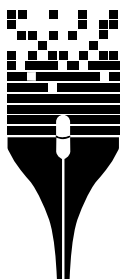


The Howey Political Report



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“QUOTE” OF THE WEEK

“If the governor calls us back, we’ll work hard to be part of the solution...”

- House Minority Leader Brian Bosma on
Wednesday

Statehouse stature grows as talk begins

O’Bannon setting stage for session

By **BRIAN A. HOWEY** in Indianapolis

Remember last week when we described the Statehouse leadership as nothing but a collection of midgets?

Weeelllll, they all grew about a foot this past week, with the announcement that Gov. O’Bannon will convene legislative leaders on April 9 to lay groundwork for a special session. Midgets to runts ... on the way to gianthood?

It began with rumblings across the Hoosier cities and prairies. Around 100 people filled the Porter Township School Board meeting room last week to speak to board members about possible reductions in force among the district’s teaching staff. The *Times of Northwest Indiana* and the *Fort Wayne Journal Gazette* ran stories about looming education cuts. “This is what we’re faced with when we’re trying to raise the standard and increase test scores,” Hammond Supt. David Dickson said. “We’re going to be faced with larger class sizes and the loss of programs.”

Thursday afternoon, O’Bannon announced his “Deficit Management Plan” calls for \$366 million in permanent spending cuts, \$406 million in one-time spending cuts, and \$1.09 billion in transfers from other funds, for a total of \$1.86 billion. It also uses much of the state’s reserves. The measures, the governor said, will barely get Indiana through the biennium and will leave it in a dangerous position in the next budget period, necessitating a large tax increase to keep the state from going broke.

“I have preached and preached against one-time fixes that do nothing to address the gaping budget deficit Indiana faces,” O’Bannon said. “Band-Aid fixes are ill-advised and spending cuts are hurting Hoosiers. Some allowed politics to

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GOVERNOR SIGNS ELECTION REFORM BILL: Gov. Frank O'Bannon signed House Enrolled Act 1101, which updates Indiana's election laws and creates a "voter's bill of rights." HEA 1101 makes 27 changes to Indiana election law. Most notably it: Requires the Election Commission to adopt a statement outlining a "voter's bill of rights" for Hoosier voters; allows submission of absentee ballots by fax; establishes provisional ballots; authorizes the Election Commission to adopt rules to update standards for voting systems statewide; makes changes in the law governing electronic filing of certain campaign finance reports, voter registration and the size of voting precincts. "The 2000 elections and the struggles faced in other states were an appropriate warning for Indiana to take a serious look at how elections are conducted, how to ensure public confidence in our elections and how to increase the public's participation in our electoral process," O'Bannon said.

VENEMAN APPEARS IN GRABILL: As the United States develops new ways of using agricultural products, such as biotechnology, it also must work to ensure people are confident the products are safe, Agriculture Secretary Ann



displace responsibility during the legislative session that ended earlier this month. And now we see the results."

Among the new permanent cuts to the spending base are \$35.4 million over the biennium from so-called categorical grants to public schools, including performance-based awards, alternative schools, planning for gifted and talented programs and summer school. That brings the total cut to public schools to \$193 million, but schools will be able to use money from their capital funds to replace \$115 million in lost operating revenues. "I couldn't avoid all cuts to education, but I wanted to minimize harm to the classroom," O'Bannon said. "While I can't deny these cuts will be painful, ultimately they represent just 1 percent of state funding for education."

The Evansville Psychiatric Children's Center will be closed. Three Indiana State Police posts, as yet unspecified, will be closed, saving \$720,000 a year. Under an agreement worked out with the universities, cuts totaling \$233 million will be made.

There were also groans from the business community about the cutting of the state's \$50 million research and development fund. "It's a disappointment, but we had no choice," said Lt. Gov. Joe

Kernan, chairman of the board that oversees the program (*Associated Press*).

"This is a serious situation, not just for the university but for the state, if we don't find a solution," said Joe Bennett, a spokesman for Purdue University, which had been receiving grants from the fund (*AP*). "It's a setback and it comes at the wrong time. If we stop investing in that (technology) at a time when we're really trying to grow it, we lose time. We all know other states are moving forward."

O'Bannon needed the support of Republican Treasurer Tim Berry and Auditor Connie Nass to shift the \$247 million of BIF to help cover education shortfalls. "There's not a need to cut education," Berry said. "I strongly encourage the governor not to cut education and continue to threaten teachers and families."

The response from legislators losing their slush funds was muted, particularly given the pending criminal charges against State Sen. Sam Smith Jr., D-East Chicago. "I'm not sure he has much of a choice, given the budget shortfall," said Rep. Markt Lytle, D-Madison (Lesley Stedman, *Louisville Courier-Journal*).

Editorial writers across the state, ranging from the conservative *Fort Wayne News-Sentinel* and the *Indianapolis Star* to the liberal *Fort Wayne Journal Gazette*

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took legislators to task for not getting the tax work done. "Gov. Frank O'Bannon has taken a welcome step down the path toward a special session. He needs to finish the journey," the *Star* editorialized on Thursday morning.

Wednesday, O'Bannon sounded more forceful. "My hope is that we will continue to move forward on resolving these two pressing issues and I'm hopeful that resuming the talks will lead us to a permanent solution," he said.

One motivating factor could be the IU Public Opinion Laboratory poll that showed O'Bannon's and the legislature's job approval ratings in freefall. O'Bannon's job approval rating has dropped to 41 percent, the lowest level during his six years in office and a 10-point decline since November. The poll found that 68 percent believe there is a state budget crisis, and 49 percent blame the legislature for failing to address it or property tax reform; and 24 percent blame O'Bannon. "People are angry. They want something done about the budget crisis," said pollster Brian Vargus (Mike Smith, *Associated Press*).

The polling left some legislators twisting and tripping with their fingers in the wind. "For better or for worse, we did exactly what the polls and surveys said we should do," said State Sen. Richard Bray,

R-Martinsville (*Bloomington Herald-Times*). "They showed that the public did not want a tax increase. And the Legislature did exactly that. But now, the people aren't happy about that. That's kind of ironic, in a way."

House Minority Leader Brian Bosma seemed ready to compromise. "It's clear that if we leave the status quo, the long-term future of Indiana is bleak. Only the governor can initiate that process. It's up to the governor to do so," he said.

Speaking for the Senate Republicans, State Sen. Luke Kenley, R-Noblesville and a 2004 gubernatorial candidate, said, "We need to develop an economic development package. It can't just be reshuffling of some dollars and a few tax breaks here and a few tax breaks there. It's got to meet a higher measure and a higher test. Hopefully in meeting with the governor we can take a major step forward to show that we are trying to work. Maybe next year you will understand what the impact of reassessment is. Why pass a tax increase now and then come back again and pass another one?"

The answer to that question and the coming pressure to bear may lie in more than 35,000 Hoosier jobs on the brink (*see Brian Howey's weekly newspaper column, www.howeypolitics.com*). ❖

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Veneman said Wednesday. "We need to invest in the future marketing of our products as much as we do in the production," she told a gathering of about 125 farmers and businessmen at a town hall-style meeting in this farming community of 1,110 people northeast of Fort Wayne. The Bush administration, through the State Department, ambassadors and other means, is trying to convince other nations that biotechnology products grown in the United States are safe, she said.

ECONOMISTS DOUBT INDIANA CAN GROW OUT OF DEFICIT: Republican lawmakers' notion of the economy blossoming in time to rescue Indiana from its budget crisis verges on dreaming, say Democrats and some experts outside the Statehouse (Norm Heikens, *Indianapolis Star*). The alternative to raising taxes or deeply cutting the budget almost certainly won't work if the economy recovers at a pace similar to the last recession, doubters warn. "I'm not saying it can't be done," said William Sheldrake, president of the nonpartisan Indiana Fiscal Policy Institute. But "we would need to see fairly extraordinary revenue increases." Indiana University economist Morton Marcus said that

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TAX RESTRUCTURING BRIEFING APRIL 15: The

Howey Political Report, the *Indianapolis Business Journal* and the Indianapolis Press Club will conduct a briefing by Indiana economists on the tax restructuring process and the various legislative plans. It will take

place at 10 a.m. April 15 at the Indianapolis Press Club. There will be no charge and the briefing is open to the general public.

HPR TO TAKE A VACATION: Due to spring break, there will be no *HPR* or *HPR Daily Wire* published the week of April 1-5.

HOWEY COLUMN ... Is now appearing weekly in the *Lafayette Journal & Courier* and the *Frankfort Times*. Due to Brian Howey's involvement with the *Indianapolis Eye* magazine, his columns will no longer appear in the *Indianapolis Star*.

(see www.indianapoliseye.com) ❖

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while corporate profits are notorious for surging after recessions, "cautious leadership can't afford to bet on it." Republican leaders, including Sen. Robert Garton and Reps. Brian Bosma and Jeff Espich, have said in recent months that they oppose permanent tax increases to solve what they consider a short-term problem. The economy could rebound quickly enough to save the state from tax increases and much additional cost-cutting, they say. "The economy seems to be coming back alive," said Sen. Robert Meeks, R-LaGrange. "We've got a really, really fertile area for growth. By the third quarter, it should come back," he said.

SEN. SMITH ACCUSED OF THEFT: Criminal investigators are accusing state Sen. Sam Smith Jr. and an East Chicago pastor of stealing or misusing nearly half a million dollars from the Build Indiana Fund. In a six-page court document filed Tuesday, investigators say that Smith, a Democrat from East Chicago, secured \$445,000 in taxpayer-funded grants for a shelter that was never built (Michele McNeil Solida, Indianapolis Star). In fact, investigators found that none of the money went toward building the Baptist Women's Shelter. Instead, the money went to the Rev. Lee C. Gilliam, who is accused of forging state

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Manous talks restructuring and Lake County

INDIANAPOLIS - HPR's Brian Howey sat down with Indiana Democratic Chairman Peter Manous to talk about taxes and politics on Wednesday.

HPR: The legislative session didn't end like anybody wanted it to, particularly if you're a Lake County mayor. What's your take on it?

Manous: Everybody's looking at it and what happened and what needs to happen to rectify what didn't get accomplished. Obviously if you're from Lake County, tax restructuring and the deficit go hand in hand. We're looking at a pretty bleak situation in Northwest Indiana with two and maybe three steel companies in bankruptcy. The tax situation is critical to their ability to move into the future. It affects every major industry and every homeowner across Indiana. What you've seen with the governor today in announcing efforts toward leadership of both parties is to talk about the problems presented in the legislature and some of the solutions. That is real big.

HPR: Most people don't understand Lake County, like it was largely responsible for the deficits in 1982. What impact does Lake County have on the current situation?

Manous: We really have two economies going right now. Those living in Central and Southern Indiana really don't see the kind of recession that we're seeing in Northwest Indiana. Because we're so steel based, you look at the multiplier of jobs in the steel industry; when one mill closes down for two weeks, that has such a wave effect on suppliers and vendors. In a bankruptcy like LTV, Hunter Corporation was owed over \$2 million for construction work and they went bankrupt. You don't see that in Central Indiana. In Northwest Indiana, we always bear the brunt because steel mills are the basic in the construction industry and manufacturing. When they slow down, obviously tax payments to the state slow

down. You've got five of the largest steel mills in the country based in Indiana and that's going to have a significant effect on the revenue base.

HPR: The seed of tax restructuring was planted in Lake County. Mayor Robert Pastrick called this session a disaster. What does the rest of Indiana need to know?

Manous: When you look at tax restructuring, you see the fundamental unfairness when you look at an entire county like Lake.

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We're a border county, so the inventory tax is a huge issue. You've got industry that

will not locate in Northwest Indiana unless they're in an enterprise zone. So we don't get the big distribution centers. There were parts of tax restructuring, like the franchise tax, which would have been very good for Northwest Indiana. Keeping the current tax structure is going to be a disaster for everybody.

HPR: Politically, the Senate Republicans think they're going to come out of this with some kind of political advantage. What do you think?

Manous: We thought we truly had some historic legislation. We got a lot of people to focus on an issue that wasn't an easy one. Whether the Senate and House GOP really bought into that, or whether they were just trying to make the governor look bad, that's a political call. I think they're getting whacked pretty hard by editorials across the state for not doing the people's business. When everyone sits back and says, "What happened this session," you've got legislators saying, "I voted for a series of tax increases to make this happen. I was there, I participated." You have a whole other block of individuals -- mostly Republicans -- who didn't get engaged and who said, "I'm not going to get involved in this." But we did have

some people such as Larry Borst who did step up. We need that political leadership right now before we go into a fiscal disaster.

HPR: I asked the Republicans this morning how they can justify putting off restructuring for a year. How many steel jobs will be at stake?

Manous: We've lost 4,000, not all due to taxes, though taxes played a role at LTV. We have 9,000 to 10,000 at Ispat Inland, 9,000 at Gary Works, 11,000 to 12,000 at Bethlehem, 3,000 at National. When you tie that into a multiplier of what those jobs create, it's up to nine. One of the steel guys said, "For us to be profitable, we needed the tariffs from President Bush. But we also needed tax restructuring. That would get us competitive." If you talk to the steel leaders, that inaction is a barrier. Lt. Gov. Kernan and Gov. O'Bannon stepped up to the plate. To say they didn't travel the state and push the program ...

HPR: I've been saying that.

Manous: We did. I sat in on a lot of meetings with industry.

HPR: The administration got the business community, but they didn't get the masses and, ultimately, legislators.

Manous: Part of this is it's not an easy issue for Mom and Pop Kettle to go home and read about in the paper. Afterward, after the train was wrecked, to have (Jim) Kittle and the Republicans to go around the state and say, "Oh, this wasn't our fault, we were there all the time," that's so hypocritical. The governor and lieutenant governor put together a well-thought-out program on tax restructuring and dealt with the budget situation and there was a failure to act on the GOP side. This is something that could have got done. That fly-around? They spent more time on that than they did down here.

HPR: What are the political implications? So many Republicans have no opponents.

Manous: We're trying to find com-

petitive individuals who want to run competitive races. That process is on-going.

HPR: Will we see the demise of tax restructuring in campaign themes?

Manous: What you'll see from our side is that Democratic leadership was aggressive, had vision and we'll say, "I took this and carried the water to get this done. This is what it would have done for you; it would have lowered your property taxes. It would have been able to attract business to your community. It would have saved this many jobs at your school district. We're going to lay it right out and say, "I was there." There's a difference between being down there and doing nothing and being down there and carrying the water, and say "Sure, I made some unpopular votes; I voted for tax increases to make sure there aren't 40 kids in a classroom." The failure of the House and Senate GOP to get on board is a total failure of leadership.

HPR: How will this impact Joe Kernan in 2004?

Manous: If you talk to industry, they'll tell you he put together the finest restructuring bill this state has ever seen. To make it revenue neutral was a feat. It took extraordinary leadership. It caught the Republicans flat-footed. Their failure to act was because they never thought we'd put together such a well-thought-out plan, that it would be executed so well in terms of its presentation. To look at the Alliance, that is a group of people who hardly ever come together on an issue. That tells you they saw leadership in what Joe Kernan presented.

HPR: We're seeing polling numbers on the war changing. Your thoughts?

Manous: 911 was really the first total cataclysmic event in my lifetime. None of us had ever worked in such an environment. It put everything to a halt. I always felt eventually issues of the economy will start taking their toll. Issues like health care are still there and they're going to start creeping back into the minds of voters. ❖

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documents, lying to obtain the grants and then using taxpayer funds to make money for himself by buying buildings he rented out. Investigators for the Marion County prosecutor's office allege that Smith illegally redirected some of that money -- more than \$76,000. Smith handed out some money as if it were his own to a youth baseball league for a new scoreboard and other equipment, court documents said. No official charges have been filed, but the investigation is ongoing, said a spokesman for the Marion County prosecutor.

LEGISLATORS OPPOSED TO NEW TERRAIN I-69: Opponents of a new-terrain I-69 are claiming victory after four state legislators decided to band together last week to form a new coalition in favor of the U.S. 41 and I-70 option (Dan McFeely, Indianapolis Star). "Legislators for a Fiscally Responsible I-69" was formed by Sen. Beverly Gard and Rep. Bob Cherry, both Greenfield Republicans, and Terre Haute Democrats Sen. Mark Blade and Rep. Vern Tincher. A letter issued by the group cited higher construction costs, disappearing farmland and threatened forests as reasons they are against a new-terrain highway.

BLADE AFFAIR REVEALED:

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State Sen. Mark Blade, D-Terre Haute, had a year-long affair with a Vigo County School Corp. custodian in the school administration building before he resigned his position as director of purchasing Feb. 21 (Sue Loughlin, Terre Haute Tribune-Star). The custodian has received a five-day suspension without pay. Blade is running for re-election. Blade also has been involved in an investigation into the Jan. 17, 2001, shooting of Vigo County's schools chief, which led to initial allegations of affairs and the seizure in February of Blade's computer. His resignation from the \$77,844-a-year post came about a week after investigators took his school district computer as part of the investigation into the shooting at the home of Superintendent Daniel Tanoos, who was not seriously injured. Indiana State Police investigators have said Blade is not a suspect.

BAYH SECURES MONEY FOR PARKWOODS: Using newly obtained federal money, the city hopes not only to rebuild the Parkwoods apartments in the troubled Meadows neighborhood, but also to attract investors to save the bankrupt Mozel Sanders Homes nearby (Doug Sword, Indianapolis Star). After months of wrangling with the U.S. Department of

Indiana 2002 Racing Form

Trendline: The latest CNN/Gallup poll has the Congressional generic ballot test tied 46-46 percent. It also shows that Americans are more concerned about the the Israeli-Palestinian conflict. In February 2001 only 43 percent saw it as a vital issue to the U.S. Now it is up to 58 percent. In January, 66 percent felt the U.S. was winning the war on terrorism, now down to 51 percent. "The nation's gung-ho mood after the initial success in Afghanistan now seems to be wearing off," observed CNN's Bill Schneider. Americans are now evenly divided over using ground troops against Iraq. Schneider observed, "Let us mark this occasion. This is the first time since September 11th that the war issue has become partisan and divisive."

This shift in public opinion could have a huge impact on Indiana Congressional races. It's long been expected that President Bush's stratospheric poll numbers (CNN-Gallup March 22-24 had Bush's approval at 79 percent) would drop. Had they stayed up in that range, it would have given Republicans such as Mike Pence, Chris Chocola, Brose McVey and Rep. Baron Hill's opponent a substantial tailwind. That may now be dissipating. An obvious setback on the war front or a new wave of domestic terror could significantly change the environment, as will a series of domestic issues such as health care that could help Democrats.

Secretary of State 2002: Republican: Mike Delph, Deputy Secretary of State Todd Rokita, Richard Mourdock, Dr. John McGoff. **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:** Benson sent a fundraising letter to Republicans after he withdrew from the race. Sources tell HPR that Benson incurred campaign and payroll debts that need to be retired. **Status:** *Toss-up.*

HORSE RACE

Congressional District 2: Republican: Chris Chocola, Lewis Hass. **Democrat:** Jill Long Thompson, Mark Meissner, State Sen. William Alexa, Kathy Cekanski Farrand, Steven Osborn. **Geography:** South Bend, Michigan City, Mishawaka, Elkhart, Kokomo, Plymouth, Logansport; LaPorte, St. Joseph, Starke, Marshall, Pulaski, Fulton, Cass, Carroll and parts of Howard, Porter, Elkhart and White counties. **Media Market:** South Bend-Elkhart, Indianapolis, Lafayette, Chicago. **2000 Result:** Roemer (D) 107,076, Chocola (R) 98,367. **2002 Forecast:** Chocola announced that House Speaker Dennis Hastert will be in South Bend on April 4, to tour Koontz-Wagner Electric, a leading electrical service company, and talk with employees about some of the important issues facing Indiana families. "I am excited to have Speaker Hastert join me in my campaign. Under his leadership Congress has already passed the largest tax cut in a generation and an economic stimulus package to help create jobs and grow our economy," said Chocola. "I look forward to working with President Bush and Speaker Hastert to build upon their impressive legislative successes." **Sen. Alexa** received the endorsement of Teamsters Joint Council No. 25, at the request of Indiana local 142, for the Democratic nomination for Congress in Indiana's Second District. Citing Bill Alexa's 14 years of solid support for working people in the Indiana General Assembly, Carl Vonasch, Local 142 political director, said, "Bill Alexa has a 92% pro worker voting record during his time in the Indiana General Assembly. Alexa's record tops that of any other candidates seeking this seat in the Congress." The *South Bend Tribune* (3/25) reports former Democratic Rep. Jill Long Thompson "has won the endorsement of two locals of the United Brotherhood of Carpenters in her quest

for the Democratic nomination for Congress in the new 2nd District." The endorsements "are from Local 413, with members in St. Joseph, Elkhart and Marshall counties, and Local 615, with members in the southern area of the new district, including carpenters in Howard, Cass and Fulton counties." Local 413 President Dave Conley said the local usually refrains from endorsing candidates in the primary election but decided to back Long Thompson because of her prior experience in Congress and record of backing interests of working people. Earlier, Long Thompson was endorsed by the United Auto Workers. Chuck Deppert, working on behalf of Sen. Alexa, wrote several letters to the union leadership, saying, "I am truly amazed that she can look you in the eye and tell you that she is your friend when her past voting record indicates she has been a weak supporter of your issues." **Deppert** said that Long Thompson "voted wrong 30 percent of the time" for the AFL-CIO, while Alexa has a 92 percent pro-labor voting record in 14 years as a state senator. In other news, Thompson said she will seek, if elected to Congress, to give the Federal Energy Regulatory Commission more authority to review mergers and acquisitions of utility holding companies to prevent situations such as what is now happening with NIPSCO (Jack Colwell, *South Bend Tribune*). **Long Thompson** "charged that a 'disaster' from a hostile takeover of a gas distribution firm in Virginia by NiSource, NIPSCO's corporate parent, has led to a huge debt and poor credit ratings." She said the "controversial plan by NIPSCO to close five district maintenance facilities has 'everything to do with NiSource trying desperately to sell off assets and come up with cash to service this huge debt.'" Long Thompson said NiSource "is a perfect example of why we need a larger federal regulatory role to better protect consumers, business and industries from predatory utilities like NIPSCO that have forgotten that their mission is to serve." **Meissner** said he would "oppose any privatization plan to tie Social Security to 'risky Wall Street investment schemes.'" (*South Bend Tribune*). **Primary Status:** *Leans JLT.*

Congressional District 3: Republican: U.S. Rep. Mark Souder, Paul Helmke, William Larsen. **Democrat:** Jay Rigdon. **Geography:** Fort Wayne, Goshen; Kosciusko, Whitley, LaGrange, Steuben, DeKalb and parts of Elkhart and Allen counties. **Media Market:** South Bend-Elkhart, Fort Wayne. **2000 results:** Souder (R) 131,051, Foster (D) 74,492. **2002 Forecast:** Agriculture Secretary Ann Veneman appeared with Souder on Wednesday. Souder's campaign ad that described Helmke's support for a Clinton economic package "is misleading and inaccurate," Helmke said (*Fort Wayne Journal Gazette*). Helmke said he has not heard the radio commercial - a transcript was read to him - so he can't say whether he will ask Souder to yank it. Souder's ad says: "In 1993 President Bill Clinton proposed and passed the largest tax increase in American history. Paul Helmke urged members of Congress to support the tax increase. . . . The Clinton tax increases that Helmke supported raised personal income taxes, raised gas taxes, raised taxes on businesses and raised taxes on some Social Security beneficiaries. Not a single Republican in Congress backed the Clinton tax increase supported by Helmke." Helmke said he supported the Clinton economic package when it was proposed in early 1993 because it would have provided money for jobs and construction projects in cities. The package also included tax increases to pay for the extra spending. No one likes tax increases, Helmke told a Senate committee at the time, "but if they are administered on an equitable and fair basis, if they are truly used to enhance the future of our country and its citizens, if they will provide a better tomorrow for generations to come, then we must in good conscience accept them. The president's plan will not work unless spending cuts are approved along with taxes and the stimulus package." **Primary Status:** *Leans Souder.*

Congressional District 7: Republican: Brose McVey, Jack Reynolds. **Democrat:** U.S. Rep. Julia Carson, Bob Hidalgo. **Geography:** Indianapolis. **Media Market:** Indianapolis. **2000 Results:** Carson (D) 91,300, Scott (R) 61,818, Ali (L) 2,513. **2002 Forecast:** U.S. Rep. Jerry Weller, finance chairman of the National Republican Congressional Committee (NRCC), spent Tuesday in Indianapolis in support of McVey's challenge to Carson. "More people want to see new representation in Indianapolis than want to keep Julia Carson. With 47% of those surveyed wanting a new person versus only 40% wanting to see Carson return to Washington, the district is clearly ready for Brose McVey in Congress. I'm pleased to represent the national party today in voicing our strongest possible support for Brose McVey's candidacy," said Weller. **Status:** *Leans Carson.* ❖

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Housing and Urban Development, Sen. Evan Bayh, D-Ind., announced Thursday that he and HUD Secretary Mel Martinez had reached an agreement to provide from \$6 million to \$10 million to rebuild Parkwoods literally from the ground up. A city-backed project to raze Parkwoods' two buildings and construct 200 apartments for low-income families and an adjacent 120-unit complex for higher-income renters is expected to cost about \$40 million.

GORE LEADS DEMOCRATS: USA Today reports that in the latest Gallup Poll, "asked who should be the Democratic presidential nominee in 2004, 26% of Democrats named" Al Gore, "and 19% chose Sen. Hillary Rodham Clinton of New York." USA Today adds, "Other Democratic prospects were in single digits, led by Senate Majority Leader Tom Daschle at 8%; House Minority Leader Richard Gephardt and Connecticut Sen. Joe Lieberman, Gore's 2000 running mate, at 7%; and Massachusetts Sen. John Kerry at 6%. North Carolina Sen. John Edwards, who is actively exploring a race, was at 2%."

BAYH ANNOUNCES GRANT: U.S. Sen. Evan Bayh announced today that Indiana's medical response

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infrastructure will get a significant boost in resources from a \$2.6 million grant from the U.S. Department of Health and Human Services (HHS). The grant is part of a nation-wide effort to improve hospital readiness and response capabilities in the event of a biological or chemical attack. The Indiana State Department of Health will have immediate access to 20 percent of the funds - \$521,123 - to implement preparedness programs, and the remaining 80 percent of the grant will become available in the coming months once the state's final preparedness plan is approved. ❖

COLUMNISTS ON INDIANA

Jack Colwell, South Bend Tribune -

Republican leaders who hail results of the just-completed Indiana General Assembly session believe they have Gov. Frank O'Bannon just where they want him, in a no-win situation that also will mean no win in 2004 for Joe Kernan. Questions arise about whether they are right or wrong in their strategy and their belief.

Q. Why do they think O'Bannon is in such a fix? **A.** Republican legislators blocked the Democratic governor's proposals to obtain more revenue to meet the budget shortfall, meaning that he must make severe cuts in state expenditures. Republicans then can criticize him, claiming he made the wrong cuts or unnecessary cuts. And they figure that Hoosiers angry over cuts to programs or services will blame the governor.

Q. What does that have to do with Kernan? **A.** Everything. The lieutenant governor is regarded as certain to be the Democratic nominee for governor in 2004. While lieutenant governors are not responsible for state fiscal policy, Republicans mention Kernan almost every time they zing O'Bannon. You can bet that anything wrong in the state will be blamed in 2004 by the Republican governor nominee on the O'Bannon-Kernan administration, emphasis on the second name.

Q. Would that be fair? **A.** Excuse me. Fair? We're talking about campaign rhetoric now. What's this fairness jazz?

Q. OK, is it at least accurate to put Kernan in the same boat with O'Bannon on the Democratic strategy for the just-ended, unproductive legislative session? **A.** Yes. They worked together, each calling for additional revenue to meet the recession-driven shortfall of something like \$3 billion in anticipated revenue. And Kernan stuck his neck out to propose as well a major tax restructuring to alleviate expected property tax hikes from court-ordered reassessment changes and to spur

the economy.

Q. Was it wise for Kernan to stick his neck out? Wasn't that just an invitation for Republicans to chop his head off? **A.** Whether it was wise or a political blunder won't become clear until the 2004 election. One Kernan supporter says that Kernan will come out OK because "at least he lit the candle, while the others cursed the darkness."

Q. But wasn't restructuring supposed to do a lot of things Republicans say they want, like trimming the inventory tax, spurring economic development and providing property tax relief? **A.** Yes.

Q. Then how could they oppose it? **A.** Restructuring -- wiping out or lowering taxes deemed the most obnoxious -- can only be accomplished by raising other taxes to make up for the lost revenue that any major reductions would bring. And there's the rub. Since any restructuring involves raising some tax or taxes -- in Kernan's plan, there were sales and income tax increases -- the restructuring can be portrayed as a "scheme" to raise taxes.

Q. Well, the tax increases O'Bannon wanted to help balance the budget got tied to the restructuring. So even if Kernan's restructuring was revenue neutral, aren't Republicans correct in saying the type of plan backed by the administration at session close would have raised taxes? **A.** Yes.

Q. And can the administration now get by without any tax increase? **A.** Yes.

Q. Then have Republicans won the battle? **A.** Not necessarily. While the administration can get by, there will be painful cuts affecting many Hoosiers. Education will be cut, although O'Bannon and the Republicans disagree on the severity of needed cuts. What one person calls "fat," another Hoosier calls vital. If nothing is done about property taxes, many a taxpayer will be irate. Thus, the blame game. ❖