value and could be resold. Under the legislation, police only would be permitted to destroy a gun if the weapon's serial number has been obliterated. All other guns obtained by police would have to be sold to a firearms dealer or through an auction. Proceeds from the sale of those guns then could be spent to purchase more police guns, ammunition or bulletproof vests. Current law requires gun sale funds be spent only on police training. "I don't see why anyone would object to this because it benefits everyone involved," Tomes said. State Sen. Lonnie Randolph, D-East Chicago, voted for the proposal and asked Tomes to add him as a co-sponsor of the measure.

Tanning bill set for vote today

Children under 16 might not be able to get the glow they want at tanning salons if some Indiana lawmakers get their way (NWI Times). A bill that would ban those youths from using beds at tanning salons is set for a vote Thursday afternoon in the state Senate. Children under 16 currently can use the beds if a parent is present. Those

between age 16 and 18 could tan alone if a parent or guardian gives written permission.

Lifeline law expansion urged

Proponents of legislation that would expand Indiana's Lifeline law say it will help save lives by removing barriers for minors seeking medical help for themselves and others (Indiana Public Media). Indiana's Lifeline law, passed last session, provides immunity from underage drinking charges for minors that seek medical attention for other drunk minors. Legislation authored by Sen. Jim Merritt, R-Indianapolis, would expand the law to provide the same immunity if reporting a crime or seeking medical attention for any reason, not just drinking too much. Since its passage, Indiana Attorney General Greg Zoeller and Merritt, have toured the state, visiting college campuses to teach students about the law.

Bill would pay teacher student loans

A bipartisan group in the Indiana House is working to give some public elementary or high school teachers \$9,000 towards their student loans after three consecutive years of teaching (Statehouse File). Teachers would only be eligible if they teach a course in science, technology, engineering or mathematics – known as STEM courses – or in an area of teacher shortage or special education. They also must have been in the top 20 percent of their high school's graduating class or in the top twentieth percentile on the SAT or ACT exam, and have graduated from college with a grade point average of at least 3.5. Rep. Justin Moed, D-Indianapolis, who authored House Bill 1210, said an identical bill passed last year. "It seeks to help us attract our best and brightest students to lead our classrooms here in Indiana," Moed said. "It not only incentivizes those students to go into teaching but also to keep them right in Indiana." The bill once again passed unanimously through the House Education Committee and was supported by all who testified, including John Barnes, a representative from the Department of Education, and state Superintendent Glenda Ritz.

Bill would allow wine wholesaler bypass

Indiana-based farm wineries could sell their products directly to retailers and dealers instead of going through a third party under a bill debated Wednesday in the House Public Policy Committee (Indianapolis Business Journal). House Bill 1387 would allow wineries to distribute up to 5,000 gallons of wine to grocery stores, restaurants, bars and other establishments. The state passed the Farm Winery Act in 1971, which allowed wineries to sell on their premises and directly to retailers. But, in 2005, the U.S. Supreme Court ruled that states can't let one group of wineries sell directly to retailers without letting all of them do so. So, the following year, the General Assembly created a micro wine wholesalers permit that made wineries have to go through a third party to sell their wine. ❖

Long bringing Mount Vernon Assembly here

By **BRIAN A. HOWEY**

INDIANAPOLIS – The next step in a state-driven constitutional convention to force a federal balanced budget will take place in Indianapolis next June, Senate President Pro Tempore David Long has told Howey Politics Indiana.

"We are going to meet again," Long said less than two months after he helped forge the Mount Vernon Assembly at the Virginia home of President George Washington. "We'll have a majority and minority member from each legislative chamber in each state," Long said of a second conference.



Last December, about 100 legislators from 32 states met at Mount Vernon to discuss the constitutional convention which would set in motion amendments to the U.S. Constitution. This would come under Article V of the U.S. Constitution.

Long joined Wisconsin State Rep. Chris Kapenga, Ohio Speaker Pro Tem Matt Huffman, Oklahoma State Rep. Gary Banz and Kansas State Sen. Caryn Tyson in calling for the summit last October. In a letter written to legislators in all 50 states, Long and the others explained, "Article V of the U.S. Constitution gives states equal standing with Congress to propose constitutional amendments. The framers of the Constitution included the state option to address issues of abuse or inaction by the federal government. In light of the federal government's struggle to effectively execute the will of the people combined with the imbalance of power that currently exists between the federal and state governments, we respectfully request your state's participation in a bipartisan gathering of state legislators to be known as the Mount Vernon Assembly. It is our hope that all 50 states will be represented at this meeting."

Long joined Wisconsin State Rep. Chris Kapenga, Ohio Speaker Pro Tem Matt Huffman, Oklahoma State Rep. Gary Banz and Kansas State Sen. Caryn Tyson in calling for the summit last October. In a letter written to legislators in all 50 states, Long and the others explained, "Article V of the U.S. Constitution gives states equal standing with Congress to propose constitutional amendments. The framers of the Constitution included the state option to address issues of abuse or inaction by the federal government. In light of the federal government's struggle to effectively execute the will of the people combined with the imbalance of power that currently exists between the federal and state governments, we respectfully request your state's participation in a bipartisan gathering of state legislators to be known as the Mount Vernon Assembly. It is our hope that all 50 states will be represented at this meeting."

This movement comes at a time when President Obama's Gallup approval rating stands at 40%, and numerous polls have put Congressional approval at historic lows, some in single digits. Despite the historic numbers, the White House and Congress preside over a bloated, unbalanced federal budget, towering national debt, while the White House and Congressional Democrats installed the Affordable Care Act on straight party line votes in March of 2010. Washington has been unable to forge immigration reform, forcing states like Indiana to address what many Hoosier legislators see as a national security issue.

With Congress and the White House unable to reach across party lines to forge a course that would bring fiscal sanity to the nation, the demographic bulge known as the "Baby Boom generation" is retiring to the tune of 10,000 a day, potentially swamping entitlement programs

such as Medicare and Social Security. Former Indiana Gov. Mitch Daniels described it as the "red menace." Appearing before CPAC in 2011, Daniels said, "I refer, of course, to the debts our nation has amassed for itself over decades of indulgence. It is the new Red Menace, this time consisting of ink. We can debate its origins endlessly and search for villains on ideological grounds, but the reality is pure arithmetic. No enterprise, small or large, public or private, can remain self-governing, let alone successful, so deeply in hock to others as we are about to be."

Long said that a chief concern would be a "runaway" Constitutional convention where an array of hot button social issues might pop up. "We'll have to structure how things come together," Long explained. "We have to be able to control it. We want to keep it to one or two issues." Those issues, the Fort Wayne Republican said, would include a balanced budget amendment, and limiting the taxation power of the federal government "as defined by Obamacare," Long said.

Rep. Buzz Brockway, a Georgia Republican, said after the December conference, "There are a lot of unanswered questions. How do you organize it? What do you when you actually get there, and if you get that far, how do you get other states involved?"

Following the December meeting, Arkansas State Sen. Jason Rapert explained, "Overall, it was historic, and I think it is a beacon for the rest of this nation to know the state legislators, of which there are 7,383, are standing together to tell the 535 in Washington, 'You are no longer doing your job. You haven't passed a budget in a



number of years. You allow the President to step outside of his executive authority and are not holding him accountable. You're drowning the nation in debt, and we want it to stop."

There are two methods for amending the U.S. Constitution. The first is for a bill to pass both houses of Congress, by a two-thirds majority in each. Once the bill has passed both houses, it goes on to the states. This is the route taken by all current amendments. Congress will normally put a time limit (typically seven years) for the bill to be approved as an amendment.

The second method prescribed is for a constitutional convention to be called by two-thirds of the legislatures of the states, and for that convention to propose one or more amendments. These amendments are then sent to the states to be approved by three-fourths of the legislatures or conventions. This route has never been taken. ❖

Rep. Young's money juggernaut rolls on

By **MATTHEW BUTLER**

INDIANAPOLIS – U.S. Rep. Todd Young has become the Hoosier Republican fundraising juggernaut. During the election cycle to date, Young has raised a net of \$1,017,884, reportedly the most ever by a Hoosier Republican candidate for Congress during a non-general election year.



Young's cash on hand at the end of 2013 was a little under \$700,000. "If our fundraising is any indication," Young said, "we seem to have earned strong support for the work we've accomplished so far." Leading the charge for the Friends of Todd Young will be campaign manager Matt

Humm. Humm was previously the campaign's political director and worked for U.S. Rep. Jackie Walorski's 2010 and 2012 campaigns.

Below-zero windchill temperatures and several inches of fresh overnight snow delayed Young's arrival to the Statehouse Tuesday morning, but the inclement weather could not deter his filing for reelection for Indiana's 9th CD. Young briefly met with Secretary of State Connie Lawson before signing the appropriate paperwork for this third consecutive congressional run. No primary challenger has yet filed and none is expected.

"I'm actually very excited; I feel like our work has just begun in the 9th Congressional District office," Young told reporters. He identified pressing problems facing the state and nation: "People are still hurting. The job market is still not particularly positive. Our current account balance is out of whack. We're spending more money than we're bringing."

Young has become a money machine. In his 2010 primary race against former congressman Mike Sodrel and Travis Hankins, Young raised close to \$500,000 and had just \$152,000 cash on hand following his narrow victory. He faced U.S. Rep. Baron Hill, who entered the fall cycle with more than \$800,000 cash on hand, but Young not only upset the Democrat, he raised another \$1.4 million in doing so.

Young's Democratic challenger Bill Bailey filed the week before. Bailey is the former president

of the Greater Seymour Chamber of Commerce as well as the city's former mayor and a former member of the Indiana House of Representatives (HD 66). Bailey seriously considered running for the 9th Congressional District in 1997 after Lee Hamilton announced he would not run again, but Baron Hill ended up securing the nomination and, ultimately, the seat. Unless things change quickly, early indications suggest this will not be a competitive race. Along with only a splash page for a website, Bailey, according to FEC records, had raised just under \$200 by the end of 2013's fourth quarter. To add to Bailey's uphill battle is the fact that redistricting in 2010 made the 9th District less friendly to Democrats.

Bailey made the rounds of county fairs this past summer and officially announced his campaign in October. "Like never before we need a congressional representative who isn't owing to the extremist factions and is willing to work across the political aisle to get things done," Bailey remarked then.

Rather than an extremist, Young would characterize himself as "a conservative incrementalist." Along with U.S. Rep. Susan Brooks, Young bucked the rest of the Hoosier Republican congressional delegation in voting for the continuing funding resolution to end the government shutdown in October. Young has also been active in the 'No Labels' movement.

Asked Tuesday morning if Congress can accomplish anything in a bipartisan fashion, Young answered, "I'm one of those who tend to think yes. I've been working with liberals, progressives, more moderate members and then staunch conservatives. I think we need to search for common ground across the aisle, across the ideological spectrum. I think there is too much political posturing, too much strident rhetoric, and too few solutions that are put forward in Congress. I intend to be part of the solution by actually advancing concrete solutions."



U.S. Rep. Todd Young files for reelection at the secretary of state's office on Tuesday. (HPI Photo by Matthew Butler)

Concerning the possibility of sharing the ballot in November with the pending same-sex marriage ban (HJR-3), Young cited federalism as a reason not to weigh in: "This is a state issue. I'm dealing with federal issues."

In addition his longterm goal of tax code reform, Young said one of his new priorities is developing anti-poverty legislation that is currently in the drafting stage. He expects it to be bipartisan and go beyond just pro-growth economic policies. He was careful to stress that the causes of poverty must be tackled at every level of government, from local to federal. Whereas Young stressed the importance of workforce development in terms of education and training to address

income inequality, he remained against a minimum wage increase, arguing it would lessen entry-level employment opportunities.

Curt Nisly to challenge Rep. Kubacki

The husband of the Elkhart County Republican chairwoman is now taking aim at State Rep. Rebecca Kubacki. It may be the first HJR-3 induced primary. Curt Nisly, who had pondered a primary challenge to U.S. Rep. Jackie Walorski, told the Elkhart Truth, "I look forward to truly representing the values of the people of District 22. My approach of limited government with an emphasis on local control will more accurately represent the concerns of the voters in this district." Nisly's campaign singled out Kubacki's position on state legislation last year related to national Common Core educational standards, a focus of intense criticism from some conservatives who view the guidelines as federal meddling. Kubacki opposed a delay in implementation of the national standards, said Nisly's media contact, Pam Galloway, while Nisly favors standards crafted with local input. Galloway also said the proposal to amend the Indiana Constitution to prohibit same-sex marriage will also likely be an issue. Nisly favors the proposed amendment, still a focus of debate in the Indiana legislature, while Kubacki has expressed mixed sentiments over the matter. Kubacki, who's from Syracuse, did not immediately return a call seeking comment. "A person has to be level-headed to run a small business," he said in his statement. "My common-sense approach to running a business and raising a family will serve my constituents well at the capital." On the same-sex marriage question, Nisly favors amending the Constitution to define marriage as the union of one man and one woman, effectively prohibiting same-sex marriage, according to Galloway. Kubacki has said she views marriage as the union of one man and one woman but that she's leery of re-writing the Constitution over the matter since Indiana law already defines matrimony as such. She also worries about the cost of a possible legal challenge should the Constitution ultimately be altered. Mary

Nisly, wife of the candidate, was elected as Elkhart County chair in 2013.

Bosma's constituents on HJR-3

House Speaker Brian Bosma made public his constituent sentiments on key issues. On the constitutional marriage amendment, Bosma revealed that 51% support the amendment, 44% oppose and 5% are undecided. That's an interesting telltale of how HJR-3 could play out in urban, suburban and college towns.

Teacher to challenge Wesco

Democrat Jodi Buoscio will formally announce her candidacy for the HD21 tonight at Teamster's Union Hall at Dunlap. The seat is held by State Rep. Tim Wesco, R-Osceola. An 18-year veteran teacher, Buoscio stated, "We have seen the failure of elected leaders with limited vision trying to legislate from a top-down approach. I know what it's like to roll up my sleeves and work hard. I spent many years working minimum wage jobs while putting myself through college to become an educator. As an educator, I have seen the tremendously negative effects of having politicians with limited vision attempt to legislate policy." As this would be her first run for elected public office, Buoscio commented, "I'm not a politician. I am a mother, an experienced educator, and concerned citizen who believes that we simply can't keep electing the same generic professional politicians. The voters are telling me they expect more from Indianapolis. We need a candidate who has an understanding of important issues and is able to follow through on them."

Seybold files for GOP treasurer

Marion Mayor Wayne Seybold filed his paperwork to become the first candidate officially running for the Republican nomination for Indiana State Treasurer. The filing took place at the Indiana Republican Party state headquarters. Seybold's filing follows the recent announcements that the City of Marion ended 2013 with a budget surplus of \$2 million and that Standard and Poor's has upgraded the city's Park Bond Rating



Marion Mayor Wayne Seybold files for treasurer at Indiana Republican headquarters with Barb McClelland. (HPI Photo)

from BBB- with a negative outlook to A- with a stable outlook. "When I first took office over a decade ago, Marion had an unemployment rate of 17 percent and was in a desperate financial situation," said Seybold. "We've worked hard during our tenure and it's paid off. We're pleased that our disciplined program of conservative budget management has helped Marion achieve this amazing financial turnaround." Seybold sees his experience in Marion as being directly applicable to the state treasurer's position. "I've managed budgets for businesses that I've operated, as well as for the City of Marion. I've dealt with the issues facing cities and towns across Indiana. And I know that a strict program based on conservative fiscal principles works," he said. "I will bring this same discipline to Indiana's finances when I'm elected treasurer. And I will work closely with Hoosier municipalities to help them realize greater success, as well."



Mitchell gearing up for delegate hunt

Kelly Mitchell is building her convention team for her treasurer's race. Jay Kenworthy is handling communications, Whitney Foughty and Megan Umlauf are serving as advisors and Amy Stansfield is fundraising. Mitchell is director of TrustINDiana, Indiana's Local Government Investment Pool (LGIP) with assets hovering near \$550 million dollars. It is a position she has served in under Treas-

urer Richard Mourdock for six years.

"Kelly has really only started fundraising in earnest the last couple of weeks, and things are going very well," Kenworthy told HPI. "We know that the other candidates will raise more than her before the convention, but this is a delegate battle. It will be won with hard work, not buying points on TV. Kelly has a great delegate strategy and is getting a fantastic reception from everyone she talks with. They've been impressed with her experience and her passion for this particular office."

Kenworthy said that Mitchell will roll out endorsements at a later date.

Primary opponent for Stutzman

Rep. Marlin Stutzman, R-3rd, has a challenger in the May 6 Republican primary election. James E. (Jim) Mahoney III of Huntington recently filed his candidacy with the Indiana Secretary of State Elections Division. According to Mahoney's website, he is 57, a native of South Bend, a former chief of parks and recreation for Merrillville and Schererville, a former candidate for the Indiana House. ❖

Morrison takes aim at Bock, Walorski

By JACK COLWELL

SOUTH BEND – Dan Morrison of Elkhart ran an amazing race for the Democratic nomination in Indiana's 2nd Congressional District in 2012. Though not the favorite of party leaders or the Democratic Congressional Campaign Committee, Morrison won in nine of the 10



counties of the district. Though with scant funding and no real campaign organization, Morrison carried the parts of the 2nd District in Elkhart, LaPorte, Marshall, Kosciusko, Fulton, Starke, Miami, Pulaski and Wabash counties. Amazing.

Amazingly, he lost.

Morrison failed to carry one other county, St. Joseph County, biggest in the district in vote totals in the Democratic con-

gressional primary, and lost the Democratic nomination to Brendan Mullen. Mullen went on to run an impressive race that fall, darn near upsetting Republican Jackie Walorski in a district drawn in Republican redistricting to be "safe" for the GOP nominee.

Morrison, 63, a former executive in the recreational vehicle industry, has filed again for the Democratic nomination for Congress. This time he will challenge Joe Bock, 56, a University of Notre Dame Eck Institute administrator. Bock is the favorite of party leaders.

"I never stopped running," Morrison says. He contends that even in the Republican-flavored district, "the right person at the right time" could defeat Walorski, who will seek re-election.

Morrison says he is that person and this is the time, with Walorski especially vulnerable after she supported a demand for defunding of Obamacare in any resolution funding government. Republicans followed that strategy into a politically unpopular government shutdown. "The shutdown shows that she and the tea party have gone farther to the right and means that she is more vulnerable," Morrison says.

Morrison also cites the unpopularity of Congress as a reason why a Democrat could beat Walorski. He says this has been a do-nothing Congress at a time when it should have passed bills to create jobs, spur the economy and tackle infrastructure woes, with emphasis on roads and bridges needing repair or replacement. Morrison accuses Walorski of dragging her feet on immigration reform and raising the minimum wage.

But Morrison again faces a problem that kept his 2012 bid short of amazing enough to win – fundraising. And this time he will lack an advantage that helped him

to carry all those counties, the alphabet. Morrison plans this time for a fund-raising operation and an actual campaign organization, not just a couple of college volunteers as before.

He downplays the alphabet effect. But it helped him. A lot. His name was listed ahead of Mullen's on every ballot. All counties in the district use alphabetical order to determine listings. St. Joseph County once rotated names from precinct to precinct for fairness but abandoned fairness.

Mullen, concentrating on raising funds for the fall race against Walorski and taking a primary win for granted until almost too late, never got known in the nine counties he lost. With the alphabet effect, some voters in a primary when faced with names of candidates they don't really know, tend to vote for the first candidate listed, especially one with a solid sounding name. Mullen had become well enough known in St. Joseph County to get a margin there to overcome losing the other nine counties.

Morrison concedes some alphabet effect, but says he also traveled to those counties he won, with some door-to-door campaigning and placing yard signs. He

says his mistake was not campaigning more in St. Joseph County and not pressing his call for a debate. This time, Bock will be listed first. He, like Mullen, will have a large fund-raising advantage.

Whether Bock also concentrates on the fall and takes the May primary for granted, especially in those nine counties outside his home county, will again be a strategic decision. Morrison already calls for debates. How Bock responds also depends on strategy.

Morrison says some party leaders asked him not to run, saying a Democratic primary contest would help Walorski. Possibly. Or, possibly, a competitive primary in the spotlight could be a blessing in disguise for Bock, enabling him to get better known throughout the district.

It would be no blessing for Bock, however, if Morrison runs an amazing race, costing Bock momentum at the start or costing him the nomination. ❖

Colwell has covered Indiana politics over five decades for the South Bend Tribune.

Niemeyer, Landske careers interwoven

By **RICH JAMES**

MERRILLVILLE – There were interesting political developments on both sides of the aisle last week in Lake County.



State Rep. Rick Niemeyer, R-Lowell, brought the most political intrigue when he announced he will give up his seat in the House to run for the state Senate this year.

He will be seeking to replace Sen. Sue Landske, R-Cedar Lake, who announced a couple of weeks ago that she will not seek re-election because of her health. She announced last fall that she

was battling lung cancer.

The careers of Niemeyer and Landske are somewhat politically woven. Landske was elected to the Senate in the 1980s after then-Sen. Ernest Niemeyer, R-Lowell, gave up his seat when elected Lake County commissioner. Ernie has since passed away.

Ernie became the first Republican elected to the Lake County Board of Commissioners in modern times. Rick Niemeyer's political path is closely following that of his father.

Ernie Niemeyer was a Lake County councilman

who gave that up to go to the state Senate. He later quit the Senate to become a county commissioner. When Ernie retired from the Board of County Commissioners, Rick lost the general election in his attempt to replace his father. Subsequently, Rick was elected to the Lake County council, replacing Larry Blanchard, who didn't seek re-election. The Republican-controlled Legislature redistricted the state in 2011, which created a new state representative district. Rick filed for it and won.

Rick is probably a lock to win the Senate seat and follow in this father's footsteps.

Does that mean Rick will end his political career serving in the Senate? That likely won't be the case, according to most Lake County political observers.

It is a pretty good bet, they say, that Rick will walk away from the Senate, just as he did from the County Council, and run for county commissioner in 2016.

Democratic county Commissioner Gerry Scheub, who defeated Rick for the commissioner's job three decades ago, remains in office.

Also of note last week was the revelation that Lake County Election Board attorney Jim Wieser, who was a Democratic elected official on the municipal and county levels, is strongly considering a run for state representative in District 15.

Wieser, should he file and get the nomination, would be taking on first-term state Rep. Hal Slager, R-Schererville.

Lake County Democratic Chairman Thomas McDermott, has leaned on Wieser to get him in the race. And Wieser has met recently with House Minority Leader Scott

Pelath.

Wieser has said the direction Gov. Mike Pence is taking the state is the main reason he is considering a run for the Legislature.

And in a final note, McDermott on his weekly show on WJOB radio last week gave a strong endorsement for the re-election of Sheriff John Buncich.

Buncich is being challenged by county police officer Oscar Martinez and retired postal inspector Richard

Ligon, who narrowly lost to Buncich four years ago. McDermott is coming off a strong showing after his candidate, Bill Emerson, easily won a party caucus to fill the county surveyor vacancy. ❖

Rich James has been writing about state and local government and politics for more than 30 years. He is a columnist for The Times of Northwest Indiana.

General Assembly needs total tax review

By **MORTON MARCUS**

INDIANAPOLIS – January is the month for the State of the Entity speech by the chief executive. We have the State of the Union, the State, the City and, some places, the County. Most such speeches are recitations of “successes” and outlines of ideas for the future. It is a



fine tradition that is sometimes inspirational, sometimes informative, and too often meaningless.

Gov. Pence maintained the tradition. The intent of each specific proposal was to further the state according to the governor’s general philosophy. Hence, pre-kindergarten was endorsed with no assurances that the health and safety of children would be safeguarded better than they are currently in many religious-affiliated day

care centers.

The abolition of personal property taxes for businesses was advocated with the proviso that local governments not be hurt (much), and that the burden not be shifted to individuals. Which businesses then will pay the nearly \$1 billion in revenues now collected by local governments?

The governor seems to have opened the door for some wonderful fights among the lobbyists representing Indiana’s various business interests. Those firms that buy new equipment will be aligned against those who have no need to modernize equipment. Which tax will the governor raise on those firms not caught in the vise of continuously upgrading equipment?

Last year, Gov. Pence proposed that the individual income tax be reduced by 10 %. This idea did not sit

well with the General Assembly which delayed the idea for a few years. (In case you do not recall, a 10% reduction in the 3.4% state income tax would reduce the rate to 3.06%, making the income tax even more difficult for Hoosier graduates to calculate.)

This year, Gov. Pence called for indexing the personal exemption to the inflation rate. That is more twiddling with taxes to little advantage for the people of Indiana. Revenues would be reduced and the excuse for cutting services enhanced.

Currently, there is a personal exemption of \$1,000 for adults, \$1,500 for dependent children, and an additional \$1,000 for those over 65. If the rate of inflation was 2%, those figures would rise to \$1,020 for adults, \$1,530 for dependent children. How much is this worth to the taxpayer? Assume a family of four, two adults under age 65 and two children. Currently they get a total exemption of \$5,000. This would rise to \$5,100. At today’s income tax rate (3.4%), this \$100 added exemption would be worth \$3.40 to that household. For some in our state, any reduction in taxes is valuable as a means of cutting back government.

Instead of playing games with rates and exemptions, plus changing the tax base for personal property taxes, the General Assembly ought to be working on a comprehensive review of Indiana’s tax policies.

Rather than a piecemeal approach to taxation, let’s look at the larger picture of revenue needs and the means of supporting, rather than undercutting, government services. ❖

Mr. Marcus is an independent economist, writer and speaker. Contact him at mortonjmarcus@yahoo.com

It depends on whose ox is getting gored

By **CRAIG DUNN**

KOKOMO – In the final analysis, when the fat lady's about to sing and the rubber is hitting the road, it all comes down to whose ox is being gored. I don't care what the subject matter, we all tend to frame our views and responses to any issue based on our own self-interest. Oh, I'm sure there are a few selfless monks, Druids or clueless people out there who may defy the rule, but they are exceptions.



This adage that my mother and father used repetitively as I was growing up has, by most popular accounts, Martin Luther to thank for its creation. As Luther was undergoing his persecution, he reportedly responded to his branding, in 1521, as a heretic for his writings by stating, "Most human affairs come down to depending upon whose ox is gored."

Old Martin Luther might feel right at home in the halls of power at the Indiana Statehouse as the personal property tax is debated. As the issue gets batted around like a beach ball at a Colts game, the ultimate determination of whether the elimination of the personal property tax is good or bad comes down to whose ox is being gored.

There are economists who believe that there is no such thing as a corporate tax. These theorists believe that all corporate taxes are eventually passed on to suppliers, workers, shareholders and the consumer. In a glass tube, with all of its air sucked out, this is probably correct. However, much to the delight of politicians of all stripes, there is no practical way to measure this phenomenon. Thus, your perspective on corporate taxes in general and the personal property tax in specific evolves from their impact on you or your constituency.

In a quest to try and determine how Indiana stacks up with its competitors in regard to tax environments for business, I recently examined three different indices on the subject. For comparison, I used the same nine states that the Indiana Economic Development Corporation used in compiling its Cost of Doing Business Comparison. The states are Indiana, Illinois, Iowa, Kentucky, Michigan, Minnesota, Missouri, Ohio and Wisconsin.

The first index was compiled by the Tax Foundation in its 2014 State Business Tax Climate Index. Indiana places first amongst our peers. Overall, we placed 10th nationally, moving ahead of Texas to crack the top 10 for the first time. Indiana appears to do well, even though we levy all of the major taxes, because we levy them on a

lower rate over a broad base. I think this means that we gore everybody's ox. Based on this information, Indiana shouldn't worry about having a corporation slip across our borders to a neighboring state.

The next comparison was published by the Indiana Economic Development Corporation and it looked at the cost of doing business in the Midwest. It compared corporate income tax, average workers' compensation insurance annual premium per 100 employees, average workers' compensation rate, average unemployment insurance per 100 employees, average annual wage and average price of electricity.

The IEDC analysis showed that when you sum up the corporate income tax, workers' compensation insurance and unemployment insurance, Indiana ranks first in the Midwest in terms of cost of doing business. A cost factor of \$151,136 compares favorably to our closest competitor, Ohio, at \$162,303 and is overwhelmingly positive when compared to Minnesota at \$266,135. In fact, unless you like to fish, freeze or finish last in the NFC Central Division, why would you try to operate a business in Minnesota? Even though our corporate tax rate is higher than several states, our unemployment and workers' compensation expenses are so low that we still rise to the top of the list. When you add in a lower average annual wage and generally lower electricity rates, Indiana looks like a pretty good place for your business to call home.

In the final index published in April, 2013, by the Small Business and Entrepreneurship Council, Indiana ranked lower than both Ohio and Michigan and was ranked 19th nationally. This index compared only business taxes. I'm sure that this index may be the source of the collective angst about the Indiana personal property tax. That's what happens when you elect Republican governors in formerly Democrat-dominated state governments; they start cutting taxes. Michigan has gone from the "death spiral" of days gone by to a fierce competitor today.

This analysis of key comparisons brings us back to the original question of, "Whose ox is being gored?" We all know deep down that you can't cut \$1 billion in personal property tax without someone having that tax transferred to them. Corporations don't vote, but they do tend to finance campaigns. Individuals vote and squeal.

Taxing or not taxing machinery is a relatively meaningless issue to many non-manufacturing counties in Indiana. Not taxing machinery in a manufacturing county, such as Howard County, could be devastating to individual taxpayers. Taking the easy way out by allowing each county to decide whether or not to tax personal property will be popular with some counties and ugly for others. This would effectively end up pitting Hoosier communities against Hoosier communities. The former collegial economic development atmosphere in our state would evaporate in a New York minute. I can just hear Mayor Foghorn telling a prospective manufacturing company, "I know that Acorn County doesn't have a personal property tax, but did

you know that their water tastes like raw sewage?"

Perhaps our Indiana General Assembly should slow down and take a holistic look at the total cost of doing business in Indiana instead of looking at an individual component. But then, that's how people think when their

ox may be gored! ❖

Dunn is chairman of the Howard County Republican Party

Business tax repeal should include relief

By **BOB KRAFT**

CARMEL – Gov. Mike Pence and the State Chamber of Commerce want to repeal the personal property tax on business equipment; they say it will make Indiana more attractive for job-producing investment. Local governments are concerned about losing property tax revenues but nevertheless feel they need to spend more on roads and other infrastructure; they say it will make Indiana more attractive for job-producing investment. Champions of education and cultural, recreational and entertainment activities want more funding for their respective endeavors; they say it will make Indiana more attractive for job-producing investment.



So there is agreement that it is important to make Indiana more attractive for job-producing investment. And few would argue that if the personal property secured by such investment will not increase a business's property taxes the business is more likely than otherwise to invest in them. At issue is what granting property tax immunity to these improvements will cost other programs in our communities. In his State of the State address the governor made the case for business personal property tax repeal but added, "Let's do it in a way that protects our local governments and doesn't shift the burden of a business tax onto the backs of hardworking Hoosiers."

The governor understands that simply eliminating the business personal property tax will either shift the property tax burden to other property tax payers or, to the extent the shift causes property taxes to exceed the caps, eliminate needed revenue from local government and schools. Others recognize this as well and have suggested that a new local option income tax may be the way to ease the burden on local government.

This is certainly an option that deserves consideration. But there are other possibilities which should not be dismissed. Giving local officials the authority to raise income taxes is understandably attractive to members of the General Assembly. They can vote to provide relief to

industry, commerce and agriculture but pass the political baggage of enacting a replacement tax on to local officials.

When the property tax caps were passed in 2008, the deal was sweetened for homeowners by adding a "supplemental" deduction to the standard homeowner's deduction. This additional deduction flies in the face of logic because it provides relief to the very taxpayers who place the greatest demands on the services funded by property taxes. To make matters worse, the more an individual's residence is worth, the greater the supplemental deduction he or she is entitled to. In other words, the greater one's ability to pay (at least if you subscribe to the traditional property tax theory that the value of what one owns is indicative of his or her wealth rather than his or her debt) the smaller one's relative property tax obligation. The supplemental deduction is particularly repugnant to farmers who are burdened with a disproportionate share of the cost of community services. Forty acres of corn or soybeans doesn't send nearly as many kids to public schools as does a 40-acre housing development. Elimination of the supplemental deduction would, in most cases, increase the taxes collected from those who benefit most from the services funded by those taxes. Homeowners would still have the protection of the property tax caps, but there would be an increase in property tax revenue realized by local units before the caps took effect.

Since the mid-1980's the General Assembly has had the authority to exempt intangibles, such as stocks, bonds and other securities, from property taxes. During my nearly quarter century representing Indiana Farm Bureau at the Statehouse, I don't recall this exemption ever having been revisited. A few minutes ago as I was writing this, a bulletin flashed on my smart phone that the S&P 500 closed at a record high. If we want to tax property wealth, why not take a look at removing or modifying the exemption of intangibles? I have often heard owners of farmland point to their holdings and say, "My land is my 401K; my farmland is how I am going to fund my retirement." While they are taxed for their land, their neighbors who invest similar amounts in securities are not taxed at all. There is an undeniable irony in the state taxing those who chose to invest their wealth in Indiana but giving a property tax pass to those who have chosen to shift their wealth to Wall Street.

The Indiana Constitution specifically allows the General Assembly to exempt intangible property and owner occupied residential property from property taxes. It also states that implicit in the authority to grant total

exemptions is the authority to grant partial exemptions in the form of deductions or credits. In a comprehensive consideration of ways to fund the elimination of the personal property tax on businesses, the General Assembly should not overlook eliminating or modifying either the supplemental deduction or the exemption of intangible property from property taxes. ❖

Matt Tully, Indianapolis Star: Before I get to the most troubling aspect of the push for a constitutional ban on same-sex marriage, let's ponder the many other problems that have been so sensibly detailed. These other problems are so compelling, so based in rational thought, and so sweeping in scope, that it's mind-boggling to think that Statehouse Republicans have continued to disregard them. It's been pointed out, for instance, that the amendment push is hurting Indiana's image. Just imagine for a moment all of the smart young college students around the country, pondering their futures and life choices while hearing word of Indiana's zealous effort to cement into its constitution a discriminatory amendment. Just look at the polls for a moment and you'll find that these young people — people we want here — find it ridiculous to think that gay Americans should be treated differently. Look deeper at those polls and you'll see that that sentiment is shared across party lines. For Indiana, that's a problem. It's a problem that has been made clear by many Indiana business and organization leaders who spend their days trying to lure the best and brightest here and who know that this amendment will hamper their ability to field the strongest workforces. This amendment weakens Indiana companies by showing the state to be intolerant, and that's a problem. It's also been pointed out, correctly, that the amendment is a tremendous distraction at a time when Indiana's lawmakers should be focused squarely on serious and pressing issues such as education, jobs and tax reform. That, too, is a problem. And many people have pointed out yet another problem with the effort: It seeks to ban something that is already banned by state law. And the reality is that the law would likely face a threat from the federal courts, and a state constitutional amendment won't prevent that. The push for the amendment is an unnecessary attempt to force more divisiveness into the political arena. Any of these problems should be enough to kill the amendment. But it seems to have a cockroach-like ability to survive attacks that would have doomed other pieces of legislation. And, in the end, all of these problems are secondary to the legislation's most fundamental flaw. The biggest problem is that it is wrong to judge our fellow citizens in a public vote, a vote that would allow some Hoosiers to tell others that they deserve less. Less respect. Less freedom. Less opportunity. ❖



Doug Ross, NWI Times: A Republican initiative from

a few years back, the Common Core Standards for education, was approved by the Indiana State Board of Education and endorsed by then-Gov. Mitch Daniels but is now under attack. The business community likes the Common Core Standards because they put all students on an even footing for comparison. As much as he likes to compare Indiana's business climate to other states when it comes to taxes, Gov. Mike Pence is following the Tea Party line in opposing Common Core. "Hoosiers have high expectations when it comes to Indiana schools. That's why Indiana decided to take a time-out on national education standards," Pence said in his State of the State address Tuesday. "When it comes to setting standards for schools, I can assure you, Indiana's standards will be uncommonly high, and they will be written by Hoosiers, for Hoosiers, and will be among the best in the nation." So much for Common Core as a way to make sure Hoosier students stack up well against their peers nationally. ❖

Larry Riley, Muncie Star Press: The deadline for bills to be filed has now passed for both chambers, and between the two, legislators have offered up a ridiculous 536 measures, 364 in the Senate and 172 in the House. And 2014 is the short off-year session of the legislature. I spent days scouring the filings and only got through three quarters of them. I'm not sure how legislators can wade through the mass of proposals, especially in the Senate, with only 50 members and seven times that many bills. Sunday, I mentioned talking with Republican Sen. Doug Eckerty, who said Tax Increment Financing districts would be "front and center" on the legislature's agenda. I found two bills addressing redevelopment commissions, which establish and operate TIF districts. TIF districts designate territories for encouraging development, usually by bonding and spending on infrastructure improvement in the territory which then invites commercial interests to invest. Then the increased property assessments from the investment is used to pay off the bond — or for any purpose the redevelopment commission wants — until the TIF district is dissolved. Around here, we have a whopping 30 TIF districts locally — five in the city and 25 in the county, and the number varies depending on how you count them — and only one TIF district in history ever dissolved. One of the bills demands action should a TIF district's finances build up to 200 percent of the amount needed to carry out the "redevelopment or economic plan." An example here is the Morrison Road TIF (which in the past I've called a piggy bank for the county): the district is sitting on \$3.9 million in cash today, and only owes about \$1 million in bonded debt. The debt could be paid and the district dissolved. Yet this bill merely requires the "legislative body" to approve the TIF district's build up of funds. The legislative body would determine the amount of "excess" tax revenue to release to other units of government. Think zero excess. ❖

Tobacco use increases

INDIANAPOLIS – A new report shows that one in 10 Hoosier children will die prematurely under the state’s current smoking rate (Indiana Public Media). The report, *The Health Consequences of Smoking: 50 Years of Progress*, was released last week by the Office of the Surgeon General. Indiana Lung Association spokesperson Lindesay Grace says tobacco control is based on four areas, and Indiana doesn’t do well in any of them. “We spend very little money compared with what the CDC recommends, who helps smokers from ever starting to that prevention services,” Grace says, “we have a very weak, very poor state wide smoke free law that protects non-smokers and workers from the danger of second hand smoke.” Grace says the low cigarette tax and the lack of quitting services also contribute to the high tobacco use. Miranda Spitznagle is Director of Tobacco Prevention and Cessation at the Indiana State Department of Health, she says the goal of lower tobacco use should not only depend on government. “It got to be the role of business leaders and health care, state, communities, education, schools,” Spitznagle says. “There’s all factors of the society, and everyone has the role in partnering at the community level within their sphere to lower tobacco use rates.” The average smoking rate for the country is 19.6 percent, while Indiana’s is 24 percent.



records link to the drug-related deaths of 31 people. The board on Wednesday suspended the license of 83-year-old Dr. Frank Campbell. The Herald Bulletin reported the board also fined Campbell \$500 on each of the six counts of violating physician regulations filed by the state. Campbell can seek reinstatement in a year. Campbell was medical director of the Madison County Community Health Center until the Drug Enforcement Administration questioned him last year over allowing two physician assistants to prescribe controlled substances using prescriptions he pre-signed. Campbell said he trusted the assistants and pre-signed prescriptions for expediency. An Indiana Medicaid Fraud Control Unit investigator submitted a court affidavit saying 31 of Campbell’s patients died drug-related deaths since January 2009.

Charter curriculum under scrutiny

INDIANAPOLIS - A Texas-based education organization with approval to open two charter schools in Indianapolis this year uses curriculum that teaches creationism and Christian-based character virtues, according to an article by the online magazine Slate.com (Wall, Indianapolis Business Journal). The article has prompted an expedited review of the curriculum of Responsive Education Solutions Inc. by Indianapolis Mayor Greg Ballard’s charter schools office and by the Indiana Charter School Board—the two entities that approved ResponsiveEd to open schools here. But officials at ResponsiveEd say the Slate article takes elements of its curriculum out of context. They say their schools do not teach creationism, but rather teach evolution while acknowledging—“but not exploring”—the ways in which evolution has been questioned or criticized. Slate, in a review of workbooks used in ResponsiveEd’s charter schools, found claims that “the fossil record is ‘sketchy.’ That

evolution is ‘dogma’ and an ‘unproved theory’ with no experimental basis.” “ResponsiveEd has a secular veneer and is funded by public money, but it has been connected from its inception to the creationist movement and to the far-right fundamentalists who seek to undermine the separation of church and state,” wrote Zach Kopplin in the Slate article. In response, ResponsiveEd CEO Chuck Cook sent a letter to Ballard’s staff and the Indiana Charter School Board, explaining how the Slate accusations are off-base. The letter, which can be read here, includes every reference in ResponsiveEd’s curriculum to creationism. “We don’t teach creationism. We completely stay away from saying it’s a scientific theory,” Cook said in a phone interview with IBJ from his office in Lewisville, Texas. ResponsiveEd, a not-for-profit organization, operates 65 charter schools, serving nearly 17,000 students, in Texas and Arkansas.

Enrollment in Medicaid increases

WASHINGTON - More than 6.3 million people have been determined eligible for Medicaid and Children’s Health Insurance Program coverage since the October start of open enrollment, the Obama administration announced Wednesday — but it’s still impossible to say how many are newly insured because of Obamacare (Politico). At least 2.3 million people were found eligible for Medicaid and CHIP in December alone, the same month that enrollment in private health plans also spiked sharply, according to the latest figures from the Centers for Medicare & Medicaid Services. These determinations include people who renewed coverage or were previously eligible for coverage but had not enrolled. However, the Medicaid numbers just released don’t include eligibility determinations made through federal-run exchanges in 36 states, meaning the total could be higher.

Medical board suspends doctor

INDIANAPOLIS - The Indiana Medical Licensing Board has suspended an Anderson doctor whom court