



Daniels' tax 'gauntlet' in grinder

Without report from Kernan-Shepard, only half the picture

By **BRIAN A. HOWEY**

INDIANAPOLIS - He had "thrown down the gauntlet," Sen. Luke Kenley told WTHR-TV just minutes after Gov. Mitch Daniels unveiled his long-awaited property tax plan Tuesday night.

The initial reaction was generally positive - even from legislative Democrats - but by Thursday morning, pockets of resistance were beginning to show in the business and education communities. House Democratic Speaker B. Patrick Bauer complained he was out of the loop until the last hours before it was revealed while House Republicans and Democrats promised to fast-track the proposal, beginning in November with Senate votes as early as January.

And there remained one huge elephant in the room: the Kernan-Shepard Commission report that within the next two months will complete the preliminary picture on what Indiana government could look like in the 21st



Century. Without those recommendations, Hoosiers are only seeing half of the scenario - the finance part. The timing of this plan's release without even an interim report from Kernan-Shepard is curious.

Gov. Daniels' plan actually jumped into that zone when he proposed to eliminate township assessors and move the work to the counties. Blue Ribbon Commissioner Sue Anne Gilroy indicated to HPR last week in Franklin that there would likely be "bold" recom-

mendations. If so, they will almost certainly have further impact on the financial side of the equation.

The biggest fissures for the Daniels administration come from people who were seated at the table - the Indiana Chamber and Indiana Manufacturers Association. According to an **Indianapolis Star** column by John Ketzenberger published today: "The governor threw the package out there. Now we're all going to roll around in the street and fight over it and see what comes of it," said Pat

See Page 3

GOP rebuke of gay bash

By **BRIAN A. HOWEY**

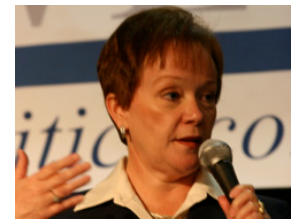
INDIANAPOLIS - There's been plenty of talk about the pendulum swinging from the right to the middle, going back to the defeat of Christian conservatives on the Kansas Board of Education in 2006, followed by losses to people like former congressman John Hostettler here in Indiana later that year.



Brian Howey's Column

That notion took a turn to the center in Fort Wayne when the American Family Association of Indiana ad ran on behalf of indicted Republican nominee Matt Kelty.

The radio ad says that Christians must help Kelty win the election by



"This plan fails to meet Gov. Daniels' own criteria of being fair, far-reaching and final."

- Democratic gubernatorial candidate **Jill Long Thompson**



opposing Democrat nominee Tom Henry, who wrote gay rights legislation when he served on the Fort Wayne City Council.

The ad was rebuked by Allen County Republican Chairman Steve Shine, who sent Kelty a two-page letter on Friday. "As someone whose roots come from a class of people once persecuted for its religious beliefs, it pains me to hear even a hint of intolerance associated with a candidate of an organization I chair," said Shine, who is Jewish.

"I will not accept intolerance, real or perceived." Shine said he feared the AFA ad would have negative "impressions" on the Allen County GOP, which Shine has long urged to be tolerant and inclusive. "We have many reasons to be proud of our record of tolerance and inclusiveness," Shine said. "I fear greatly that the AFA's radio campaign conveys a message that Republicans are willing to look down upon men and women who share our moderate to conservative value, but who differ from us in other ways."

Shine is one of the few Republican leaders who has supported Kelty since his nine-count indictment on campaign finance and perjury charges. Last week, U.S. Rep. Mark Souder withdrew his endorsement of Kelty saying the nominee is polarizing the community.

Micah Clark, president of the American Family Association group, wrote a three-page letter to Shine explaining there is a difference

The Howey Political Report is published by NewsLink Inc. It was founded in 1994.

Brian A. Howey, Publisher
Mark Schoeff Jr., Washington Writer
Mark Curry, Washington Writer
Beverly Phillips, associate editor
Jack E. Howey, Editor

Subscriptions:
\$350 annually HPR via e-mail;
\$550 annually HPR & HPR Daily Wire.
Call 317-254-0535.

The Howey Political Report
PO Box 40265
Indianapolis, IN 46240-0265.

www.howeypolitics.com
BrianHowey@howeypolitics.com

Indianapolis Office: 317-202-0210.
Howey's Mobile: 317-506-0883.
Indianapolis Fax: 317-254-0535.
Washington, DC Office: 202-256-5822.
Business Office: 317-254-0535.

©2007, The Howey Political Report.
All rights reserved. Photocopying, Internet forwarding, faxing or reproducing in any form, in whole or part, is a violation of federal law.

between homosexuals and the "legitimate civil rights struggles" of minorities in the 1960s. The letter outlined several people who have spoken about the problems with legislation intended to protect homosexuals.

Clark wrote that the most

Crawford, a medical doctor, delivered a short speech at the end of Tuesday's council meeting when he attacked the AFA ad.

"The ad is misleading and appeals to the base instincts of intolerance and bigotry," Crawford said.

"This is the most reprehensible campaign ad I have ever encountered in this area."

Crawford condemned the organization and asked GOP mayoral candidate Matt Kelty to do the same, "unless he agrees with the message."

Kelty told the Journal Gazette Tuesday he has still not had time to listen to the ad, saying he doesn't listen to the Christian radio station airing it and hasn't received the ad in an e-mail or taken the time to find it online. Allen County Republican Chairman Steve Shine also repudiated the ad last week.

The Shine and Crawford rebukes came after U.S. Rep. Mark Souder pulled his endorsement, saying that

Kelty was polarizing the community. Gov. Mitch Daniels has taken a pass on supporting Kelty.

With Souder's endorsement gone, Kelty has no establishment GOP support among Allen County officeholders, though the Indiana Republican Party gave the Kelty campaign \$24,946. ❖



Matt Kelty (center) with U.S. Rep. Mark Souder, Chairman Steve Shine and council candidate Mitch Harper.

important issues to his supporters are marriage protection, abortion, religious freedom, homosexual activism and pornography. He added that "values voters" make up half of faithful Republican voters.

Earlier this week, the **Fort Wayne Journal Gazette** reported that Republican Councilman John



Kiely the IMA.

Chamber of Commerce President Kevin Brinegar called the different property tax caps for homeowners and businesses "deal breakers."

"We emphasized that point with the governor," Brinegar said. "We sent over our board-approved opposition to the circuit breakers to show that it wasn't just staff opposing this."

The problem there, business sources tell HPR, is that the circuit breakers will be overtaken quickly, particularly in urban counties. It underscores a notion that the Blue Ribbon Commission is grappling with in these very days: can counties be treated as one size fits all? Should there be different classes of counties with different tax treatments and levels of government?

Ketzenberger also observed that Daniels' decision doesn't sit well with the two most influential business lobbyists who also represent a wide swath of the state's industry. Kiely and Brinegar find it hard to fathom how Daniels, an ex-Lilly executive with strong business ties, would put it to them this way. That Daniels knew of their displeasure makes it worse.

That Senate President David Long, House Minority Leader Brian Bosma and ranking Ways & Means Republican Jeff Espich are already on board and announcing an accelerated hearing schedule beginning in November. That possibly boxes them in if solutions to the Chamber and IMA concerns remain elusive.

Educators & referendums

The more predictable opposition appears to be emerging from educators. Richard Wood, superintendent of Tippecanoe School Corp., is concerned about the stability of state-level funding for schools, and also about the loss of control by elected school boards (**Lafayette Journal & Courier**). Wood said he's concerned about how the lengthy referendum process would impact the district. "Our district has an assessed valuation of almost \$4 billion," Wood said. "It shouldn't be controlled by the same taxing unit as one with only \$1 million. ... One size won't fit all."

Jeff Kemper, president of the Tippecanoe County Council, agrees with Gov. Mitch Daniels that the state should reform property taxes. But if homeowners no longer have to pay that money now collected by counties, someone else will. One way Daniels has said governments might

compensate themselves for the loss of that revenue is raising local income taxes. Kemper, though, said he is still not convinced that is fair. It may be better, he said, to bring in more revenue through an increased sales tax, noting that Daniels proposes raising the state sales tax from 6 cents to 7 cents for every \$1 spent.

These concerns also veer into Kernan-Shepard territory. Bauer and State Rep. Dennis Avery raised the local control issues hours after the governor's speech. "There is some concern that shifting education funding completely to the state will lead to a loss of local decision-making over policies affecting our schoolchildren," Bauer said. "It will be left to the governor to build a consensus to enact these proposals."

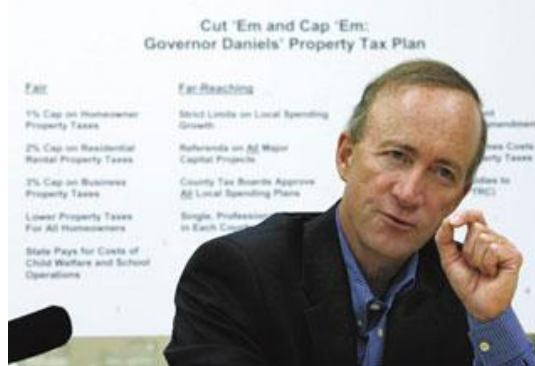
Rep. Avery told the **Evansville Courier & Press** that he didn't have "serious" reservations about the plan. But he said of the state paying 100 percent of the school general fund costs as opposed to the current 85 percent, "The facts are that the person who pays the bill ends up calling the shots."

Daniels, appearing on WTHR-TV Wednesday evening from DePauw University after a bully pulpit swing through Huntington, Elkhart and Merrillville, tried to tamp down that opposition. "I think it will strengthen local control," the governor said. "There is

nothing more local than a referendum. I would be happy if we got rid of the difficult and clumsy remonstrance process and replace it with a straight vote. If a project like a school or a library is needed, you certainly ought to be able to make that case and let the people decide."

Daniels, JLT on 'regressive' sales tax

The governor also took on a concern by Democratic gubernatorial candidate Jill Long Thompson, who called the sales tax increase "regressive" and a potential burden on the poor and senior citizens. "Many of the ideas in his plan I agree with and have proposed as I campaign for governor," Thompson said. "In order to control property taxes we need to do things like cap how much taxes can go up in any given year and rein in excessive spending by local governments and school districts. Unfortunately, this plan fails to meet Gov. Daniels' own criteria of being fair, far-reaching and final. Placing the burden of a lowered property tax solely on an increased sales tax, a regressive tax that disproportionately affects lower and middle-income Hoosiers, is hardly fair. And calling for a plan that lacks review and restructuring of our entire tax code is anything



Gov. Daniels makes his tax plan pitch in Merrillville on Wednesday. He said that Lake County residents have the biggest property tax burdens. "The core of my plan is relief for every homeowner immediately, a ceiling of fairness to protect people from the loss of their home," the governor said Wednesday at the Purdue Technology Center in Merrillville. (Times of Northwest Indiana) Photo



but far-reaching and final."

Daniels responded to that criticism this way: "Every such property owner would get major relief. It's got to be funded somehow. Of all the possibilities - and I looked at them all - this is the fairest one. Sales taxes are taxes we choose to pay. You can argue that wealthy people pay larger amount of such dollars."

The governor said he listened hard to those who wanted to repeal all property taxes. "Much as I would like to have taken that route, the risks to our schools, to small business, and to our economy generally, dissuaded me," Daniels said Tuesday. "In particular, I could not support the large increase in personal income taxes, paid by every Hoosier worker and most small businesses, which would be necessary for total elimination."

So it was interesting to hear repeal proponents - like State Rep. Jackie Walorski, R-Lakeville - said, "This bold plan gives the legislature a starting point to begin the process of bringing much needed property tax relief in 2008." Doug Eckerty of Citizens of Delaware County for Property Tax Repeal told the **Muncie Star Press** that he supports the plan, saying, "I think its a step in the right direction."

One hour after Daniels called for a "hard cap" on property-tax percentages, hundreds of Southern Indiana residents gathered in downtown New Albany to hear his primary election opponent in 2004 describe a five-year plan to abolish property taxes (**News-Tribune**). "I'm glad the governor has finally started talking about the need for a constitutional amendment," said Miller, on stage at The Grand convention center along Market Street. "The only thing is, it's the wrong constitutional amendment."

The property tax plan was built by the governor, OMB Director Ryan Kitchell, Chief of Staff Earl Goode, policy adviser Neil Pickett, deputy chief of staff Betsy Burdick, budget director Chris Ruhl and long-time strategist Mark Lubbers. The governor also reached out to historical figures like former Gov. Doc Bowen, the catalyst behind the 1973 property tax reforms. Bowen advised, "when local spending outruns income, property taxes will go up" (**Wensits, South Bend Tribune**).

House Dems hardly combative

If there were problems on the business and education front, the initial reaction from House Democrats was hardly combative.

State Rep. Winfield Moses Jr. called it an "ambitious" plan and told the **Fort Wayne Journal Gazette**, "This is so complex that it is going to take some deep

Jacobs douses latest Carson health rumor

INDIANAPOLIS - Former congressman Andy Jacobs Jr. told HPR this morning that U.S. Rep. Julia Carson is convalescing and does not have terminal lung cancer.

It was one of the rumors sweeping the political establishment in recent days. "I had Maureen Groppe call me yesterday and said she had heard Julia had had a major stroke," Jacobs said. "The next rumor will be that she's pregnant with quintuplets."

Jacobs said that Carson is in "heavy duty rehabilitation" on her leg infection and will likely be using crutches or a wheelchair in the coming months. ❖

analysis. I'm glad he is focused on it and is giving it his full attention," he said. "I'm not sure this is the solution, but we've got a couple months to work on it."

State Rep. Phil Pflum, D-Milton, told the **Richmond Palladium-Item**, "It's a start in the right direction. Where we'll end up is anybody's guess. Citizens

want something done, but I don't find much consistency in what they want done."

"I applaud the governor for being bold," Rep. Chet Dobis, D-Merrillville said (**Times of Northwest Indiana**). "Not everyone, including Democrats and some Republicans, is going to agree with every portion, but that's what the legislative process is about. It's a compromise." Rep. Sheila Klinker, D-Lafayette, said any tax solution "needs to have something substantial for property owners, and if possible it needs to include something for landlords, too. I think we need to be very open about property taxes at all levels." But Debby Gilpin of the Muncie Rental Property Association said

the plan "looks good" (**Muncie Star Press**).

As the skirmish lines form

As the skirmish lines begin to form, the most emphatic notion is, as HPR has long predicted, that something will pass; perhaps something far removed from what we have today if Kernan-Shepard casts new light and shadows on this tax plan. Thus, the House Democrats don't go into this in as hardened a position as the Senate GOP.

"I think it's a situation where they don't have any choice," said Sen. Ed Charbonneau, R-Valparaiso (**Post-Tribune**). "I just don't believe there's any way possible for the Legislature to convene for the 2008 session and walk away without having addressed this issue."

"This is big," said Purdue Prof. Larry DeBoer. "If he can get that thing through, it would be a major change."

❖



Gov. Mitch Daniels motoring past a Wells County cornfield. (Bluffton News-Banner)



Schellinger, JLT articulate coming campaign themes

By **BRIAN A. HOWEY**

INDIANAPOLIS - The weight of Gov. Mitch Daniels' property tax announcement hung over the HPR Forum Tuesday like a piano over the sidewalk in Toontown.

Democrat Jim Schellinger even hinted that Daniels had purposely chosen this very date, saying he didn't think it "was ironic at all" that the announcement came when it did. He lashed out that because he was the first governor in 33 years to drastically alter the Property Tax Replacement Credit, he had created the "crisis" himself. "The fact is, Indiana has suffered its largest property tax increase under this governor's watch," Schellinger charged. "Your No. 1 responsibility is to steer us from the danger zone and this governor didn't do that."

Schellinger said he had "three guiding principles" on the issue, declining to give specifics because, he said, he needed to study the plan and he has promised to "listen." He said a plan must be "consensual, fair and present a long-term solution." He said it should consider "in large part one's ability to pay" and that it should have "a solid revenue stream."

It was a deft performance by Schellinger, working in his "listening" theme while mounting an attack on the governor. The Indianapolis architect even played the anti-Indy card, declaring, "I will represent all of Indiana and not just my friends in the State of Indianapolis."

Thompson reminded the Forum that during her six years in Congress she "never voted for a tax increase" while identifying herself as a "fiscal conservative."

She, too, went on the attack, calling the property tax crisis a "complete breakdown in leadership." As for her solution, she said, "We have to look at sales and income taxes. We have to do our analyses. It must be fair, equitable and transparent. I'm willing to look at all options. We have to be very conscious of what we're

spending."

Thompson also noted her rural roots and said that "one size does not fit all" counties.

While Thompson and Schellinger have made numerous joint appearances at Jefferson-Jackson Day and Congressional District meetings, this was one of the first such appearances in a public setting.

For Schellinger, it was a chance to learn where he stood on the co-called boiler plate issues. On abortion, Schellinger said, "My faith teaches me that abortion is wrong. I am against abortion. But I recognized that my faith is my faith. It is not necessarily the same faith as Hoosiers around the state. My agenda is not going to include changing current Indiana laws on this." He then segued into the economy, saying that, "Good education, attracting high-paying jobs and fixing the property tax crisis" would help fight against unwanted births.

Thompson said, "My position is that Roe versus Wade should not be overturned. This a very difficult and private matter and should be decided by the individual, by women with counsel of their physicians, their clergy and their families."

Long Thompson came out in support of civil unions when asked about SJR-7. Schellinger said that Indiana already has a law banning same sex marriage and called SJR-7 unnecessary.

Schellinger assailed Gov. Daniels on education, charging that one of his first moves was to "cut education funding" that "resulted in teacher layoffs and increased class sizes." He used the example of a top Daniels aide calling principals "bozos" and said, "That's not going to be the way to build education in this state."

Asked about a brutal primary, both said they would train their attacks on Daniels, but both insisted they were in the race through the May primary.

"I think the way to keep a primary from being divisive is to keep our focus on - and I am keeping my focus on the current governor, whose bad policies and failed leadership are hurting our state," said Long Thompson.

Schellinger explained, "I got into the race because I know Indiana can and should be doing better. I know we deserve better leadership in our state, and I feel as though I can provide that leadership." ❖



Democrats Jim Schellinger (top) and Jill Long Thompson at the HPR Forum on Tuesday. (HPR Photos by A. Walker Shaw)



Cillizza sizes up the presidential field

By **BRIAN A. HOWEY**

INDIANAPOLIS - **Washington Post** blogger

Chris Cillizza spent his HPR Forum keynote Tuesday sizing up the presidential field. He sees the Republican race as "incredibly fluid" and likely coming down between Rudolph Giuliani and Mitt Romney. And if U.S. Sen. Hillary Clinton wins Iowa, it will be hard for any other Democrat to beat her. He called Republican candidate attacks on Clinton a "self-fulfilling prophesy."

"If Obama or Edwards wins Iowa, this becomes a real race and could extend as far as Feb. 5," Cillizza said. "I think we have the potential for an extended race on both sides, more so with the Republicans."

Cillizza said that if one asked him six months ago, he would have said that John McCain was the front-runner. He also said that he wouldn't read too much beyond Iowa, New Hampshire and South Carolina "because that's where the campaign is essentially engaged."

Cillizza said that social conservatives "don't have an obvious candidate. Mitt Romney hasn't jumped out. Rudy Giuliani is more liberal on social issues and hasn't jumped out. Fred Thompson was supposed to have jumped out and hasn't jumped out," the blogger said. "If Mike Huckabee could raise money he is someone they could get behind. The social conservatives are not unified. The question in the next few months is do they unify behind a candidate? Or do they just fracture and just support candidates along the way, lessening their power?"

Here's his candidate-by-candidate look at the race:

Rudy Giuliani: "He has a lot more staying power than a lot of us - myself included - thought. I think Giuliani was roundly underestimated by the chattering class. In the past a candidate who is pro-choice, pro-gay rights,

pro-gun control would not generally be the choice of the party. He has, to his credit, run a very good campaign. He hasn't been as hamstrung as a lot of us thought he might be on these issues. Why is that? I don't know the answer. In part it might be the effect of Sept. 11 on the American consciousness. Rudy Giuliani is seen as a leader. At a time when America was tested, he stood up.

Mitt Romney: "Many of the positions

he has taken are more conservative than the positions he took when he was running for governor or when he ran against Ted Kennedy for the Senate. He took a big risk spending a lot of early money on advertising. It

did work. It built his name recognition. What he did is use that money ... in Iowa. He's very strong in Iowa. In New Hampshire, same deal. You've got Romney there ... in the

traditional way of Republican politics, leading in Iowa and New Hampshire and in a very strong spot."

Fred Thompson: "He has

all the potential in the world. Before he even announced, he had run close to Giuliani in polling. Very strong in South Carolina. Very strong in Florida. Getting better in Iowa and getting worse in New Hampshire if the polling is to be believed. The question for Thompson is - this is no secret - how bad does he want it? In traveling with these people quite a bit, this is a race that requires you to want it very, very badly.

Thompson hasn't answered that question yet. He had this strange unexplained absence a couple of days a week off the campaign trail. He cancelled dates in New Hampshire and all

of that plays into a broader narrative: does this guy really want it?"

Mike Huckabee: "I feel like every few weeks this is it! This is when Mike Huckabee lives up to all his potential that everything he is. He's a very compelling debater, he's smart; he's funny. He thinks quickly on his feet. He has a very good story to tell as governor of Arkansas. The problem with Huckabee is that he has no money and doesn't seem to be particularly worried about that."

Cillizza summed up the GOP prospects by saying, "So Republicans generally, Romney and Giuliani are the frontrunners. It's just do you believe that Republicans will nominate candidates as they have the last couple decades



Washington Post blogger Chris Cillizza blogs at the Madame Walker Theater during Tuesday's HPR Forum. His post can be read on page 12. (HPR Photo by Mark Curry)



which is in line with them on social issues, or do you believe that a candidate who is unapologetically more liberal than the base of his party can win Iowa and New Hampshire?"

Barack Obama: "He went from nowhere to 25 percent when he got into this race. Since he has gotten in, the race has stayed very stable. Obama is clearly impressive. I've seen him speak a number of times. The Democratic Party continues to look for who's the next Jack Kennedy. Barack Obama fits that mold: inspirational, message of hope. The problem for him is he has to turn the politics of hope into contrast and that is not easy to do. Here is why you shouldn't vote for Sen. Clinton and here is why you should vote for me. And what does the Clinton campaign say when he does that? 'Is this the politics of hope?' It's a tough box he's put himself in. In the end, these are about drawing contrasts. In the end Barack Obama needs to figure out how to do that while maintaining that politics of hope message. He has the money and organization to do so."

Hillary Clinton: "You've seen Sen. Clinton keeping the lead in every national poll. Iowa polling continues to be close. Sen. Clinton is ahead in New Hampshire and South

Carolina. I think she's ahead because she's the best known candidate. I think she has run an extremely good race.

She's made very few mistakes. That is very difficult to do when you are playing at the level that she's playing at. She is more scrutinized than any candidate on either side. What are the big gaffes she's made? It's hard to think of them. It's pretty impressive. That's not to say she can't be beaten. She can be beaten, but what she's done today is certainly impressive. If you're going to vote for the establishment candidate, Hillary Clinton is going to win. If Hillary wins Iowa, I think it's going to be very difficult for

anyone to beat her."

John Edwards: "He's articulating the anti-Clinton message better than Barack Obama at the moment. He's hit her very hard on two things: the defense of lobbyists, and Iran. He's run very hard against her on Iran. The problem for Edwards is money. He opted into the public financing system, which was a very surprising decision. That's a problem for him. His messaging is very sharp, very taut. If John Edwards loses Iowa it will be very, very, very hard for him to beat Obama and Hillary Clinton." ❖



2008 State Presidential Polls

Iowa (R)	Date	Romney	Giuliani	Thompson	McCain	Huckabee
Strategic Vision	Oct. 12-14	27	13	10	5	12
Rasmussen	Oct. 10-14	25	13	19	6	12

New Hampshire (R)

Marist	Oct. 4-9	27	21	10	17	8
Inside Advantage	Oct. 2	28	20	8	17	8

South Carolina (R)

Inside Advantage	Oct. 2	16	16	21	16	11
------------------	--------	----	----	----	----	----

Iowa (D)

	Date	Clinton	Edwards	Obama	Richardson
Strategic Vision	Oct. 12-14	28	20	23	9
Rasmussen	Oct. 10-14	33	22	21	7

N. Hampshire (D)

Marist	Oct. 4-9	43	12	21	8
Zogby	Sept. 26-28	38	12	23	8

South Carolina (D)

ARG	Sept. 26-29	41	7	30	5
Rasmussen	Sept. 26-27	43	10	30	2



2007 Mayoral

Crown Point: Republican: Gayle Van Sessen; Democrat David Uran. **2003 Republican Primary Results:** Klein 1,447, Van Sessen 1,157, Roth 760. **2003 General Results:** Klein (R) 4,289. Isailovich (D) 2,158. **2007 Forecast:** We believe Van Sessen has a slight advantage in this race. She defended her leave of absence from the Chamber, saying that it is running smoothly. **Status:** LEANS VAN SESSSEN.



Fort Wayne: Republican: Matthew Kelty. Democrat: Tom Henry. **2003 Results:** Richard (D) 27,251, Buskirk (R) 19,701.

2007 Forecast: The Allen County Election Board might meet again to talk about the campaign finances of Republican mayoral nominee Matt Kelty (Fort Wayne Journal Gazette). The board is investigating a complaint that Kelty failed to properly disclose a \$1,000 donation before the primary election. Jeff Pruitt, an author of a local left-leaning blog, asked the board Monday to investigate Kelty for not reporting a \$1,000 donation given by Dan Turkette, the author of a local right-leaning blog. Kelty's most recent campaign filing shows he received \$1,000 from Turkette on May 3. State law requires candidates to report contributions \$1,000 or larger received after the pre-primary deadline of April 13 and two days before the election of May 8. Kelty did report several other large donations before the primary. The reports are due within 48 hours of a candidate receiving it. Kelty on Tuesday filed the proper form listing Turkette's May contribution, although he dated it Oct. 4. Andy Downs, Democratic election board member, said the matter will be investigated and

could result in a fine of up to \$100. The board previously agreed to more strictly enforce deadlines. **Status:** LEANS HENRY.

Indianapolis: Democrat: Mayor Bart Peterson. Republican: Greg Ballard. Libertarian: Fred Peterson. **2003 Results:** Peterson (D) 92,763, Jordan (R) 55,354. **2007 Forecast:** It's become pretty obvious that for some reason, the Indiana Republican establishment doesn't want the Peterson administration dislodged. Ballard's latest campaign finance report is remarkable for what doesn't show up in its relatively slim 38-pages: the names of many prominent Republicans (Schneider, Indianapolis Star). Gov. Mitch Daniels, a Marion County resident, gave nothing to Ballard from personal or campaign funds. Murray Clark, the state Republican Party chairman and a Marion County



Indiana Republicans, from Chairman Murray Clark to Gov. Daniels, have repudiated the Greg Ballard mayoral campaign ... with their closed wallets. (HPR Photo by Brian A. Howey)

resident, also gave nothing; neither did the state party. The name of state Rep. Mike Murphy, a former Marion County GOP chairman, also was absent. "It makes you wonder," said Bill Blomquist, political science professor at Indiana University-Purdue University Indianapolis. "Where are the Marion County Repub-

licans?" "I don't know why. I don't think he's asked me for any, come to think about it," Clark said. "The irony for (Ballard) now is he has a chance to win," Clark said. "He's doing better in debates and on the stump." Tom John's response to Schneider likewise doesn't cut it (**Advance Indiana**). "Conventional wisdom for a long time said this wouldn't be a race because Peterson had \$3 million," John said. "If you look at where Peterson's support is coming from among businesses and individuals, you will find it is largely comprised of businesses and people who do business with the city. It's a who's who of construction companies, developers, architects/engineers, road contractors, public finance/bond firms, city/county employees and at-



torneys. You can also match up many of the contributors to Peterson to list of firms receiving tax abatements, government subsidies and other special considerations from the Peterson administration in recent years. And who is Hoosier Trust Company? It has given more than \$66,000 to Peterson. It is, to put it bluntly, government for sale. Peterson has about 30 times as much money as his Republican challenger Greg Ballard as the campaign for mayor heads into the final weeks (**Indianapolis Star**). "In campaign finance reports filed today, Peterson, a Democrat seeking his third term, reported raising nearly \$1 million since mid-April. He had started this reporting period, which runs from April 14 through Oct. 12, with about \$2.8 million. After spending \$2.3 million, about half of that on TV advertising, Peterson reported he had about \$1.5 million in cash on hand. "Ballard, a former Marine making his first run for political office, reported raising nearly \$225,000. However, more than \$100,000 of that was in 'in-kind' rather than cash contributions. After having spent about \$173,000, Ballard had just over \$51,000 to fund his campaign through the Nov. 6 general election. **Status:** Likely Peterson.



Hobart: Democrat: Brian Snedecor. Republican: John Guthrie. Independent: Eric Smith **2007 Forecast:** Our sources say that this race is too close to call with the 18-year-old Smith possibly altering the outcome. **Status: TOSSUP.**

Kokomo: Democrat: Councilman Greg Goodnight. Republican: Councilman Rick Hamilton. **2003 Primary Results:** Republican: McKillips 1,565, Donoghue 972, Bolinger 327, McKay 243, T. Hamilton 38. Democrat: Castner 1,360, Lushin 1,358, Alexander 969, Ellis 34. **2003 General Results:** McKillip (R) 5,229, Castner (D) 4101, Dunlap (I) 832. **2007 Forecast:** From the beginning on Wednesday night's debate, Goodnight was out to poke holes in Hamilton's key campaign theme, a promise to lower property taxes by cutting local spending (**Kokomo Tribune**). "My opponent has focused his entire campaign on one issue," Goodnight said in his opening remarks. "It makes for good headlines, but it isn't realistic." As he has in the past two debates, Hamilton

insisted otherwise, saying in his opening statements that the cost of running city government in Kokomo far exceeds that same cost in the similar-sized cities of Lafayette and Muncie. "Can we do better? Do we need real change? The answer for both questions is 'Yes,'" Hamilton said. "I'm the only candidate committed to cutting spending and making city government smaller." But Wednesday's debate took a sharp turn from the early debates when Goodnight brought up Midwest Plating, using it to bolster his contention Hamilton's campaign promise and leadership ability are both suspect. According to Hamilton, he took over the business' day-to-day management when his father-in-law suffered a heart attack in 1977, and led the business even after the Young family sold it. When two new owners - the second ownership group to take over the company after the Youngs owned it - took over the business in either 1983 or 1984, Hamilton said he got out. The business closed for good in 1985, and the cleanup was ordered a year later. Is it possible, Goodnight asked, to believe in Hamilton's leadership ability when Midwest Plating cost taxpayers a \$1.7 million cleanup in the mid-1980s? "That simply isn't true," Hamilton responded. "I wasn't there ... when I left Midwest Plating, those problems didn't exist. Those things happened after I left." But Goodnight continued, claiming U.S. Environmental Protection Agency documents about the cleanup indicated Hamilton's statement wasn't plausible. "They said the contamination occurred over a long period of time. It didn't happen in the final week of the plant [operating]. It didn't happen overnight," Goodnight said. **Status:** LIKELY GOODNIGHT.



Kokomo Republican nominee Rick Hamilton got personal with Democrat Greg Goodnight Wednesday night. (Kokomo Tribune photo)

Madison:

Democrat: Tim Armstrong. Republican: Mayor Al Huntington. **2003 General Results:** Huntington (R) 1,746 (unopposed). **2007 Forecast:** We believe the challenger is leading in this race. Armstrong received more than twice as much money in contributions as Mayor Huntington during the last reporting period before the election (Madison Courier). The Tim Armstrong for Mayor committee reported \$29,784.19 in

contributions from individuals, corporations, political action committees and labor unions. The Mayor Huntington for Madison committee raised \$12,840 in contributions from individuals and firms. Armstrong's campaign account was



HOWEY *Political Report*

Weekly Briefing on Indiana Politics

boosted by a \$25,000 loan from his wife, Debbie, while Huntington loaned \$15,000 to his campaign. Huntington also had \$3,356.24 on hand at the beginning of the reporting period, bringing his campaign's total amount of receipts including the loan to \$31,196.24. Armstrong had \$1,621.62 at the beginning of the reporting period, bringing his total including the loan to \$56,405.81. **Status:** LIKELY ARMSTRONG



Armstrong

Marion: Democrat: Councilman Bill Henry. Republican: Mayor Wayne Seybold. **2003 Results:** Seybold (R) 4,547, Henry (D) 2,739. **2007 Forecast:** Seybold has more money left to spend for his re-election campaign than Henry has raised since January. Seybold raised more than five times the amount of money for his campaign than Henry, according to campaign finance reports filed Friday. Seybold has more than \$117,501 in contributions; Henry has just over \$22,170. Money left to spend is about \$38,963 for Seybold and \$15,823 for Henry. When asked his opinion on Seybold raising five times his amount, Henry laughed. "So?" he said. "He won't get five times the votes. It doesn't mean anything to me. In politics, you don't watch the other guy." Henry said his campaign is going along "quite nicely" and he and his team are going to campaign hard in the last two weeks of the race. He's confident about his chance of winning. "Frankly, I think we're gonna do this," Henry said. **Status:** TOSSUP.

Muncie: Democrats: Jim Mansfield Jr. Republican: Sharon McShurley. **2003 Results:** Canan (R) 7,211, Tyler (D) 6,758. **2007 Forecast:** Mansfield is ready to take over as Muncie's mayor, his supporters say. They also believe it's time to give the Democratic Party a turn at leading the city, given the decline in economic conditions here during the past 16 years of Republican control of the mayor's office (**Muncie Star Press**). But according to some of Republican mayoral nominee Sharon McShurley's backers, Mansfield doesn't act all that enthusiastic about



Sharon McShurley

running for mayor and could be a yes-man for Democratic Party leaders calling the shots from their headquarters at 214 N. Walnut St. They portray McShurley as a fresh face who would be a better mayor than Mansfield by virtue of her competitiveness, marketing degree, cheerleading ability and devotion to homework. "As director of the visitors bureau, he's had experience in being in charge of something," said Mansfield supporter and Democratic state senator Sue Errington. "Some of that experience could translate into getting people to bring a business to Muncie." **Status:** LEANS MANSFIELD.

South Bend: Republican: Juan Manigault. Democrat: Mayor Stephen Luecke. **2003 General Results:** Luecke (D) 10,598, Schmidt (R) 4,188. **2007 Forecast:** Manigault stood in front of the boarded-up former Kmart on the city's west side, pointing to it as an area in need of economic growth. Hours later, Democratic incumbent Steve Luecke contrasted that at Lock Joint Tube on Walnut Street to show an example of a business that has expanded. Both held press conferences Wednesday to talk about economic growth. Luecke's re-election campaign has opened a comfortable lead in funding just as, according to Republican challenger Juan Manigault, the race itself is tightening up (Wensits, **South Bend Tribune**). "This is a 2 to 3 percent race," Manigault asserted Tuesday, claiming that he received that information from "a very good source" within the Democratic Party. "I'm behind, but coming on strong," Manigault said. It would be startling, if true, that Manigault has closed the gap with Luecke that much, given that a late-September poll conducted on behalf of The Tribune and WSBT-TV showed Luecke with a 12-point lead. The Democrats' position is that Manigault is still significantly behind. "I don't know where he's getting his information," said Mary Downes, Luecke's campaign manager. Downes said she had no reason to believe that the race has tightened up as much as Manigault is saying. "That's hogwash!" declared Owen "Butch" Morgan, county Democratic chairman, who said a party poll taken about the same time as the Tribune-WSBT-TV poll showed Luecke with a lead that was three to four points higher than the newspaper-TV poll. Morgan said there has been no Democratic poll since "that I'm aware of." The latest campaign finance reports showed Luecke with \$253,939 in contributions as of the Oct. 12 filing deadline, and an additional \$17,200 since then. The Oct. 12 report showed Luecke with \$118,892 in cash on hand as the campaign moves into its final two weeks. Manigault's campaign has generated \$152,913 in contributions as of the Oct. 12 deadline, and \$33,797 in cash on hand. **Status:** LEANS LUECKE ❖

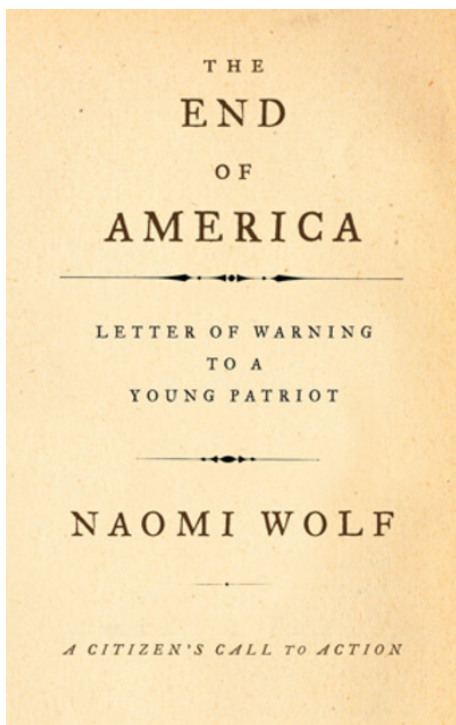


THE BOAR'S NEST

Author Naomi Wolf speaks in Indianapolis tonight

By BEVERLY PHILLIPS

Best selling author **Naomi Wolf** is in Indianapolis tonight at the Indiana University School of Law for an ACLU of Indiana Bill of Rights Campaign event titled "In Defense of Our America: A Call to Action." She'll talk about her current book, "The End of America: A Letter of Warning to a Young Patriot." \$10 admission includes a reception in the Law School Atrium (530 W. New York St.) from 5 to 6:30 p.m. followed by a lecture and book signing in the Wynne Moot Courtroom. The reception is sponsored by the law offices of Barnes & Thornburg LLP and Baker & Daniels LLP. For more information: www.aclu-in.org or call (317) 635-4059 ext. 233.



Ms. Wolf launched to fame in 1991 with her international best seller, "The Beauty Myth," where she attacked the fashion and beauty industry, arguing "the choice to do whatever we want with our faces and bodies without being punished by an ideology that is using attitudes, economic pressure, and even legal judgments regarding women's appearance to undermine us psychologically and politically." She was involved in Bill Clinton's '96 re-election campaign, serving as an adviser on how to reach female voters, particularly "soccer moms." That adviser role was reprised during Al Gore's unsuccessful 2000 presidential campaign.

A Yale University graduate and University of Oxford Rhodes Scholar, she is author of six other books and co-founder of the Woodhull Institute for Ethical Leadership, an organization devoted to training young women in ethical leadership for the 21st Century. She lives with her family in New York City.

The book, according to Chelsea Green Publishing, is a "stunning indictment of the Bush administration and Congress ... and best-selling author Naomi Wolf lays out her case for saving American democracy. In authoritative research and documentation. Wolf explains how events of the last six years parallel steps taken in the early years of the 20th century's worst dictatorships. such as Germany, Russia, China, and Chile."

Property tax demonstration

A property tax demonstration is planned for this Saturday at 2 p.m. at Monument Circle. Expect Halloween-themes and costumed characters. According to a press release, "These are frightening times for our city and state so scary costumes and grim reapers are welcomed. The time is now to vote out the corruption of our city and send a strong message to our state representatives that property taxes must be eliminated!" Tax Scammed Saturday organizers say this event will unite all Hoosiers, whether Republicans, Democrats, Libertarians...black or white...rich or poor...homeowners or renters. Informational booths, speaker forums and various events will be set up around Monument Circle. Contact Wayne Kirk at (317) 966-7716 for more information or www.propertyfreedom.blogspot.com.

Vane leaves GOP

Indiana Republican Communications Director **Robert Vane** is leaving the party, taking a job with Shiel-Sexton. **Jessica Higdon** is taking over his duties for the GOP. ❖

Got a tip for the Boar's Nest? Send it to: phillipscgroup@comcast.net



Lt. Gov. Becky Skillman defended the Daniels administration during the HPR Forum on Tuesday at the Madame Walker Theater. Jack Colwell of the South Bend Tribune is in the background. (HPR Photo by A. Walker Shaw)



Chris Cillizza, Washington Post - The Fix is in Indiana today to attend a debate between the two Democratic candidates for governor, do a little bit of speechifying and, yes, eat at Chick-Fil-A. (Who knew? There's one in the Indianapolis airport.) Indiana was at the epicenter of Democratic House gains in 2006 as challengers knocked off Republican Reps. Chris Chocola, John Hostettler and Baron Hill; a full 10 percent of Democrats' total gains in the House came from the Hoosier State. The 2008 election cycle promises to be a bit quieter although Gov. Mitch Daniels (R) faces a serious challenge from either of the two candidates who have descended on the historic Walker Theater to debate today: architect Jim Schellinger and former Rep. Jill Long Thompson. Daniels' job approval ratings are only so-so and Democrats believe they can build on the gains they made in 2006 by taking back the governor's mansion in 2008. Brian Howey, a political analyst and author of the nonpartisan Howey Political Report, is more skeptical. Daniels, he said, laid out a roadmap of his plans for the state when he was elected four years ago and by and large has accomplished those goals. "The Indiana Democratic Party needs a vision," said Howey. "They need someone who will lay out a vision for where they will take the state." That's not to say Daniels' should put his re-election bid in cruise control, however. The biggest threat to Daniels, according to Howey, is a negative national political environment that afflicts anyone with an "R" after their name. "Mitch Daniels is probably most vulnerable to an adverse reaction to Iraq," said Howey. For the moment, Indiana is one of the most competitive governors races on the ballot in 2008. (Missouri is the other.) That competitiveness means a lot of national money will be spent on both sides in the coming 13 months. ❖

Sylvia Smith, Fort Wayne Journal Gazette - You'll need your wits about you for this column, so get a cup of caffeine. I'll wait. Ready? Grab a pencil. Which of these statements are true? • Of President Bush's most generous Hoosier donors in 2004, more than half have lined up behind one of the contenders for the 2008 Republican nomination. • The Bush backers (who contributed \$1.7 million to his '04 campaign) have ponied up more than \$1 million for the presidential candidates they support this time around. • You couldn't pay the Hoosier Bushies to write a check for Hillary Clinton. Answers: False, false, false. Sending a healthy check to Bush-Cheney '04 surely could be interpreted as evidence of political involvement and Republicanism. But this group of Hoosiers seems as uninspired by the crop of Republican contenders as the rest of the country. Of the 837 people who donated \$2,000 or more to the Bush-Cheney campaign, just 87 have contributed to one (and sometimes two) of the Republicans who want their party's nomination for 2008. That means nearly

90 percent of Bush's big-dollar donors have opted to remain on the sidelines during a year that has the fiercest competition for the GOP nomination in a decade. That's a pretty tepid response from a group you'd think would be fully engaged. After all, it's not as if the battle for the nomination is all that far away. Given the early primaries and caucuses, we'll know the nominees by the first week of February. That pace means we're in the last four months of the nomination campaign - about the time people throw whatever money they can at their favorite candidate. That's sure not happening this year. Here's what Charlie Cook, a well-known non-partisan chronicler of presidential campaigns said: "When you have a party as demoralized as Republicans are this year, you have a lot of people sitting on their hands, their checkbooks closed. ... Whether it is Katrina, Iraq, scandals, deficits, spending, Terri Schiavo or stem-cell research, there are a whole lot of disaffected Republican donors." ❖



Jack Colwell, South Bend Tribune - When RIP postcards hit South Bend with a "here lies South Bend" epitaph, Mayor Steve Luecke decided to rip the political mailing rather than let it rest in peace. A Republican consultant -- one not directly involved in the mailing -- expressed surprise that the Luecke campaign would respond in a way capturing extensive news media coverage for the message and spreading it to everyone in the media market. The Luecke campaign, however, was following the admonition of those consultants who say it is important for a candidate in a competitive race to hit back hard and immediately in response to any negative attack. The mailing won't in itself decide the election between Luecke, the Democratic incumbent who has been mayor longer than anyone else in city history, and Republican challenger Juan Manigault, who must sway a significant number of Democrats to his cause if he is to win. But the card and the response tell much about the rival themes in the mayoral contest. It appears that the mailing -- prepared by and dispatched by the Indiana Republican Party, not by Manigault -- was directed at Democrats and independents. That would make sense in terms of strategy aimed at helping the Republican candidate. The card carried a strong message -- negative, of course, as are so many of the most effective campaign materials everywhere in the nation. It showed a tombstone with this epitaph: "RIP. Here lies South Bend, a once vibrant city now abandoned by business, overrun by violent crime and driving people from their family homes because of high property taxes." On the reverse side, Luecke is accused of having "allowed it to die" and recipients are urged to "vote against Mayor Steve Luecke." Mary Downes, Luecke's campaign manager, said, "It was so over the top. It was outrageous." ❖



Field set to replace Rep. Clem/Cheney

PORTAGE - The final list of candidates has been settled for Saturday's election to fill the Indiana House 10th District seat. Three candidates -- Charles Moseley, Bob Poparad and Gregory Simms - filed by Wednesday's deadline with the Indiana Democratic Party (**Post-Tribune**). The three are contesting to replace State Rep. Jack Clem, D-Portage. Clem died at the beginning of October. This is the second election this year for the seat. Clem was elected in July to replace former State Rep. Duane Cheney, who had resigned because he was moving. Poparad is a member of the Porter County Council, Simms is a local educator and Moseley is a former Portage Township School Board member.



Indianapolis Council GOP out-raising Dems

INDIANAPOLIS - Republican candidates for City-County Council seats are raising and spending more than their Democratic rivals ahead of Election Day. A leading case in point: City-County Councilman Scott Keller has raised \$57,000 in the latest campaign reporting period, more than twice as much as any other council candidate (**Indianapolis Star**). In fact, Keller raised nearly as much cash this year as Republican mayoral candidate Greg Ballard, despite running in a council district with about 35,000 voters compared to a county with more than 800,000. The local Democratic Party, which holds a 15-14 advantage on the council, earlier this year held out hopes of winning 20 of the council's 29 seats. But Republicans have been pound-ing away on crime and taxes, among

other issues, in their bid to either hold on to their seats or unseat Democratic incumbents. According to finance reports covering a six-month period from April 14 to Oct. 12, Republicans in total raised nearly \$100,000 more and spent nearly \$226,000, more than twice as much as Democrats.

Lugar seeks end to farm subsidy system

WASHINGTON - Once again, Sen. Richard Lugar is taking on the uphill fight of ending federal farm subsidies, but this time he's picking his battle carefully (**Associated Press**). Instead of trying to erase subsidies from the new five-year farm bill while it's debated in the Senate Agriculture Committee, Lugar said that he will wait until the legislation reaches the Senate floor in the hope that he finds more support there. "Rather than getting into a food fight, we'll leave this for the floor," the Indiana Republican said Tuesday. Lugar said the 21-member Agriculture Committee consists mostly of lawmakers who favor continuing subsidies, but the full Senate might be more receptive to his view. Lugar and Sen. Frank Lautenberg, D-N.J., have introduced rival legislation to the farm bill that the Agriculture Committee was to begin marking up yesterday. Their reform measure would end federal subsidies as they are currently known and replace them with an insurance program that covers all crops and livestock. "Over the past 10 years, farm subsidies have gone to just one out of three farmers with only 6 percent of farms receiving 70 percent of that money, namely \$120 billion," said Lugar, the committee's former chairman.

Katic won't resign township position

INDIANAPOLIS - North Township officials on Wednesday said lawyer Peter Katic has not resigned from the township board as rumored, but he has admitted himself into a rehabil-

itation center (**Times of Northwest Indiana**). Katic, 53, was arrested Oct. 5 following a three-car collision in Munster. He is alleged to have registered a blood-alcohol concentration of 0.34 and was charged with operating while intoxicated-endangering a person, operating while intoxicated, and leaving the scene of an accident, all misdemeanors. On Sept. 13, Katic was arrested when he was accused of showing up intoxicated to a juvenile court hearing in Lafayette. A blood test at the time reportedly registered Katic's blood-alcohol concentration at 0.20.

Some Porter County tax rates to skyrocket

OGDEN DUNES - Data released by Porter County officials shows residents, especially near Lake Michigan, will see tax bills jump by thousands of dollars. However, others may see their bills go down. The data shows in 20 of the 29 districts, this year's tax rates are lower than last year's (**Times of Northwest Indiana**). But for residents in some other areas -- such as on the lakefront -- the changes will bring higher taxes. Ogden Dunes is among areas expected to be hit hardest. Homeowners in the town have seen substantial increases in the assessed value of their homes, some up to 80 percent higher.

Council candidate withdraws at Shelbyville

SHELBYVILLE - Democrat Wade Amos has removed himself from the campaign to win one of the two available at-large city council seats in the upcoming November general election, according to a statement Amos issued to The Shelbyville News on Monday night. ❖