

The Howey Political Report



The *Howey Political Report* is published by NewsLink Inc. Founded in 1994, *The Howey Political Report* is an independent, non-partisan newsletter analyzing the political process in Indiana.

Brian A. Howey, publisher

Mark Schoeff Jr., Washington writer

Jack E. Howey, editor

The Howey Political Report Office: 317-254-1533
PO Box 40265 Fax: 317-968-0487
Indianapolis, IN 46240-0265 Mobile: 317-506-0883

brianhowey@howeypolitics.com
www.howeypolitics.com

Washington office: 202-775-3242;
Business Office: 317-254-0535.

**Subscriptions: \$350 annually via e-mail;
\$550 annually including the HPR Daily
Wire. Call 317-254-1533 or 254-0535.**

© 2003, *The Howey Political Report*. All rights reserved. Photocopying, Internet forwarding, faxing or reproducing in any form, in whole or in part, is a violation of federal law and is **strictly prohibited** without consent of the publisher.

“QUOTE” OF THE WEEK

“The next time a woman wants to run for higher office, I hope the three words she hears are ‘come on in’ and not ‘you can’t win.’”

- State Sen. Vi Simpson, as she withdrew from the governor’s race

Daniels to seek sweeping changes

Open to Constitutional Convention

By **BRIAN A. HOWEY** in Indianapolis

The two Republican gubernatorial candidates are open to significant restructuring of Indiana government, going as far as convening a constitutional convention.

“There are a number of changes we need to make,” Mitch Daniels said in an interview with HPR on Wednesday. As for a convention to change Indiana’s 1851 constitution, Daniels said, “I wouldn’t be afraid of it. One thing draws me very much to it and that is our state setting the pace. We are so nondescript ... I want the rest of the nation to take a second look at Indiana.”

“I can think of a second great reason,” Daniels said. “It would be a fabulous exercise in citizenship. I can envision bringing people into the process who aren’t taking part today.”

In the first sequence of the 2004 gubernatorial race, State Sen. Murray Clark, 2000 GOP nominee David McIntosh and State Sen. Vi Simpson indicated they were open to restructuring state government. Democrat Joe Andrew embraced the constitutional convention. Gov. Joe Kernan was not available for an interview before the HPR deadline and has not stated a position on the “con-con.”

HPR asked Daniels the same question we posed to then-gubernatorial contender Murray Clark, now Daniels’ campaign chairman: If you added up all the taxes collected from state to local government in Indiana, would there be enough to meet the challenges of a 21st Century state?

“I would answer that I think we are, if you add it all together. We are a moderately low tax state. That’s about where we want to be in terms of future economic growth,”

INSIDE F E A T U R E S

Ticker: Lewis new clerk of courts	p. 2
Ticker: Roemer protests 911 info	p. 3
Horse Race 2004: Borst v. Waltz	p. 5
Legislature: A time for tweaking	p. 6
Columnists: Colwell, Howey	p. 8

Covering 10 years of Indiana politics

TICKER

T A P E

DAVID LEWIS NEW CLERK OF COURTS: Gov. Joe Kernan today announced that David Lewis of Indianapolis will be the next clerk of courts for the state of Indiana. "David is bright, capable and extraordinarily responsible," said Kernan. "And above all, you can trust him. I have every confidence in the world in this young man, and am thrilled to appoint him as a statewide official." Lewis is currently the Central Indiana regional director for U.S. Sen. Evan Bayh (D-Ind.), where he has served as the senator's liaison to 26 counties for the last year and a half. Prior to the position in Bayh's office, Lewis spent nearly two years as a deputy director in the Community Development Division of the Indiana Department of Commerce, led by then-Lt. Gov. Kernan. Before that, Lewis was a special assistant for legislation in the lieutenant governor's office.

BUSH APPROVAL AT 51 PERCENT IN NBC POLL: Although doubts about President Bush's handling of the Iraq war keep rising, improving economic news has stemmed the slide in overall views of his performance, a new Wall Street Journal/NBC News poll found. The survey, conducted amid news reports of robust third-quarter eco-

he said. "First, we need to take a real hard look at how we're spending our money and how many layers and fragments of government we have. We need to look at ways to spend less and be more efficient."

Daniels was asked if Indiana really needs 92 counties, when geographically bigger and more populous states such as Florida and New York have only 67 and California has only 58. "I think all those questions should be on the table," the former White House budget director said. "There are already counties that share offices. It's not a radical notion. Ohio or Switzerland or Franklin ... don't ask me the combination, but there's a prosecutor that serves two. A court that serves two. It's not the same two. We already have some. We have townships that share services. So these are practical questions. We have a structure that was designed not one, but two centuries ago."

And Daniels called for further sweeping changes at the Indiana Statehouse.

"This is more about the who than the what," Daniels said, repeating a phrase he used when releasing his first public policy positions late last summer. "Indiana will not get out of this fix with the same people in charge. I am now convinced of this. There's too much discussion by the people who fill the leadership roles in state government and how they approach their leadership. I will insist on new people, fresh people, idealistic people, people who have a clear direction from the top that growth is what we're interested in. Growth that will put people back to work and generate tax dollars for the state treasury so we can pay our bills and do the things we want to do.

"If we get there, there will be all sorts of changes. We'll try to bring the legislators along, get them out of these boundaries that they've been thrashing around for years."

Asked if this change in leadership would be limited to the executive branch, or extend into the legislative branch,

Daniels said, "There's the old saying of don't mistake the edge of the rut for the horizon. When I look at the General Assembly I see a lot of places where people have been in the same rut for so long, they haven't even thought about options."

Daniels is on a second 92-county tour, visiting dozens of mom and pop cafes, businesses and schools. He has met with more than 60 sheriffs, dozens of teachers and has the endorsement of most GOP members of the Indiana House and Senate, including President Pro Tempore Robert D. Garton and Senate Finance Chairman Larry Borst.

Hoosiers ready for change

Daniels said of the mood of the Hoosier people, "They're the same great people, but there is lots of suffering and lots of fear." He said he believes Hoosier citizens are ready for change, even dramatic change.

"Now when the subject is economic development and jobs, I have not seen a lot of people who shrink back and draw away from substantial change," Daniels said of the hundreds of Hoosiers he has talked with since July. "There's a call for leadership. There hasn't been any plan. You know, legislatures aren't known for innovation. That's got to come from the top. I have infinite respect for all the folks in the legislature. In a citizen legislature people make sacrifices."

Daniels said that in many small to medium Indiana towns, he asks about the economy and major employers. "A lot of these towns have been downsized," he reported. "I ask who are the big players? They'll tell you the school system, the hospital and local government. What that really is is cross-subsidization."

"We were so slow," he said of a lack of leadership at the Statehouse and its impact on scores of Indiana cities and towns. "Nobody saw this coming. We had not encouraged a different attitude, best I can tell. We didn't have any policy at all."

Daniels said he has even found that

Continued on page 3

major agriculture operations are moving to other states.

"Republic Airlines wanted to come here, but the Department of Commerce told them, 'We've got nothing for you,'" Daniels said. "They're in Kentucky now. I hear that story all over the place, from the small to mid-sized towns. We're seeing large scale livestock operations expanding out of state. Illinois is saying, 'Here's five things you need to do and we'll get you an answer in seven days.'"

Asked if the O'Bannon-Kernan administration and the Indiana General Assembly had waited too long to restructure the Indiana tax code (it finally occurred in June 2002) and if that worsened Indiana's economy during the recession, Daniels said, "It would have helped us," if tax restructuring had occurred in 1997 or 1999, "but I doubt it would have ended all our problems. When I say it's the who in state government not the what, I really mean that."

Including the legislative branch? Daniels responded, "We are going to have a house cleaning across state government. I'm thinking the executive branch, but there are folks in the legislature who are still blind to the urgency of the situation. I don't want to get into bashing anybody. My objective is to just get people to act. Going back to your first question, they (Hoosiers) know we're in bad shape. They know we need to get better. It will be my job to get the legislature to deliver. The people will want us to act, because they know what's happened to the company down the street. But the folks who were at the helm when this started will not be the folks to get us out of it."

30 mayors defeated

Daniels only has to point to the defeat of 30 incumbent mayors between the May primary and last week's municipal elections. There were also a number of open seats that will change administrations in almost 50 cities.

Out of 117 cities, that is dramatic turnover, particularly if you put it in the context of 125 legislative seats that will be up for election in 2004. A change of a third of those legislative seats would be viewed as a sea change.

"With the difficulties many of these communities have suffered, they were looking for an outlet somewhere," Daniels explained. "I wasn't surprised to see that kind of turnover."

The only thing that might prevent -- might -- that kind of barn cleaning at the Indiana General Assembly is that so many districts are uncompetitive.

Other than the couple of public policy pronouncements late in the summer, one of which included the governor heading up economic development, Daniels was asked when Hoosiers will find a comprehensive plan distilled down from his "92-county job interview."

Daniels responded, "First of all, we're a full year away. In it's time, people will know enough to make a judgment on the direction I want to go."

Kernan over his shoulder

At noon last Friday, Daniels was at Don and Donna's Cafe in Franklin, a city that just lost 800 jobs at an ArvinMeritor plant, talking to a lunchtime crowd. As he spoke, over his shoulder on a TV set was Gov. Joe Kernan (volume turned off) announcing his re-entry into the governor's race.

"We came to the conclusion that in the next year, we will be able to get a great start to achieve our goals," Kernan said on TV as Daniels spoke. "But there wasn't enough time to get the job done and I don't want to sit on the sidelines."

The governor presented a "vision of every child will be healthy and have a world class education and every Hoosier will have the opportunity to earn a good living." He pledged to take care of "senior citizens" and those with disabilities and said that "Hoosiers will be safe from

TICKER T A P E

conomic growth and a brightening jobs picture, shows 50% of Americans approve of the president's handling of the economy -- his best showing in more than a year. That helped halt the recent decline in Mr. Bush's overall job rating. Some 51% approve of his performance as president, compared with 49% in September.

ROEMER DENOUNCES 911 DEAL WITH WHITE HOUSE: The commission investigating the Sept. 11 attacks said on Wednesday that it had reached agreement with the White House to give the panel access to copies of the daily intelligence briefings sent to President Bush's desk shortly before the attacks (New York Times). The accord was reached after months of talks over the reports, known as the President's Daily Brief, which the Central Intelligence Agency presents to Mr. Bush and his senior aides every morning. The bipartisan commission had threatened to subpoena the reports. "We believe this agreement will prove satisfactory and enable us to get our job done," the panel said in a statement that lacked details on the agreement. Although the agreement appeared to have the support of most of the commissioners, it was denounced by a Democrat

continued on page 4

TICKER

T A P E

on the panel, former Representative Timothy J. Roemer of Indiana. Mr. Roemer said in an interview that the White House was continuing to place unacceptable limits on access to the briefings. "In paraphrasing Churchill, never have so few commissioners reviewed such important documents with so many restrictions," said Mr. Roemer, who was a member of the joint Congressional committee that investigated the Sept. 11 attacks. "I am not happy with this agreement, and I will not support it."

STATE DELAYS RELEASING NCLB LIST: The state list of schools failing to meet the federal No Child Left Behind requirements will not be released this week, state officials said (Fort Wayne Journal Gazette). Fort Wayne Community Schools officials said Monday that the list was expected to be out this week after a many-months delay. But Indiana Department of Education spokesman Marc Steczyk said Wednesday that is not the case. "It's going to come out sometime, but there's no definitive timetable," he said. The release has been delayed as state officials review hundreds of appeals from districts regarding the placement of some schools on the list. On Monday, FWCS Superintendent Wendy

continued on page 5

threats both inside and outside of Indiana."

Daniels told the Franklin crowd that he welcomed Kernan's entry. "No one can predict the ultimate political effect, but from a citizen's standpoint, this is absolutely for the best," he said. "It makes the questions before us completely plain. Do we have the kind of economic opportunity we want for our kids and for the least fortunate among us, or should we aim higher? As taxpayers, are we satisfied with the quality and performance of state government, or should we expect more? After 16 years of one-party rule by career politicians do we want to start fresh, or not?"

Daniels said he did not comment on a Kernan re-entry during the month-long speculation. "I waited to comment in hopes we would hear some note of concern or at least awareness of the damage and the suffering Hoosier communities like Franklin have experienced, some regret for past failures and a promise to do better," Daniels said. "Instead, what we have heard is a purely political announcement. They are saying: 'We own this place and we plan to keep it.' The people of Indiana deserve better, and our job is to offer a positive alternative to a tired regime that has run its course."

Kernan campaign communications director Steve Bella noted that Daniels did not extend the courtesy of "waiting for 24 hours" after what was a political announcement.

As for the loss of 30 incumbent mayors, Bella pointed out that none of those included Democrats in the major cities. Democratic mayors now control eight of the top 10 populous Indiana cities and 20 of the top 30.

Eric Miller's campaign

Veteran *South Bend Tribune* columnist Jack Colwell had two words of caution when it comes to a Daniels-Kernan showdown: Eric Miller. "That's the conventional wisdom," said Colwell

of a Daniels-Kernan race. "I don't think Eric Miller can just be brushed aside as a nonfactor. I think he'll still try to wage a serious challenge to Mitch Daniels."

Miller adamantly claimed he will deliver 200,000 votes and win the Republican primary next May. "People are looking for new leadership and are gravitating to our campaign," he said. He noted that 800 showed up at his campaign kickoff on Oct. 27 at Danville.

He claims a network of 3,500 churches, 1,600 businesses and 34,000 families and said he believes he can turn out more of a vote than the 32 percent conservative John R. Price delivered in the 1998 U.S. Senate race. Price, Miller said, is not playing a role in his campaign.

"You're going to see our supporters at every polling site in every precinct," Miller promised. "We believe we will have many more than the 200,000 votes needed to win the primary. Whoever gets their voters to the polls will win. There is a lot of anxiety and fear and people are ready to vote for change." As for his Jan. 15 financial report, Miller said, "People will be shocked at the amount of money we've raised."

Miller said he would support a restructuring of state government and will address a constitutional convention when he gets more information.

He said that former Gov. Otis Bowen and economist Bill Styring and State Sen. Kent Adams are developing an economic recovery plan in the near future which will feature spending caps.

As for Gov. Kernan's re-entry, Miller said, "He still has to run on his record. Indiana leads the nation in job loss, mortgage foreclosure, a decline in personal income and spending has gone up 50 percent in the last eight years.

Daniels said that while he takes the Miller campaign seriously and, like Miller, believes the primary race will be good for the party, he will continue to seek out a broad spectrum of voters.



2004 Racing Form

Indiana 2004 Gubernatorial, Legislative

Governor 2004: Republican: Mitch Daniels, Eric Miller, Petersburg Mayor Randy Harris, Bob Parker. **Democrat:** Gov. Joe Kernan, Roy Graham. **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:** State Sen. Vi Simpson dropped out of the 2004 gubernatorial race and endorsed Gov. Kernan Monday morning. "From the very beginning I told him that I would support him without question, without hesitation," Simpson said to Kernan. "And I am a woman of my word. I will do everything I can to see that he's elected in 2004." Simpson also noted her role as a ceiling crasher. "Some said that Indiana wasn't ready to elect a woman governor. We proved once and for all that when it comes to elected officials, Hoosiers want the best man for the job, even if that happens to be a woman." Simpson said that "the next time a woman wants to run for higher office, I hope the three words she hears are 'come on in' and not 'you can't win.'" Simpson told the *Bloomington Herald-Times* that had Kernan not run, "We absolutely would have won the primary." Andrew said he was "surprised" at Kernan's entry into the race, making him perhaps the only one in the Hoosier political establishment to be in that state. Kernan's entry is actually good news for Andrew, allowing him the chance to withdraw from a race that turned out to be a true fiasco for him after the Bren Simon withdrawal. Most believe his campaign was mortally wounded. "I plan on doing this again." Andrew said. He has yet to formally endorse Kernan.

Republican Primary Status: *LIKELY DANIELS. General Status: TOSSUP*

Senate District 36: Republican: Sen. Larry Borst, Johnson County Council President Brent Waltz. **Democrat:** Open. **1996 Results:** Borst (R) 26,593, Satterthwaite (L) 2,035. **2000 Results:** Borst 24,621, Reno (D) 12,095, Williamson (L) 1,061. **2004 Forecast:** The powerful Senate Finance Committee Chairman is in for a real battle in the Republican primary, his first in three decades. Waltz will announce that former Republican state Chairman Rex Early and Indianapolis Councilor Bill Schneider will chair his campaign. Borst is looking at an erosion of political assets. His son, Phil, is no longer president of the Indianapolis City-County Council and will not have the clout to press for party discipline, particularly in Marion County's Perry Township. Waltz's uncle is Mayor of Greenwood and that political organization fresh off a re-election campaign last week will be in play for Waltz, who has led the Johnson County GOP ticket. There are some 12,000 Johnson County homeowners who saw their property taxes go up. That is fertile door-to-door territory for the energetic Waltz. Bad economic news such as the closing of the ArvinMeritor plant, Alpine and the Chrysler Foundry in Indianapolis is bad news for Borst, who has essentially shaped Indiana's economy over the past three decades, often having more influence than even the governor. The chairman will try to address some remedies for the property tax reforms in the upcoming session, but Waltz is indicating that he will press Borst on an array of other issues that he believes have piled up on Borst after 30 years in the Senate. Plus, Borst is used to controlling events in the Senate and he will find himself in an arduous campaign that will be beyond his control. Borst has told insiders he can raise \$250,000, but Waltz counters that he can effectively run his campaign for less than half that amount. And here's the kicker: Waltz believes he can win the primary with only 5,000 votes. When it comes to knocking off legislative titans, Waltz comes into this fight with far more assets than Marc Carmichael did when he defeated Speaker J. Roberts Dailey, or Sally Rideout Lambert when she upset Speaker Michael K. Phillips. Borst can still win this one -- he will probably win this -- but he's going to have to muster all his political resources and recognize that he will have to keep his cool under pressure. And here's a sure prediction: This race will likely command more attention come next April and May than even the gubernatorial primary. **Primary Status:** *TOSSUP.*

❖

TICKER T A P E

Robinson said the district's six high schools, all but two middle schools and all but five elementary schools would be on the list. Schools are expected to make adequate yearly progress to ensure all students meet state and federal learning standards by 2014.

KERNAN TERM LIMIT UNCLEAR: KERNAN TERM LIMIT UNDER DEBATE: It is unclear whether Gov. Joe Kernan can serve more than one term. The Indiana Constitution says a governor is not eligible to serve more than eight years in a 12-year period. Including the 15 months of the late Gov. Frank O'Bannon's unfulfilled term, two terms would exceed that limit (Niki Kelly, Fort Wayne Journal Gazette). There is some precedent in Indiana history, dating back to Republican Oliver Morton, who served more than six years from 1861 to 1867. He took over as governor when his predecessor resigned to take a seat in the U.S. Senate. He then ran and served his own four-year term. At the time, the Constitution held that no governor could hold office more than four years in any period of eight. Most - including Kernan - said there isn't a clear answer to the question, which would likely wind up before the Indiana Supreme Court. "I think it's questionable," said

continued on page 6

HORSE R A C E

TICKER

T A P E

Senate President Pro Tem Robert Garton, R-Columbus - who is somewhat of a constitutional scholar.

MCCLOSKEY WAKE SCHEDULED: A funeral mass and wake for former Congressman and Bloomington Mayor Frank McCloskey will take place at 1 p.m. Saturday at the St. Paul Catholic Center, 1413 E. 17th St., in Bloomington. At 3 p.m., a wake will take place at the Buskirk-Chumley Theater of Kirkwood Avenue with song, Chris Sautter's video tribute and reflections.

KELLEMS JOINS CHENEY TEAM: Over the course of 24 hours, Kevin Kellems traded his office in the bowels of the Pentagon for one in the Eisenhower Building with a view of the West Wing. As press secretary for Vice President Dick Cheney, he has had little time to get ensconced in his new digs. He hit the ground running. "It will be fast paced, no question about it," he said in an HPR interview late Wednesday night after concluding his first day on the job. As recently as Tuesday, Kellems was press secretary for Deputy Defense Secretary Paul Wolfowitz, a job he had held since August 2001. Kellems is no stranger to high-profile bosses. Wolfowitz has figured prominently in formu-

Worried legislators coming back to session

By **BRIAN A. HOWEY**

INDIANAPOLIS - With the knowledge that frightened voters took out frustrations on 30 incumbent mayors over the past six months, the Indiana General Assembly convenes for its prolonged "Organization Day" next Tuesday, with plans to stay, perhaps, until early December.

It's likely to take a historic, tragic and dramatic autumn of 2003 and bring an unpredictable year to an equally unpredictable finish.

There is an undercurrent of "don't just stand there, do something," even if a number of major counties such as Allen, Elkhart and St. Joseph have yet to come to grips with the final impact of property tax reassessment.

In Lake County, which is expected to face the biggest "sticker shock," the new property tax statements were sent out to homeowners in Hobart, Ross and St. John Township, home of the tax battle that brought about the reassessment.

Reporter Steve Walsh of the *Post-Tribune* reported, "The assessment notices for those three townships were mailed Friday. Higher assessments are expected for many homeowners because the figures now reflect a property's market value. For others, particularly in pockets north of U.S. 30, the reassessment will correct years of underassessment, identified in a 1998 state study. Because of the potential for a kind of widespread sticker shock (the county) and the state chose to break the news gently by notifying Lake County in stages, starting in early October with Center Township, where in 1998 state auditors found some of the best assessment records they had seen in Indiana. Homeowners in North Township, which scored the worst in the 1998 state study, will begin seeing their notices next week."

It is in Lake County where legislators have been terrified of the impact and potential political results. For

instance, last summer, State Rep. Chet Dobis publicly lashed out at the Merrillville Town Council for attempting to float a bond issue, fearing that it would add more to the levy. It is legislators such as Dobis, who have long held safe seats in Democratic urban areas, that are fearful of a voter backlash in 2004.

Thus, powerful lawmakers such as House Speaker B. Patrick Bauer, hoping to preserve his two-vote majority, are seeking remedies to help blunt the kind of outrage that was expressed in some areas such as Indianapolis last summer. There, hundreds of angry homeowners rallied to protect property tax rates that sometimes went up by as much as 300 percent.

Borst's limited plan

One of the most vulnerable legislators is Senate Finance Chairman Larry Borst, R-Greenwood, who told Mike Smith of the *Associated Press* that the bill Senate Republicans introduce next week will not include additional deductions and exemptions for some homeowners and rental properties.

Borst, who will be fending off a credible challenge from Johnson County Council President Brent Waltz (see *Horse Race*, page 5) told the *Associated Press* that those proposals by Democrats who control the House would shift tens of millions of dollars in tax burdens to other homeowners, businesses or farmers, and lawmakers should wait until the regular session in January to consider them.

"There is no way we can do wholesale changes and wholesale shifts," Borst said (Smith, *Associated Press*).

Borst said the Senate Republican bill likely would contain some proposals Bauer wants, including stricter limits on local levy increases. And both plans are likely to extend application deadlines for some tax breaks and allow counties to waive late-payment penalties.

Borst said non-elected boards that oversee taxing units such as libraries and airports should not be allowed to raise taxes without approval from elected city or county councils (*Associated Press*).

Rep. Jeff Espich of Uniondale, the ranking Republican on the Ways and Means Committee, warned taxpayers that the proposals now under consideration are "by and large cosmetic" and would do little to cut taxes for people who experienced big increases (*Louisville Courier-Journal*). He pointed out that some of the proposals -- those that would cut taxes on older homes and houses owned by low-income seniors -- would actually increase taxes for other people. That's because the proposals call for deductions, which simply shift tax burden from one payer to another.

"We're not going to reduce the bill of someone whose bill went up 200 to 300 percent," Espich told those gathered at IU-South (*Courier-Journal*).

DeBoer sees tweaking

Purdue University Prof. Larry DeBoer hopes the General Assembly will be content with some "tweaking."

"The average assessed value of homes across the state doubled. Most of them were a 75- to 125-percent increase. If you have a home built in the 1940s or before, then the average increase was 150 to 175 percent," said DeBoer (Trevor Wendzonka, *Elkhart Truth*). "The reasons for that is simple: The old system applied a terrific tax break to older homes through depreciation. I can tell you I'm ecstatic about the changes. I live in an 18-year-old house and my taxes went down 15 percent. I think this is great! We should have done this years ago!"

DeBoer told the *Elkhart Truth*, "If they decide to give additional tax credits, they don't have the money in the state budget to make up the difference to local government. If they enact more exemptions, then that just shifts the prop-

erty tax burden around within the tax district. People need to recognize how much of a bind the state is in (economically)."

An end to property taxes?

Other legislators, such as Republican State Rep. Sue Scholer of West Lafayette, are open to more dramatic proposals.

Appearing before an "Eggs n' Issues" breakfast hosted by the Chamber of Commerce, Scholer told the 30 people gathered, "We have a lot on our plate" (Max Showalter, *Lafayette Journal & Courier*). "There's going to be a lot of discussion about getting rid of property taxes or finding another way to reassess. We're looking at all kinds of combinations that might be available."

Scholer said those alternatives could include shifting property taxes to income and sales taxes (Showalter, *Lafayette Journal & Courier*).

But there will be plenty of economists who will warn legislators that when economies become recessionary, sales and income taxes are far less reliable than property taxes. Look no further than the October revenue report that Budget Director Marilyn Schultz released last Thursday. The State's revenue numbers for October are \$24.1 million, or 3 percent, less than anticipated for the month. For the first four months of FY04, the state is \$152.2 million, or 4.5 percent, below forecast.

"This is another disappointing month that continues to make us very cautious and appears to indicate our economy is not picking up speed as quickly as the economic forecast committee had estimated," Schultz said. Through the first four months of FY04, revenue from sales, individual income and corporate income taxes was below forecast by a total of \$147.2 million.

That's a warning sign for legislators to tread carefully, lest the eggs on their plates end up on their faces. ❖

TICKER

T A P E

lating U.S. policy toward Iraq. Previously, Kellems was press secretary for Sen. Richard Lugar and the governor of Ohio. "It really is an honor to be on the Bush-Cheney team," said Kellems. "I look forward to doing what I can to help Hoosiers, the American people, and others understand the work Vice President Cheney is doing on their behalf." Kellems' first impressions of the nation's second-in-command have been indelible. "Based on my first day watching him, it is clear that he has an enormous grasp of the issues, a clear sense of direction and obviously a very strong and effective working relationship with and in support of the president," said Kellems. That relationship extends to the two press offices--the president's and the vice president's. "It's very much a team effort. We are part of the Bush team. I look forward to learning from and working with and for people who are on the president's staff."

FRIEDMAN TO HEAD INDIANA DEAN CAMPAIGN: Shaw Friedman of LaPorte has been named chairman of Democratic presidential candidate Howard Dean's Indiana campaign. Friedman is counsel to the Indiana Democratic Party (HPR). Friedman said that Dean will address more than a dozen

TICKER T A P E

Indiana campaign chapters this weekend via the internet. Dean is expected to announce soon the support of the 1.6 million member Service Employees International Union and the 1.4 million American Federation of State County and Municipal Employees which will cap months of intense behind-the-scenes competition between the Democratic presidential contenders and could stand as an enduring turning point in the contest (Los Angeles Times).

THREE EYE WEINZAPFEL'S HOUSE SEAT: Three men have expressed interest in taking over Evansville Mayor-elect Jonathan Weinzapfel's seat as Indiana's District 76 state representative. "(Posey County Prosecutor) Trent Van Haften is interested," said Vanderburgh County Democratic Chairman Stephen Melcher (John Martin, *Evansville Courier & Press*). "I know there is another person in Posey County - (former County Commissioner) Randy Thornburg. And there's one person in Evansville, (new-comer) John Paul Josey." Van Haften, who also is the Democratic Party chairman in Posey County, said he has considered seeking the position since Weinzapfel announced his mayoral candidacy.

DAVIS CHOOSES BILYEU: Lt. Governor Katherine Davis today announced that

COLUMNISTS ON INDIANA

Lesley Stedman Weidenbener, *Louisville Courier-Journal* - (Gov. Joe) Kernan will need to move fast if he wants to distinguish himself from O'Bannon, whose second term was crippled by economic recession and resulting budget woes, and give voters a taste of what a full Kernan term would be like. There's no doubt Republicans are going to try to force Kernan to run on what they believe is an unimpressive record. That's why this next year is so important for Kernan. He's already showing voters how his personality and his leadership style differ from O'Bannon's. Where O'Bannon liked to work quietly behind the scenes to accomplish his goals, Kernan has a far more direct style. He's clearly taking a more hands-on approach to governing. He has created a cabinet-style government, where agency heads report directly to him in regular meetings. O'Bannon, on the other hand, had little direct contact with agency heads, at least not regularly. He let his executive assistants and chief of staff handle many issues and problems. There's already evidence of what the change means. Within weeks of becoming governor, Kernan met with his Department of Correction commissioner, who told him that the state's crowded prisons were reaching a crisis. Kernan immediately acted. Last week, he took Indiana Chief Justice Randall Shepard, House Speaker Pat Bauer and Senate President Pro Tem Robert Garton on a tour of two overpopulated prisons. All three clearly came away moved by what they saw. ❖

Jack Colwell, *South Bend Tribune* - Joe Kernan's announcement that he will run for governor in '04 was not the startling surprise it would have been if he had made the statement right after being thrust into the governor's office by the death of

Frank O'Bannon. And now further change: Kernan has decided to run rather than to walk away. Democratic leaders desperately wanted him to run. They believed, probably accurately, that Kernan was the only Democrat who could win the office next year. Now we know what he will do. He will be in what is likely to be one heck of a race for governor. No sure thing now for Republicans. No sure thing either for Kernan. ❖

Gary Gerard, *Warsaw Times-Union* - Yale economist Ray C. Fair, who wrote a book called "Predicting Presidential Elections and Other Things" forecasts a comfortable Bush victory if economic trends continue, according to the Associated Press. He uses a model that tracks presidential races back to 1916. It takes into account inflation and economic growth rates and gives extra points for spurts of higher-than-usual growth like the one this week. Republicans get a slight historical edge. The model gives points for incumbency and deducts them if the president's party has held the White House for two terms or longer. As a one-term GOP incumbent, with low inflation and rising growth, "Bush has the best of all possible worlds," Fair said. It's more than a coincidence that the last time there was this big a jump in the GDP was in 1984. That was after Ronald Reagan, presiding over a sluggish economy with high inflation numbers, urged a massive tax cut through Congress. The idea is that if you let people keep more of their money, they will spend it and stimulate the economy. The economy grew and Reagan won 49 states in the following election. Right now we have all nine Democratic candidates telling us that we have to roll back W's tax cuts. Tax cuts are bad, they say. Might be time for a change in strategy. ❖

Brian A. Howey, *Indianapolis Eye* - That night in March 2000, after Sheriff Jack Cottey and Lawrence Mayor Tom Schneider had greased the skids for his victory, newly elected Marion County Republican Chairman John Keeler explained, "I don't believe in dictatorship. I will lay out a plan and head in a common direction."

"Only the Democrats are laughing when our misfortunes are on the front page," Keeler said more than three years ago.

Well, John, let me tell you something. The Democrats are not only laughing, they are on the floor, screaming with the kind of glee an unherniated gut allows uttering.

What occurred this past year should be the antithesis of the political career John Keeler was once lauded for. When he was Rep. Keeler in the Indiana House, he earned the reputation as a master strategist and a consensus builder. But what Marion County Republicans ended up with last Tuesday night was a mix between a Chinese fire drill and Napoleon's death march out of Moscow.

Before Keeler's election as chairman, Marion County Republicans lost the Unigov mayoralty in 1999 and watched Frank O'Bannon carry the county in 1996 over Stephen Goldsmith. There was a trend developing, but nothing that couldn't be stabilized with good progressive leadership. Under Keeler's watch, in 2002, they lost the sheriff. And, if you look at the county GOP organization's impact on Rep. Jim Atterholt's race, they lost the Indiana House of Representatives (now controlled by the Democrats, 51-49.). And then last Tuesday, the City-County Council and the mayor of Lawrence (Tom Schneider's second loss in a year).

And what is next, the Mitch Daniels gubernatorial bid? Essentially, Daniels is going to be forced to create his own shadow organization in Marion County to do the functions of what the Republican Party should be doing, just as

U.S. Sen. Dick Lugar was forced to do in 2000. That costs money that could be better spent elsewhere and on other pressing things.

Let's look back on what newly elected Chairman John Keeler said on the crisp March night in 2000. Keeler stressed the need to heal "festering wounds." Perhaps with old allies Cottey and Schneider now headed for oblivion that might be the good news for the GOP outside the Neanderthal wing.

Keeler pledged to fulfill the "basic" role of raising money, recruiting good candidates, and bringing the once proud organization up to speed. Was Greg Jordan the best candidate that could have been recruited for mayor? Did Greg Jordan and the City-County Council Republicans have the money needed to retain the council and wage a fighting chance against Mayor Bart Peterson?

Without a strong candidate at the top of the ticket, Peterson was able to pull in the four at-large council seats as well as Curt Coonrod's district seat and get control of the council. He was able to lead the Democrats into a 6,000 straight ticket voting edge.

But the most amazing aspect to this spectacle is Keeler's deal with Mayor Peterson that keeps him from criticizing the Democratic administration. Former Republican State Chairman Rex Early, in a Saturday letter to the *Star* wrote, "The seeds of defeat in the GOP mayor's race were probably sown four years ago when Bart Peterson insisted that ... John Keeler, sign a legal agreement that he would not criticize the mayor. The basis of this bizarre arrangement stems from Keeler's full-time job as a lobbyist with a local law firm that represents the city. Peterson guaranteed himself, in writing, four years of silence from the opposition party. The Republican Party made a big mistake going along with this cozy arrangement; an arrangement, by the way, that is still in place."

❖

TICKER

T A P E

Amy Small Bilyeu will serve as chief of staff in the Office of the Lieutenant Governor. Most recently, Bilyeu worked as Director for City/County Council and Legislative Relations for Mayor Bart Peterson. "For the past two years, Amy and I have collaborated on numerous projects for the city. I admire her integrity, leadership abilities and impeccable work ethic," said Davis. "Amy's extensive knowledge of state and local government is an asset to our team." Prior to joining the mayor's office, Bilyeu served as corporate counsel for Cummins, Inc. in Columbus, Indiana. She also held various positions in Indiana state government, including serving as a legislative aide to both the late Governor Frank O'Bannon and former Governor Evan Bayh.

BOLLING NEW PRESIDENT OF THE INDIANA NAACP: A Gary woman has taken the helm of the Indiana chapter of the National Association for Advancement of Colored People, marking its passage to a new generation of leaders (Associated Press). Barbara Bolling ran unopposed for the Indiana presidency at the organization's annual convention in Fort Wayne last month.

"Barbara will be speaking for a new generation," said Anthony Copeland, who became president of the NAACP chapter in East Chicago six months ago. "She will bring youth, a fresh vision and new vitality to the state level."

❖