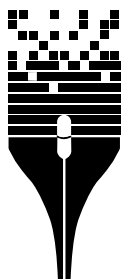


# The Howey Political Report



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## “QUOTE” OF THE WEEK

“What are we for? The missing piece for Republicans is, where is our vision...”

- State Sen. Murray Clark, on the tax restructuring process

## Seizing the public on the taxing issues

No one is going that route ... yet

By **BRIAN A. HOWEY**, in Indianapolis

There was a *Berry's World* editorial page cartoon that ran back in the 1970's that showed a hippie-type man with graduation robes and mortarboard on, tassel turned, standing with his parents. And he says to them, “Now what?”

When it came to Lt. Gov. Joe Kernan's 21st Century Tax Plan, there was the initial thunder clap when it was announced in great detail one week ago. There was an alignment that defied traditional party lines (IMA, Chamber applauding many parts; labor saying “it stinks”). And then through the early part of this week, nothing.

It was as if the Indiana public policy community was saying, “Now what?”

Observed House Minority Leader Brian Bosma on Tuesday morning, “The silence is deafening.”

**What seemed even stranger** was Gov. Frank O'Bannon's travel schedule, which was light and featured no “bully pulpit” stops to begin crusading for the plan. Kernan's schedule consisted mostly of editorial board meetings around the state. That was a sharp contrast to Doc Bowen, who pushed his property tax plans through the Whitcomb administration years, then used 1971 and 72 to rally his agenda with the voters prior to winning the governorship. In 1987, Gov. Robert D. Orr criss-crossed the state selling his A Plus plan, the last major policy initiative Hoosiers had seen. “He took the position that the public had to understand all the components and he spent 24-7 selling it to them,” said his secretary, Dollyne Pettingill Sherman.

O'Bannon press secretary Mary Dieter told *HPR*, “We do have a selling job to do,” but added that the communication *continued on page 2*

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# TICKER T A P E

**GILROY PANEL MAKES ELECTION RECOMMENDATIONS:** A bipartisan task force examining election reform wrapped up its work with recommendations aimed at making it easier to vote and more likely that the vote will be counted (Mary Beth Schneider, Indianapolis Star). The 29 recommendations delivered Monday by Secretary of State Sue Anne Gilroy to Gov. Frank O'Bannon include letting people cast absentee ballots, for any reason at all, for 29 days before an election and allowing people whose voter eligibility is questioned to cast a "provisional ballot." That provisional ballot would be counted after any questions about the voter's eligibility are settled. Gilroy said that in the 19 states that now allow this, up to 80 percent of voters who might otherwise have been turned away are found to have registered properly, so their votes should count. The need for such a change, Gilroy said, was dramatically shown in last year's protracted presidential recount in Florida, where eligible voters were turned away or wrongly removed from voting rolls. That recount helped lead to the state creating the Indiana Bipartisan Task Force on Election Integrity. But Julia Vaughn, policy director for the citizens lobbying group

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## Now what? *from page 1*

tion mode will be different this time. "Just from the reaction of the Republicans and House Democrats and what we're hearing from the general public, there is hope that people do understand the problem, and they are desiring a comprehensive plan. We'll be out there talking about it. The governor will be talking quietly with legislators. He'll be talking about it with editorial boards."

Dieter, who was a reporter for the *Louisville Courier-Journal* during Orr's A Plus initiative, observed, "Gov. Orr had one program that he wanted to sell both to the public and lawmakers. We've got a dual mission: To not only ask lawmakers to think about the future, we've also got to get them and the public to understand we've got a serious deficit problem."

The second part of that problem won't be as evident until new revenue forecast numbers are released.

Kernan's spokeswoman, Tina Dennis, added, "It is safe to say that the LG is the point person on restructuring right now, but the governor is equally

committed to getting their plan passed (in some form) in the 2002 session. However, they will also be talking about the budget crisis the state is facing."

## In some form...

The key words there may be Dennis' "in some form." Kernan emphasized that his plan was a "starting point," and Republicans such as Bosma and Senate Finance Chairman Larry Borst agreed. But the plan will evolve and morph, and that process started to break into that "deafening silence" on Tuesday.

That's when the Apartment Association of Indiana announced it would challenge the constitutionality of the shelter allowance - a cornerstone of the Kernan plan - in the Indiana Tax Court. How long that will take is anyone's guess.

The AAI noted a recent study by the Nexus Group, a research organization founded by former staff members of the Indiana State Tax Board, showing that in some counties, the overall residential property tax base will be reduced by as much as 50 percent. "This will have the

effect of shifting the burden of property tax in those taxing districts to all other taxpayers who do not benefit by the shelter tax allowance," said AAI Executive Director Lynne Moistner. "Especially hard hit by dramatic increases in taxes will be apartments participating in subsidized housing programs designed to ensure an adequate supply of affordable rental units for low income residents."

On Wednesday morning, the National Federation of Independent Businesses came out vociferously against the plan. "The first problem we have with it is it was done behind closed doors," said the federation's Ed Bowman. He said by doing so the public policy community is at the mercy of the administration for obtaining information. "No one in the administration has given us the research. We think it's irresponsible to go with a program when you don't know what you're doing."

The federation also zeroed in on the franchise tax, saying it would shift the tax burden from large corporations to small businesses, which he said contributes to 80 percent of new job growth, including the lion's share in the high-tech sector. It was a similar argument Republican Rex Early made on the PBS show *Indiana Week in Review* last Friday. "It's going to be a tremendously harmful shift from the large corporations onto the small businesses," Bowman said, calling the franchise tax swap for the inventory tax "flagrantly unconstitutional."

### Constitutional perceptions

O'Bannon and Kernan perceived these two trouble spots in the plan when they unveiled it last Thursday. Kernan observed, "The renters credit increases from \$2,000 to \$3,000, to provide additional relief to those who do not own a home." Later, during the technical briefing for reporters, Kernan added, "but clearly they are not going to share in the property tax reduction side of this."

When *HPR* asked O'Bannon and Kernan what would happen to the plan if the courts overturned the shelter allowance, Kernan responded, "We believe that the shelter allowance will pass constitutional muster. It says that the basic cost of providing shelter for your family should not be considered wealth for the purposes of taxation. We believe that it makes sense, is fair and defensible. We plan to defend it to the fullest extent."

Gov. O'Bannon explained, "I think if it is declared unconstitutional and the homeowners lose that kind of support and their property taxes for many reasons go much higher, we'll have to look at reducing some of the other tax cuts and put it on homeowners. We don't even want to look at that. We've got a good mix now that really protects the homeowner and takes us into the 21st Century future economy. We hope that everyone working together can understand that. If we don't do something to move that down, then we'll have to do it some other way." *HPR* asked Gov. O'Bannon how the timing of a court ruling on the shelter allowance could impact the plan. "Well, that depends on the court," O'Bannon said. "What it says, certainly, could make a difference in the way we'd have to focus on the most important priorities in this plan."

Kernan said, "I would just add ... that this has been part of our discussions with the governor that it gives us the opportunity to talk about the possibility of a constitutional amendment with members of the General Assembly. And not just on this issue, but the issue of the inventory tax."

### Education/local control

A third hurdle for the Kernan plan comes in the public education sector. The ISTA's Dan Clark sees the administration viewing this in a two-prong approach - the deficit and property tax mitigation. He offered up a third: State obligations to stu-

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Common Cause/Indiana, said that while the move toward provisional voting is an important one, it's the only major step this task force took.

**STATE TO TAKE OVER VOUCHER PAYMENTS:** In one year, the state of Indiana will take over issuing the checks that help low-income parents afford child care (Joseph Dits, South Bend Tribune). It's the state's effort to prevent another large-scale misuse of government funds that a recent audit says happened in Marion County. Local officials hope that the new system will keep the local consumer input. For now, agencies in each county issue the checks to child-care providers.

**McCARTY EXPRESSES CONCERN OVER AMERITECH CUTBACKS:** State regulators and consumer advocates voiced concern yesterday about plans by the parent company of phone giant Ameritech to cut thousands of jobs and slash capital spending by 20 percent across its 13-state network (Lesley Stedman, Louisville Courier-Journal). Bill McCarty, chairman of the Indiana Utility Regulatory Commission, told Ameritech officials at a hearing that he expects the company to meet its commitments for

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*continued on page 4*

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jobs, service and infrastructure improvements in the Hoosier state, despite cut-backs at the corporate level. Those commitments include the expansion of high-speed Internet service throughout much of Ameritech's territory, including parts of Floyd and Clark counties. "This is a serious concern," said Mike Mullett, attorney for the Citizens Action Coalition. "We hope the company is not going to be in a situation where it could be diluting or violating the commitments they've made." Ameritech's parent firm, SBC Communications, reported a 31 percent drop in third-quarter net earnings, leading Chairman Edward Whitacre Jr. to announce that the company will cut spending in 2002 by eliminating thousands of jobs and scaling back capital projects.

**AIRPORT REVENUE DOWN FOR INDIANAPOLIS:** Airport officials are asking the city to forgive \$6.2 million the Indianapolis International Airport owes for its share of city services, a request that could leave the police and fire departments without enough money to operate (Associated Press). As a one-time fix to city budget problems, the tax-exempt airport was charged for its share of city services this year. The city was to collect \$9.3 million for police and fire operations. But Lacy Johnson, president of the

*continued on page 5*

dents when the tougher academic standards come into play in 2003.

That feeds into how the Kernan plan takes over 80 percent of school general fund obligations. The problem with that, Clark said, is that 175 school corporations will end up getting 85 percent or more of their funding from the state, essentially usurping local control. "If that's true, then you have virtual state control of their operating budgets," Clark said. "We think it makes more sense to reduce all school levies by 25 percent as opposed to the general funds."

Clark continued, "If they move toward total state funding of the operating budget, that issue becomes, do we really need all these school corporations if there is no local control? If that's what they do, then the position we'll take is the removal of a number of administrative units."

On the face of it, that opens up a huge can of worms about local control and consolidation. This in a state where people in places like Mentone and Akron can still work up anger about consolidation that happened 30 and 40 years ago. That kind of talk, one might surmise, could ignite an intense brand of populism unseen for years.

### Mushy public perception

With O'Bannon and Kernan holding back from an all-out sales blitz and legislative Republicans still mulling their response, the public perception game is there for the taking. "The key question is, who will connect all the dots for the public?" asked Karl Berron of the Realtors Association of Indiana.

HPR obtained a Public Opinion Strategies Poll of 500 registered voters conducted by Gene Ulm from Aug. 31 to Sept 5, a time sequence that now seems years away due to the Sept. 11 terror attacks and the subsequent anthrax assaults. But it gives some fascinating glimpses into Hoosier mindset.

It concludes in 10 points:

**1.** There are two aspects of the property tax issue: Taxes are too high and

unfair. High taxes are not the issue yet, unfair taxes are. 75 percent are at least very interested in property tax issues; 52 percent disapprove of the current system. "Public opinion is not fully formed, the shoe has yet to drop," Ulm said. "It will." The poll showed that 65 percent know either "nothing" or "not too much" about the issue, compared to 35 percent who know "a lot" or "some."

**2.** It is about reform, not radical change or risky schemes.

**3.** Gov. O'Bannon is positioned to get the blame for a bad outcome. "The governor's approval is high, but *very* soft," Ulm observed. "A do-nothing legislature could be in the same position." In April, POS had 65 percent saying Indiana was moving "in the right direction," declining to 47 percent by September. The wrong track numbers increased from 22 percent to 35 percent.

**4.** Tax reform must "protect the economy" (18 percent choosing it as the top issue), protect homeowners (16 percent); and protect public education (17 percent). Those were the exact same points that legislative Republicans articulated in their "standards for success," and endorsed by O'Bannon and Kernan.

**5.** Focus on protecting teachers and students, not bricks and mortar or administrators.

**6.** Find another way to fund public schools. A fascinating aspect of this point is the POS showed that 61 percent favored the notion of "changing the way schools are funded using other taxes instead of local property tax dollars." That engages the "local control" issue. The poll suggests that most taxpayers would cede local control. HPR knows its Hoosiers, and that won't fly once folks get a grip.

**7.** Cutting wasteful government is a corollary to cutting wasteful school spending.

**8.** There is always a sentiment to protect farmers.

**9.** Pitting the "Big 3" issues against each other DOES NOT result in a big majority coalition.

10. Sin taxes and sales taxes don't count as taxes; feel free to raise them to soften the landing. "However, income taxes do count ... be wary."

### A little carpe diem, anyone?

With the Democratic administration refusing to seize the day, the Republicans were left mulling. Borst avoided his typical cryptic mode and centered his remarks on whether services should be taxed. "If we're going to talk about restructuring our whole tax system, that's got to be looked at," said Borst, R-Greenwood (Lesley Stedman, *Louisville Courier-Journal*). "If we're talking about raising the sales tax, this should at least be considered as an alternative."

Bosma was searching for answers. "I agree that the reaction is different than past discussions, primarily because most Republicans are trying to avoid our usual 'no' to anything the other side proposes - how refreshing!"

For State Sen. Murray Clark, a probable 2004 gubernatorial contender, the question comes down to "What are we for? The missing piece for Republicans is, where is our vision? Where do we want to head? Where will we be in 10 or 15 years? The discussion has been completely political."

The question for Clark and fellow GOP senators such as Luke Kenley, Teresa Lubbers and Steve Johnson is whether Borst and Garton (who apparently don't talk much) will dominate the party reaction. Sen. Clark said, "That remains to be seen. It can get very complicated." Clark pulled away from Borst's notion that it should all be left until 2003, though he sympathized with the need for more data. "It makes me nervous to delay this to 2003," he said. "I'm not sure we can do it in a short session. Whether we want to come back for a month in May or June, perhaps that's what we ought to do."

There is considerable speculation on how House Ways and Means Chairman B. Patrick Bauer will react. He told Terry Burns of the *Times of Northwest Indiana*

that between 10 to 15 House Republicans would have to support the plan, due to the loss of labor Democrats. "'We need Republican help," Bauer said. "There's no question that whenever you increase a tax, no matter what it's for, it's a difficult thing to do, but that's what restructuring is."

In various doomsday scenarios, Senate Republicans may view Bauer as their stalking horse for destruction, and vice versa

### Ultimately, leadership

But, ultimately, it will come down to leadership from O'Bannon and Kernan. They have to set the tone.

One lobbyist noted, with great amusement, how State Rep. Jeff Espich found cover in an old nemesis, then-Gov. Evan Bayh, and how Bayh cut back government during the last Bush recession, with great accountability.

It prompted comparisons between Govs. O'Bannon and Bayh. "When Gov. Bayh would come before a caucus, there would be grimaces and sneers and barely audible remarks. But then they would do what Bayh wanted them to do. There was a real underlying notion of enforcement there." With O'Bannon's appearance before a Senate committee last winter, there were "smiles and friendly comments" and after he left, "they would just ignore him."

That's the crux of either the opportunity (or dilemma) for O'Bannon and Kernan, who successfully ran twice on the notion that they could be trusted, and the other guys couldn't.

The Hoosier public is unsettled and looking for answers. They are ready to be spun, but not fooled. They are like a mound of clay not unlike the land from which they come, ready to be shaped and prepared. Will the "quiet" use of the bully pulpit work? Will public opinion be formed from governor to legislator, instead of governor to people to legislator in what Bayh called the "white heat of public opinion?"

Where will nice guys finish? ❖

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airport's board and a close adviser to Mayor Bart Peterson, told the city last week that the airport wants the city to forgive the final \$6.2 million it owes because of the decline in air travel in Indianapolis. Without that money, the Indianapolis Police Department will run out of cash in February, and the Indianapolis Fire Department will fall short before the end of next year, City Controller Kathy Davis said. To plug the gap, Peterson will propose a measure to allow the city to charge its wastewater treatment plants an extra \$4.6 million.

**KERNAN WANTS TO EASE HOOSIER ANXIETY:** Lt. Gov. Joe Kernan, the Indiana Counter-Terrorism council's chairman, said a large part of the council's job will be to alleviate panic among Hoosiers. "We have a great wealth of experts who can help people learn how to reduce risks and we'll be calling on them to join our efforts," he said. Gov. O'Bannon said, "While Hoosiers should be concerned and should take proper precautions, they should not panic," O'Bannon said at the council meeting. "This training session clearly shows people what to look for, what to do if they find something suspicious and what to do if they are exposed to anthrax."

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**CONGRESS BACK TO WORK UNDER STRANGE CIRCUMSTANCES:** Six hours into the Capitol Hill workday Tuesday, and still no functioning phones in the temporary offices. An anti-terrorism bill heading to a vote, and all the background information in files and computers in quarantined offices. Hundreds of letters from constituents - some probably containing original documents, in limbo. The House and Senate returned to work Tuesday, but because testing for anthrax was still under way, the six buildings that contain congressional offices remained off limits to lawmakers, to thousands of staffers, to the media, to lobbyists, to hometown visitors. "Grrrr," said some. Other comments were more colorful but not printable (Sylvia Smith, Fort Wayne Journal Gazette). Yet others said that, under the circumstances, the people's business was getting done. "They've more or less got us in chaos," U.S. Rep. Souder said. He's irritated that the House office buildings have not been reopened even though not a single anthrax spore has been discovered in any of them.

**PORTER COUNTY COULD LOSE \$30 MILLION DUE TO BETHLEHEM INSOLVENCY:** A short-term loss of \$10 mil-

## Reaction to the Kernan Tax Plan

**SEN. LARRY BORST:** "From what I know, it's a good start but doesn't go far enough." At the same time, however, Borst said the administration's plan appeared to be "politically expedient," because it appears to offer a little bit of something to everyone. They may think it's something they can get by with, with their union friends. The governor so often will give you schemes" (Terry Burns, *Times of Northwest Indiana*).

**REP. B. PATRICK BAUER:** "Everything could be a sticking point" (*Times of Northwest Indiana*). "We need Republican help. There's no question that whenever you increase a tax, no matter what it's for, it's a difficult thing to do, but that's what restructuring is." Bauer told the Indianapolis Star, "I understand that it's a trade-off, but the public has to understand that, too."

**DAVID McINTOSH:** The proposed elimination of business inventory taxes found favor with 2000 gubernatorial nominee David McIntosh. "That is pro growth," said McIntosh (Rick Yencer, *Muncie Star Press*). However, McIntosh said proposed property tax cuts were "too little and too late." "There is no guarantee that property taxes won't go up in the future," McIntosh said. "It is almost a guarantee we will have higher income taxes and higher sales taxes." Any tax increase, according to McIntosh, would make "the current economic situation even worse."

**SEN. STEVE JOHNSON:** "The individual taxpayers may not see an increase in property taxes, but they will see an increase in sales and income taxes. The large corporations will get tax breaks, but small businesses, where all the job growth is — their taxes are going up" (*Evansville Courier & Press*).

**SEN. ALLEN PAUL:** "Getting rid of the inventory tax is a marvelous idea," said Sen. Allen Paul, R-Richmond.

"That has to be done for us to get business in this state."

**REP. SHEILA KLINKER:** "It's a real boost, and incentive to business to stay in Indiana and even put warehousing here. We are the crossroads. It makes sense" (*Lafayette Journal and Courier*).

**SEN. GREG SERVER:** "This is government by crisis." (*Evansville Courier & Press*). "We needed preventive medicine, but instead we got a disease and now we have to take an antibiotic."

**REP. WIN MOSES:** "It's strength is it has a lot of components. It's weakness is it has a lot of components" (*Associated Press*).

**REP. DAN DUMEZICH:** "It's more important to get the best plan for the long term. All too often, people in Indiana government have focused on the quick fixes and not good long-term planning" (*Times of Northwest Indiana*).

**INDIANA FARM BUREAU:** Harry Pearson, president of the Indiana Farm Bureau, said the Kernan plan was "almost like Christmas coming early. It covers most of the points we've been talking about in a positive way for some time -- fairness, equity and the regressive tax structure we have in this state. It addresses that," Pearson said. "It has less reliance on the property tax, it increases state taxes and there is a better correlation between a person's ability to pay and the taxes that are paid" (Mike, Smith, *Associated Press*).

**AFL-CIO:** "It stinks," said Jerry Payne, the organization's secretary-treasurer (*Indianapolis Star*). "Once again, the powers that be, and it doesn't matter which party they're in, are shifting more of the load from corporations to homeowners."

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# Indiana 2002, 2004 Racing Form

**Governor 2004:** **Republican:** David McIntosh, Sen. Murray Clark, Sen. Luke Kenley, Randall Tobias, Paul Helmke, Eric Miller, George Witwer. **Democrat:** Lt. Gov. Joe Kernan. **1996 Results:** O'Bannon (D) 1,075,342, Goldsmith (R) 997,505, Dillon (L) 35,261. **2000 Results:** O'Bannon (D) 1,230,345, McIntosh (R) 906,492, Horning (L) 38,686. **2004 Forecast:** Public Opinion Strategies polling (500 registered, +/-4 percent) have Gov. O'Bannon's approve/disapprove numbers at 63/25 percent. **Status:** *Leans D.*

**Secretary of State 2002:** **Republican:** Mike Delph, Deputy Secretary of State Todd Rokita, Richard Mourdock, Dr. John McGoff, Paul Helmke. **Democrat:** Bloomington Mayor John Fernandez. **Libertarian:** Paul Hager. **1994 Results:** Gilroy (R) 902,100, Jeffers (D) 542,539, Dillon (L) 32,483, Knight (A) 13,948. **1998 Results:** Gilroy 828,557, Little (D) 652,565, Dillon (L) 51,775. **2002 Forecast:** Angela Belden joins Fernandez staff as campaign manager. She has served on the staffs of Gov. O'Bannon and U.S. Rep. Baron Hill. **Status:** *Tossup.*

**Congressional District 4:** **Republican:** U.S. Rep. Steve Buyer, U.S. Rep. Brian Kerns, State Sen. Mike Young. **Democrat:** Open. **Geography:** Tippecanoe, Clinton, Boone, Montgomery, Hendricks, Morgan, Lawrence and parts of Marion, Johnson, Monroe, Fountain and White counties. **Media Market:** Lafayette, Indianapolis, Terre Haute, Evansville, Louisville. **2000 Results:** **Old 5th CD:** Buyer (R) 132,035, Goodnight (D) 81,423; **Old 7th CD:** Kerns 131,562, Graf (D) 65,174. **2002 Forecast:** Young introduces a bill requiring schools to say the Pledge of Allegiance. Young said he began considering the move even before the Sept. 11 terrorist attacks. "Every child in the state of Indiana should have the right and the freedom to say the Pledge of Allegiance to their country's flag," Young said (*Times of Northwest Indiana*). "It's also important that our students start each day with a moment of silence and reflection to think about our nation, victims of terrorism, family, friends and those who are serving our country." **Status:** *Leans Buyer.*

**Congressional District 6:** **Republican:** U.S. Rep. Mike Pence. **Democrat:** Melina Ann Fox. **Geography:** Anderson, Muncie, Richmond; Wells, Adams, Blackford, Jay, Madison, Delaware, Randolph, Henry, Wayne, Rush, Fayette, Union, Decatur, Franklin, and parts of Bartholomew, Shelby, Johnson and Allen counties. **Media Market:** Indianapolis, Fort Wayne, Dayton, Cincinnati. **2000 results:** Pence (R) 106,023, Rock (D) 80,885, Frazier (I) 19,070. **2002 Forecast:** The AFL-CIO is leading a campaign to pressure two Indiana congressmen to oppose granting President Bush broad authority to negotiate trade agreements (*Associated Press*). The labor group announced that it had started running television commercials against fast track trade authority aimed at 20 members of Congress across the country, including Pence. "I think trade means jobs, and I support the president," he said. **Status:** *Leans R.*

**Congressional District 9:** **Republican:** Mike Sodrel, Jeff Ellington. **Democrat:** U.S. Rep. Baron Hill. **Geography:** Bloomington, Columbus, Lawrenceburg, Rising Sun, New Albany Jeffersonville, Madison, Nashville; Spencer, DuBois, Orange, Crawford, Perry, Harrison, Washington, Jackson, Brown, Jennings, Scott, Floyd, Clark, Jefferson, Switzerland, Ripley, Ohio, and parts of Dearborn and Monroe counties. **Media Market:** Evansville, Indianapolis, Louisville, Dayton, Cincinnati. **1994 results:** Hamilton 91,459 (D), Leising (R) 84,315. **1996 Results:** Hamilton (D) 128,885, Leising (R) 97,747, Feeney (L) 2,315. **1998 Results:** Hill (D) 92,477, Leising (R) 87,278, Feeney (L) 2,397. **2000 Results:** Hill 125,978, Bailey (R) 101,790, Chambers (L) 4,634. **2002 Forecast:** AFL-CIO is running ads in the Louisville TV market urging Hill to vote against fast track authority. Hill was unavailable for comment, but he has not decided how he will vote on the bill, his spokesman, Scott Downes, said (*Associated Press*). **Status:** *Leans D.* ❖

- Brian A. Howey

## TICKER T A P E

lion in property tax payments may be the best Porter County governments and schools can hope for as a result of Bethlehem Steel Corp. filing bankruptcy (Robin Biesen, Times of Northwest Indiana). County Council attorney David Hollenbeck told the council Tuesday that the peculiarities of corporate bankruptcy could mean the steel giant will not pay more than \$30 million in property taxes it would owe for the balance of this year and all of 2002. "It is highly unlikely Bethlehem Steel will pay any part of its Nov. 10 property tax payment," he said. "The worst case is that the company won't pay anything in 2002, either." And, as the council gave Hollenbeck the go-ahead to represent Porter County in the bankruptcy, he suggested government leaders begin taking steps to secure emergency financing from the state to shore up what is expected to be a large-scale shortfall. Duneland School Corp. could lose \$7 million.

**STUDY SAYS INDIANA IS HEALTHIER:** Indiana was among the most improved states in an annual review of the nation's health released yesterday, while Kentucky stayed in 39th place (Darla Carter, Louisville Courier-Journal). Overall, the country's health has declined since last year. Indiana rose

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# TICKER T A P E

from 26th to 23rd in the state-by-state rankings by the UnitedHealth Foundation.

## LOOMIS ANGERED BY SHINE'S ENDORSEMENT FOR ALLEN COUNTY PROSECUTOR: A

Republican attorney considering his candidacy for Allen County prosecutor next year condemned the county GOP chairman's endorsement Friday of Deputy Prosecutor Karen Richards for the post (Laura Emerson, Fort Wayne Journal Gazette). Michael Loomis, former chief deputy prosecutor, called a news conference Tuesday to say he wanted Party Chairman Steve Shine to apologize to Allen County voters - something Shine says he won't do. He said Shine has effectively closed the door on potential contenders for the GOP nomination by saying the Republican Party would support no other candidate. "He should be encouraging participation in an open electoral process, not discouraging Hoosier voters from supporting the candidates of their choice," Loomis said. "I think his statement was downright unpatriotic." Shine says the race is still open to anyone who wants to run, including Loomis. "We're not discouraging him from running at all," Shine said.

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# COLUMNISTS ON INDIANA

## Morton Marcus, *Syndicated* -

Economist and columnist Morton Marcus reacted to Lt. Gov. Joe Kernan this way in his weekly column: Readers rightly expect some response in this space to the recent tax restructuring plan issued by Governor O'Bannon and Lt. Gov. Kernan. But I am at a loss for words. At first blush, this looks like a good plan. It has so much in it that everyone should find something to like and to dislike. It attempts to address both long-term and short-term goals. It considers long-debated issues (inventory taxes) and introduces new solutions for old problems (an Indiana Tax Relief Fund for the Property Tax Replacement Credit). Much of this is important inside-the-capitol maneuvering of which the ordinary citizen is blessedly ignorant. The plan is very complex. But is it complex in the manner of an artfully crafted chess game or in the style of a carnival shell game? Many different taxes and interest groups are effected by this plan and it will take some time to determine how the public good is affected. ❖

## Lesley Stedman, *Louisville Courier-Journal* -

Republicans repeatedly said last week, proposing the plan is only the first step. Among the likely barriers: Approaching elections, partisanship, the state's budget crisis, special-interest concerns and public concern about tax increases. Perhaps the most difficult problem, though, will be keeping the tax proposals free from getting entangled with other issues. That's likely impossible. So instead, the governor will have to find ways to use those other issues constructively to help pass the plan. Chief among the considerations could be dockside gambling. O'Bannon likely will have to use all his leadership skills to get his plan approved. ❖

## Jack Colwell, *South Bend Tribune* -

America, frightened of the future, experiencing the dispiriting effects of the Great Depression, heard words from President Franklin D. Roosevelt that reassured and inspired the nation. In his first inaugural address on March 4, 1933, Roosevelt, in a voice that commanded respect and instilled confidence, proclaimed: "The only thing we have to fear is fear itself." America, frightened of the future, experiencing the dispiriting effects of terrorist attacks, has something to fear. But worst of all, again, is fear itself. Terrorists know that. Terrorism doesn't have to involve killing, although the most horrible example was on Sept. 11, with more people killed than in the attack on Pearl Harbor that brought the United States into World War II. What we experience now is a grinding kind of fear, wearing us down. ❖

## Sylvia Smith, *Fort Wayne Journal Gazette* -

The environmentalists are thrilled because it sets up a rewards system for soil and water conservation. Groups that advocate for hungry and low-income people are delighted because it expands the food stamp program. But farm lobbyists? Scorn and fury, yes. Thrill and delight, no. The interest group with the most at stake when Congress rewrites the nation's agriculture policy has nothing good to say about Sen. Richard Lugar's proposal to whiplash the current subsidy system. There's only one reason: Moolah. Lugar's bill would funnel less money to farmers and the owners of cropland, it would allow all farmers - not just those who grow grain and cotton - to tap into the government largesse, and it would distribute the money based on need not size. But the immediate reaction from farm-state lawmakers and agriculture lobbyists was outrage - outrage! - that Lugar would utter such heresy. ❖



## Balancing on the precipice

By **MARK SCHOEFF JR.**

WASHINGTON - Over the last month, the nascent campaign against terrorism has brought two religions - Christianity and Islam - to the forefront of public discourse. But surviving the current conflagrations may require borrowing a page from Buddhism and maintaining Zen-like equanimity.

First and foremost, President Bush is under pressure to finely calibrate the elements of the U.S. response to terrorism. The complex and difficult task involves forging a worldwide alliance to crush Osama bin Laden and al-Qaida. Simultaneously, the United States is pursuing a humanitarian role in Afghanistan.

"The president and the administration have set up a series of concentric circles and have done it extremely well," said Rep. Tim Roemer (D-3rd CD). "They have articulated the goal of going after Osama bin Laden and his terrorist network. They have proceeded in an accurate and precise way while trying to limit collateral damage to the Afghan people. We're trying to fight terrorism, not Islam," said Roemer.

**Expanding the war** on terrorism to include pursuing a state - such as Iraq - may undermine the allied coalition by fomenting outrage in Arab countries. Many Hoosiers in Rep. Steve Buyer's (R-5th CD) district, though, want to go after Iraqi President Saddam Hussein. He says the question he hears most is: Are we going to finally finish the job in Iraq? "That bothers me," Buyer told *HPR* after the air strikes began in early October. "The facts and evidence take us to Osama bin Laden, not to Iraq at this time." Of course, this delicate balance may be upset if the United States comes up with proof that Iraq is behind the recent anthrax attacks.

Battlefields can be found at home as well as abroad. An economic stimulus bill consisting of tax cuts and spending

increases that could total \$100 billion is working its way through Congress. But when the federal spigot is opened, special interest spending could threaten any hope of staying in the neighborhood of a balanced budget.

The stimulus debate, like many issues at the moment on Capitol Hill, has been taken up within the context of the campaign against terrorism. For instance, many House members who voted in favor of a farm bill this month said it helped contribute to national security. But this argument can be blown out of proportion.

In a Capitol Hill press conference last week, Republican Sen. Richard Lugar, ranking member of the Senate Agriculture Committee, criticized the substance and

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timing of the House legislation. "If we must debate a farm bill

come hell or high water, despite war or tragedy, we have a constructive alternative," Lugar said in reference to his own measure. The Lugar bill would end crop subsidies but provide vouchers for farmers and ranchers across all commodity categories to purchase insurance worth 80 percent of their average income over the previous five years. Lugar's bill would raise agriculture spending by \$25 billion over five years; the House measure would raise it \$73 billion over 10 years.

**But Lugar said** the farm policy debate would take place apart from the war on terrorism. "If we discuss the bill this year, it would be for reasons other than (national) security," he said. "We have a farm bill on the books." The current law expires next fall. Lugar's press conference was another example of striving for equilibrium. It was held in the Dirksen building, several hundred feet away from the section of the Hart Building where Lugar's office is located.

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Appearing  
8 a.m. - 2:30 p.m.  
Nov. 6  
Westin Hotel  
Indianapolis  
**Stu Rothenberg**  
**Charlie Cook**  
**Joe Kernan**  
**Steve Buyer**  
**Ed Mahern**  
**Betty Cockrum**  
**David McIntosh**  
**Murray Clark**  
**Jeff Espich**  
**Chris Chocola**  
**Luke Kenley**  
**Melina Fox**  
**Vi Simpson**  
**Mike Young**  
**Robin Winston**  
**Peter Manous**  
**Mike McDaniel**  
**Jim Kittle**  
**Pat Kiely**  
**Dan Dumezich**  
**Ed Treacy**  
**John Keeler**  
**Mark Schoeff Jr.**  
**John**  
**Ketzenberger**  
**Mary Beth**  
**Schneider**  
**Amos Brown**  
**Ron Gifford**  
**Brian Howey**