



Ugly mood (and an accommodation)



A tax protester at the Indianapolis Council Monday night. Could the tax revolt propel little known and underfunded Greg Ballard (right) into a true showdown with Mayor Bart Peterson? (HPR/WISH-TV Photos)



By **BRIAN A. HOWEY**

INDIANAPOLIS - In the 13 years since The Howey Political Report has been publishing, we've never witnessed more Hoosiers protesting a wider array of issues at the same time. The anti-incumbency mood is at its most pronounced since our first year - 1994.

On Monday, dozens of tax protesters were tossed out of the Indianapolis City-County Council meeting as it voted in \$90 million in new income taxes. Anti-war protest-

ers sat outside the office of U.S. Rep. Pete Visclosky with empty shoes, symbolizing those killed in Iraq. Nick Egnatz of Munster wants Visclosky to sign an effort by U.S. Rep. John Conyers to seek the impeachment of President Bush and Vice President Cheney. U.S. Sen. Evan Bayh is scheduled to meet with Code Pink anti-war protesters on Aug. 21 at the Lake County Government Center.

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No answers, just questions

By **CURT KOVENER**

CROTHERSVILLE - While we in Jackson County have not yet received our dreaded inevitably increased property tax statements, other counties nearby and upstate have and their results have captured the attention of their respective media.

But take a deep breath, Pilgrim, and ease your finger off that trigger. No need to get all lathered up just yet. Remember what Grandpa said, "Worry is the interest you pay on a loan before it becomes due."

Media outlets from the state's capital city are talking about taxpayer revolt and a property tax crisis. But I wonder: Would there be a statewide property tax "crisis" if Marion



"It does us no good at all to go into a special session if we don't have consensus. Unless we have an agreement, it would probably be doomed to failure."

- Senate President Pro Tempore David Long



County's tax bills hadn't increased as significantly as they had? If Scott, or Washington or White or Stueben tax bills escalated, would the governor and legislators be paying as close attention to the electorate's tax anxiety?

Nope. But now that everyone's attention seems focused on fixing our system of paying for schools, cities and towns, libraries, township and the other local government services we have come to expect, it is an excellent time to float up alternatives.

A quick history summation: property tax was founded on the idea (a Biblical idea) that to whom much is given, much is expected. Property ownership equated with affluence and an indication of one's financial standing. Remember, income, sales and excise taxes were not around when Indiana began taxing property.

Some folks want to do away with property tax by increasing sales and income taxes.

Increased income taxes weigh heavily on wage earners — factory workers, clerks in the big box stores, teachers, anyone who is an employee. It will have minimal effect on business owners, doctors, lawyers and Indian chiefs because they have the ability to manipulate (meaning lessen for tax purposes) their income through year end purchases of equipment and services. If we increase the sales tax rate, we border community residents will be all the more inclined to travel to the nearby Bluegrass state to make purchases. Would you rather pay 10% sales tax in Indiana or travel to Kentucky to pay 6%?

We don't need to increase the sales tax rate, we need to increase the sales tax revenue. But some people and groups don't have to pay.

Rather than increase income or sales tax what if all exemptions to paying sales tax were eliminated. Make it a true consumption tax. No matter who you are or what you do, you pay 6% on all of your purchases.

Now this example may get me kicked out of the state press association, but did you know newspapers don't collect sales tax on ads and subscriptions? Why is my industry so

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: 317-506-0883.
Indianapolis Fax: 317-254-0535.
Washington, DC Office: 202-256-5822.
Business Office: 317-254-0535.

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special?

Why do we pay sales tax on a \$3 gallon of gas but not on a \$6 gallon of milk? Why do you pay 6% when you buy a ream of paper but a business does not? Why do I pay 6% on the salt for my water softener but not for the salt for my cooking? Why does Miz Mary pay 6% for the seeds for her garden but farmers do not pay a sales tax for the seed to grow corn, soybeans and wheat? Why do we pay 6% sales tax on a quarter pound hamburger at the fast food joint but pay no sales tax on a pound of hamburger at the grocery? If I buy a new truck, I pay a sales tax. If in a month I decide I really don't like the vehicle and sell it to John, John pays another sales tax, and later when John sells it to Bill, Bill pays another sales tax on the same truck.

And this next example may get me run out of town but must be said. Churches and other not-for-profit groups pay no sales tax nor property tax. Yet their existence in our community places a demand on government services for police, fire and ambulance services.

This is not a separation of church and state issue. It is a matter of paying for services used and fairness. Churches and not-for-profits pay for water and trash collection, pay for electricity and natural gas, but they don't pay for street lighting, police, fire protection and services. Shouldn't they pay for these services as you and I do?

Shouldn't even schools, town halls, townships and county courthouses

pay sales tax on the supplies they buy to help support those kinds of services? Churches, not-for-profits, and government facilities all pay for insurance to cover them from fire and theft, but contribute nothing to help pay for those government-supplied services either before or when they need to use them. Think about it, some of the largest buildings in nearly every community — schools and churches, places which have the biggest potential for fire tragedy and periodically have large crowds — pay nothing for fire protection and ambulance service in the event of an emergency or even help pay for the availability of those personal safety and security organizations.

Even farmers — the loudest property tax abolitionists — shouldn't be disagreeable with starting to pay a 6% sales tax for seed, fertilizer, fuel, and equipment.

Exemptions simply cost the rest of us more money. When others don't pay, you and I must pay more to make up for their special exempted status. And if everybody, no matter who we are or what business activity in which we are engaged, paid sales tax on all of our purchases, how much would that increase in sales tax revenue allow for reduced property taxes?

Because of the increased revenue from everybody paying sales tax could — dare I even breathe the thought — property taxes be eliminated? ❖ **Kovener is publisher of the Crothersville Times and is a township assessor.**



Ugly mood: From page 1

In Muncie, organizers are planning a noon "Jam In" for today, designed to bottle up traffic in downtown to protest high property taxes. Gibson and LaPorte County officials are bracing for the kind of tax storm that has already taken place in Indianapolis and Elkhart.

At Elkhart's annual summer parade last Saturday, State Rep. Jackie Walorski marched with 200 supporters (**see photo above**) wearing "Eliminate Property Taxes" shirts. "There were more than 30,000 people on the parade route that cheered us through the entire way," Walorski said. "Many came out of the streets to walk with us." Walorski's message is simple: don't tweak the system; give us comprehensive restructuring of taxes and government.

There have already been multiple property tax protests outside the Governor's Mansion, Monument Circle, the Indiana Statehouse and the Indianapolis City-County Building. Environmentalists are calling for the ouster of IDEM Commissioner Tom Easterly over news that BP can increase discharges into Lake Michigan, a mile away from where Hammond and 10 other cities draw drinking water.

While the charge that Indiana is "resistant to change" is still propagated by lawmakers and the news media, just ask Chris Chocola, Mike Sodrel and John Hostettler if Hoosiers are hesitant to change. They all lost Congressional seats less than a year ago. Ask Billy Bright, Troy Woodruff, John Smith, Steve Heim, Carlene Bottorff and Mary Kay Budak, along with Bob Garton. They were all incumbents who lost legislative races just last year.

Or ask Mayors Matt McKillip of Kokomo, Fred Isch of Decatur, Gary Bishop of Ligonier, Terry Abbett of Huntington, Dan Klein of Crown Point, Linda Buzinec of Hobart,

Steve Skaggs of Alexandria, James Garner of New Albany, Rob Waiz of Jeffersonville, Al Nipp of New Castle and Jim Bullard of Seymour. These 11 incumbents all lost mayoral primaries last May.

The Iraq War, high gasoline prices and the property tax meltdown have put Hoosiers in an ugly, ugly, ugly mood.

A curtain drops

It reminds us of a speech then U.S. Rep. Lee Hamilton gave to the Indiana Democratic Editorial Association in August 1994 when he said, "Sometimes when I'm standing at a public meeting I feel a curtain drop between me and the people I'm talking to. I'm a politician and therefore, they say, my word cannot be trusted." It was a precursor to the 1994 election that changed control of the U.S. and Indiana Houses of Representatives for the first time in four decades.

Hamilton, who audibly sighed several times during that emotional speech, put a new twist on Tip O'Neill's adage that "all politics is local." Hamilton said, "All politics is presidential. I know the president's name is not on the ballot in 1994, but his standing in this country is the single most important fact about this 1994 election."

Federally, the **Politico** reported Tuesday: From almost any angle, Republicans are facing a Democratic financial tsunami in 2008.

This comes as President Bush has rejected calls by Sen. Richard Lugar to chart a new course and redeploy in Iraq. Earlier this week, the administration began hinting that it might take military action in Pakistan. Other reports say Vice President Cheney wants to take on Iran's nuclear program before he leaves office. The saber rattling comes



at a when a majority of Americans have little confidence in the Bush administration's prosecution of the War on Terror.

The **Politico** reported: In the first six months of this year, Democratic federal candidates and the party's three national committees raised \$381 million compared with the \$291 million their counterparts collected. That amounts to a \$90 million advantage and means that 57 percent of the total raised by all political candidates and committees has gone to the Democrats. And that's the good news for Republicans. When the cash on hand is added up for presidential, House and Senate candidates, as well as the party committees, the picture is even bleaker. Overall, Democrats reported having \$314 million in cash compared with the Republicans' \$190 million, which means that 62 percent of the political cash is now held in Democratic accounts.

The Democratic presidential field holds a \$100 million fundraising edge on the GOP field.

From "Bayhsmiths" to "PeterDandies"

Monday night's passage of a \$90 million income tax a decade ago might have been the political death knell for someone like Indianapolis Mayor Bart Peterson.

But in 2007, he failed to draw a top tier opponent like Murray Clark or State Sen. Jim Merritt. His opponent, Republican Greg Ballard, is not raising much money. If Ballard could get his hands on \$1 million, Peterson would worry.

But multiple sources tell HPR that, absent one or two deep-pocketed donors, it isn't going to happen. The Indiana GOP and Gov. Daniels will not be his wellspring.

There is little appetite among Republicans to turn the state's capital city over to a neophyte political figure with no political or public policy track record.

It is reminiscent of the 1990s during what the late NUVO editor Harrison Ullmann called the "Bayhsmiths": an understanding between Gov. Evan Bayh and Mayor Stephen Goldsmith not to cross swords. There appears to be a similar dynamic between Mayor Peterson and Gov. Daniels, two business class reformers with historic ties to the Bayh and Lugar organizations that are more interested in governing than politics. A wink and a nod from Daniels would allow Ballard to raise money, but there is no eye contact there.

The fascinating angle here is that Peterson ally Jim Schellinger is the deep Bayh/Peterson organizational choice to take on Daniels in 2008. Would the payoff there be a positive Schellinger campaign against Daniels that might preserve the Democratic House majority with an eye that the real prize for the Peterson/Schellinger align-

ment comes in 2012 with an open governorship?

Sources tell HPR that internal GOP polling showed Peterson's hard re-elect was only at 28 percent, compared to a 27-percent definite no to a re-elect. Another 13 percent said "probably not."

Ballard told WISH-TV's Jim Shella that he planned to run 10-second TV ads next week, ostensibly to ignite fundraising. Ballard had loaned his campaign \$10,000 but had only \$9,500 at the end of April and not much more today.

"I hear my Republican friends talk about what might have been," said Marion County Democratic Chairman Mike O'Connor. "I always respond, 'What's your candidate's name?' Most don't know."

Having said that, O'Connor acknowledges that "circumstances have made this more of a challenge. The atmosphere is more of a challenger's position."

Ballard has been using mostly earned media. Now that he has the mayor on record with a big tax increase, the question is whether Ballard can ride it without having much money. In the spring of 2006, a vastly

underfunded Greg Walker (by at least 10 to 1) was able to upset Senate President Pro Tem Bob Garton.

Some observers see the Peterson TV ads already running (especially the one with Sheriff Frank Anderson) as a bit hollow. O'Connor said that the mayor was responding to calls to deal with the crime problem. He noted that in 2004, Peterson

called for the elimination of township assessors, which he sees as an inoculation to the tax assessment controversies that created the firestorm of today. "The tax situation is a 95-percent state issue," O'Connor said.

Republicans would like to think of that quote as whistling past the graveyard. But the fact is that on government reform, Peterson and Gov. Daniels are essentially cut out of the same cloth. If Peterson were to go down in flames this year, it would be an ominous signal for the Daniels' re-elect, despite their party differences.

At the demonstrations earlier this month at the Governor's Mansion and Monument Circle, the talk was of throwing all the incumbents out.

While there are conceivable events that could project such an outcome, what remains to be seen is whether there will be a spontaneous political combustion or whether some candidate or group has the ability to orchestrate and feed a populist uprising. ❖

PUBLISHING NOTE: The Howey Political Report will be on vacation next week. It will resume on Monday Aug. 6.





Gubernatorial Democrats, Washington Post's Cillizza headline 'free' HPR Forum

INDIANAPOLIS - When the annual HPR Forum gathers at 1 p.m. Tuesday, Oct. 23, at the Madam Walker Theater Ballroom, the opening 2008 presidential primaries and caucuses will be less than three months away. The Indiana Democratic gubernatorial race will have further developed. And we will be watching whether an anti-incumbency dynamic will continue in the Indiana mayoral races.

Washington Post blogger Chris Cillizza will give the keynote address at this year's HPR Forum. Prior to the keynote, the Democratic gubernatorial candidates - Jim Schellinger, Jill Long Thompson and Senate Minority Leader Richard Young - will make one of their first joint appearances to the general public.

Other speakers and entertainment will be announced in the coming weeks.

Admission to this year's Forum will be a canned food item that will be donated to area food banks.

The year's Forum is sponsored by Bose Public Affairs, Winston Terrell Group and DLZ. Other sponsorships are available.

HPR Publisher Brian A. Howey said that not only is Cillizza covering the day-to-day aspects of the 2008 presidential race, he is also blogging about gubernatorial and congressional races.

"As the YouTube debate Monday evening demonstrated, the Internet continues to evolve into an important role as we choose our next president," Howey said. "Cillizza is at the vanguard of this development. He will offer fascinating insights into the Internet and its intersection into presidential politics."

Cillizza comes to **Washingtonpost.com** from **Roll Call** newspaper, a Washington publication covering Congress. During his four years at the paper, he reported on campaign politics from the presidential to the congressional level, finishing his time at Roll Call as the paper's White



The Fix

By Chris Cillizza



House correspondent. Prior to joining Roll Call in June 2001, Chris covered governor's races and southern House races at the **Cook Political Report** and wrote a column on politics for **Congress Daily**. His freelance work has appeared in a variety of publications including the **Atlantic Monthly**, **Washingtonian** and **Slate**. He has also been a guest on CNN, Fox News Channel and MSNBC.

Howey said that joint appearance by Schellinger, Thompson and Young (pictured above from left) continues HPR's role in Hoosier gubernatorial politics. In 2004, both Gov. Joe Kernan and Mitch Daniels appeared at the HPR Forum. In previous Forums, Gov. Frank O'Bannon and challenger David McIntosh appeared in 2000.

Previous speakers and panelists have included Indiana Supreme Court Chief Justice Randall Shepard, political analysts Charlie Cook, Stuart Rothenberg and Dr. Larry Sabato, U.S. Sen. Richard Lugar, U.S. Reps. Mike Pence, Steve Buyer and Chris Chocola, State Sens. David Long, Murray Clark, Robert Meeks and Jeff Drozda, former Lt. Gov. Kathy Davis, Sen. Vi Simpson, and DLGF Commissioner Cheryl Musgrave. ❖

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Kernan-Shepard panel: a credible world view

By **BRIAN A. HOWEY**

INDIANAPOLIS - It was one of the most sought after appointments in Statehouse circles in years: joining Chief Justice Randall Shepard and former Gov. Joe Kernan on the Blue Ribbon Commission on Local Government Reform.

When Gov. Mitch Daniels announced the additional members of the commission last Friday, the names included former secretary of state Sue Anne Gilroy, former IU President Adam Herbert, former state senator Louis Mahern, former Lincoln National CEO Ian Rolland and John Stafford.

HPR's reaction: A credible commission that has the experience and gravitas to collect, analyze and come to conclusions in what could be a once-in-a-century chance to restructure Indiana government. The commission includes people with corporate, judicial, local government, state government, academic, and legislative experience. The biggest surprises were the lack of members with county and township experience.

Here's a look at the commissioners and HPR's analysis:

Gov. Joe Kernan: Served a year and a half as governor, six and a half as lieutenant governor, where he headed state commerce and agriculture. He was a three-term mayor of South Bend and served as city controller. He brings tantamount credibility as a state and local leader that only a former governor can bring. He is also a voice that progressive Indiana Democrats will heed.

Chief Justice Shepard: He is Indiana's longest serving chief justice at 20 years, a constitutional scholar with an intricate knowledge of Indiana history. He began his public service as a top assistant to Evansville Mayor Russell Lloyd Sr. Along with Kernan, Daniels couldn't have picked two better people to lift this commission above petty politics.

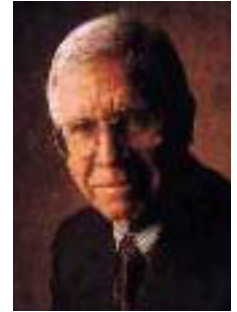
Sue Anne Gilroy, Indianapolis, currently vice president of development of St. Vincent Hospital and executive director of the St. Vincent Foundation. She served as

Indiana Secretary of State from 1994 to 2002. Gilroy served as parks director under Mayor Richard Lugar and was later Sen. Lugar's state director. She ran an unsuccessful campaign for mayor in 1999. Gilroy possesses intricate knowledge of the functioning of federal, state and local government.

Dr. Adam Herbert, Bloomington, former president of Indiana University. He holds a doctorate in urban affairs and public administration. Herbert is also on the state payroll for another year after leaving the IU presidency. There has been some speculation - similar to when he was president - on whether he will be a day-to-day presence since he has maintained a residence in Florida. But former Fort Wayne Mayor Paul Helmke sees Herbert's Florida background as valuable. "It's good to bring in an outside perspective," he said.

Louis Mahern, Indianapolis, served in the Indiana Senate from 1976 to 1992 and is currently self-employed. He lost the 1991 mayoral race to Stephen Goldsmith. This is the most interesting selection. He is a Democrat and is president of the Indianapolis Library Board, which has been mired in the Central Library building fiasco. Mahern came on board after most of the problems and is credited with helping to stabilize the situation. Thus, Mahern brings to the commission knowledge of one of those "silos" Chief Justice Shepard referred to at the 2005 HPR Forum (and recounted in the July 19 edition of HPR) that can levy taxes but whose representatives are unelected. Mahern has drawn the ire of the AFL-CIO over attempts to unionize the library employees. Former congressman Andrew Jacobs Jr. had been the other Democrat under consideration.

Ian M. Rolland, Fort Wayne, retired chair and chief executive officer of Lincoln Financial Group. Rolland has served on the boards of NIPSCO Industries, Inc., Bright Horizons Family Solutions and Tokheim Corporation. He is also been a board member of the Hudson Institute, Indiana Historical Society, University of Saint Francis, Indiana Fiscal Policy Institute, and Indiana Chapter of the Nature Conservancy. Rolland has been an important leader in Fort Wayne arts, parks, public schools, AIDS education, and programs to improve inner-city housing and curb youth violence. Rolland brings a corporate world view to the commission to a project where Indiana's 1851 Constitution has been the



Rolland (from top),
Stafford and Gilroy



Gov. Daniels (left) with Chief Justice Shepard and former Gov. Kernan. (HPR Photo by Brian A. Howey)



blueprint and has been deemed by many to need restructured - like just about every successful corporation has.

John Stafford, Fort Wayne, director of the Community Research Institute at Indiana University-Purdue University Fort Wayne. He served for more than 20 years in a variety of capacities in Fort Wayne and Allen County government. Stafford has taught courses for SPEA in the area urban policy and planning. Stafford was formerly chief of staff to Mayor Helmke, who had been one of the early proponents of government restructuring since the 1970 Constitution Commission failed to get reforms passed. Staf-

ford served with Helmke when the city was gripped by the crack cocaine catastrophe during the late 1980s and '90s, and knows how it impacted local and county government, the judicial system, government agencies and non-profits. The Helmke administration also achieved an aggressive annexation policy that brought the city's population from 170,000 to close to 250,000. Helmke credited Stafford with getting him starting to think about restructuring government 30 years ago. "John Stafford knows this stuff inside and out," Helmke told HPR this morning ❖

'Union doozy' and payback for Mitch

On his first full-day in office, Gov. Mitch Daniels ended collective bargaining for state workers.

This past week, payback came via Capitol Hill.

The **Wall Street Journal** described it like this on Wednesday: It isn't every day you can observe in broad daylight Congressional Democrats mugging state budgets to benefit special interests. But that's precisely what is happening in a provision of the farm bill now making its way through Congress.

At the behest of the Association of Federal, State, County and Municipal Employees (AFSCME), the huge public employee union, House Democrats are pushing a measure that would undermine state efforts to improve food stamp and welfare programs across the country. Sponsored by California Democrat Joe Baca, the provision effectively bans states from working with private companies to improve the administration of these antipoverty programs. For the gory details, see Indiana, which has undertaken a major reorganization of food stamps and welfare. The state has joined with a group of companies, led by IBM, to modernize a system that was by all measures one of the country's worst -- leading the nation in child deaths and last in moving people from welfare to work.

The article continued: Indiana's goal is to deliver welfare benefits more efficiently to those who qualify for them. Its reform aims to save \$500 million over 10 years

by moving some 1,400 government jobs to the private sector - which AFSCME likes to call "domestic outsourcing." But while this could mean fewer dues-paying union members, the state contract with IBM specifically requires that all current employees be offered work on the new system. And what do you know? More than 99% chose the private

sector. Adding call centers and online resources will also help reduce welfare fraud: In December, a federal-state investigation found more than 1,000 ineligible drug felons collecting welfare in Marion County alone.

This problem isn't lost on two of Indiana's own Democratic congressmen, Joe Donnelly and Brad Ellsworth. Earlier this week, they offered an amendment to create a carve-out for the state by proposing periodic evaluations to prove whether the new system was better and more efficient. Forget it. The unions helped roll them in committee, taking pleasure in

sticking it to GOP Governor Mitch Daniels, who famously cancelled all union contracts with state employees on his first day in office.

Mike Copher, chief of staff to U.S. Rep. Steve Buyer, said the WSJ article was not complete. "One item missing is that the Ellsworth/Donnelly amendment would not have helped Indiana," Copher explained. "They got the unions to help them draft it, negotiated it with them to offer at committee and in the end it was so bad that Indiana never could have met the requirements in their amendment. So, in the end they took the side of unions rather than the people who rely on food stamps and Hoosier taxpayers."

Democratic sources tell HPR just the opposite: that Ellsworth and Donnelly sought to help Daniels, taking considerable flak from their union supporters in doing so. One Democrat told HPR, "Mitch Daniels could not rally his own Republicans on the committee to help him see this through." ❖



On his first full day in office, Gov. Mitch Daniels in January 2005 ended collective bargaining agreements for state workers. (HPR Photo by Brian A. Howey)



Sens. Lugar, Bayh team up on nukes

By **MARK SCHOEFF JR.**

WASHINGTON - Sen. Richard Lugar's bipartisan work to prevent the spread of nuclear weapons now includes his Hoosier colleague, Sen. Evan Bayh. Lugar and Bayh hosted a Capitol Hill media briefing on Monday to promote legislation that would establish a global nuclear fuel bank that countries could tap to supply nuclear power plants that are likely to spring up as clean energy sources to meet surging electricity demands.

The Lugar-Bayh bill is designed to prevent civilian nuclear energy efforts from being used as a cover for countries to simultaneously produce nuclear weapons. Ash Carter, an assistant secretary of defense in the Clinton administration and a member of a policy advisory group created by Lugar, estimates that future nuclear plants would produce enough highly enriched uranium and reprocessed plutonium to supply 20,000 weapons annually.

"If you have the material, it's not that hard to make a bomb," Carter, a Harvard professor, said at the briefing. Lugar and Bayh are trying to provide incentives to keep that material out of the hands of countries like Iran - and away from terrorist networks. "Senator Bayh and I propose that countries who give up their enrichment and reprocessing programs have an assurance - either bilateral, multilateral or both - of nuclear reactor fuel at reasonable prices," Lugar said. "Under such a regime, nations would be prohibited from using the template of nuclear energy to develop nuclear weapons."

The bill has been approved by the Senate Foreign Relations Committee and will be the subject of a hearing next week. One reason Lugar and Bayh have introduced

the bill now is to try to put non-proliferation issues on the presidential campaign agenda. If the legislation passes, it gives candidates something concrete to discuss. "There needs to be this vehicle," Lugar said. "That's one reason for our timing." In the midst of fierce debate over Iraq, Bayh said that the bill he and Lugar are sponsoring would deliver national security results the electorate is seeking. "The American people are yearning for substantive progress," Bayh said. "There's going to be an imperative (for political leaders) to go to the American public and say, 'Here's what

we actually did to make the world better and safer for you.' "

Washington reporters are not known for praising politicians. But at a Capitol Hill media availability on Monday featuring Sens. Lugar and Bayh, a capital scribe took a moment to deliver a rhetorical bouquet. Philip Dine, a St. Louis Post-Dispatch reporter, diverged from the topic of nuclear non-proliferation to ask: "Why does one state consistently produce such good legislators?"

Even before Dine underscored the point, Bayh noted that he and Lugar work together

well. "I only wish all our colleagues had the relationship we do," Bayh said. "We'd get a lot more done (in the Senate) and it would be better for America."

He later used an ancient Chinese saying to describe Lugar: "The definition of a statesman is someone who plants trees under whose shade he will never rest." Lugar has made a habit of working on nuclear non-proliferation legislation with Democrats. Previously, he has teamed with former Georgia Sen. Sam Nunn and with Illinois Sen. Barack Obama. ❖



Sens. Bayh and Lugar during a book signing for the Democrat's book on fatherhood.



Daniels orders reassessments; locals react in South Bend, Indy

INDIANAPOLIS - Gov. Mitch Daniels ordered reassessments in three counties on Wednesday, Speaker Pat Bauer urged the state to pay for them, and local officials, candidates and party leaders were staking positions as the Indiana tax crisis entered its fourth week.

Here is a rundown of all the action:

DANIELS ORDERS THREE REASSESSMENTS:

Delaware, Gibson and Posey counties will be reassessed. Daniels said the basic similarity in the four counties where reassessments have been ordered is that values of too many business properties did not change over the six-year period. "That is very suggestive that people threw up their hands and didn't try and then left the burden of the local spending increases on residential and occasionally rental properties," he said. The governor ruled out a new statewide reassessment, saying it appeared in "probably a big majority of counties at least a sincere, diligent effort was made" to bring assessed commercial and industrial property values up to date.

He said 71 counties had not given the state sufficient data on parcels needed to determine whether assessments were adequately performed. Daniels said he was sure reassessments would be ordered in more counties. "We can solve this problem but we are a far way from home," he said.

Cheryl Musgrave, the new Department of Local Government Finance commissioner, said that in Posey County, 97 percent of commercial and industrial property was unchanged in assessed value since the 2002 assessment, which was based on 1999 values (**Indianapolis Star**). In Gibson County, she said, 79 percent of commercial and 83 percent of industrial property were unchanged. In Delaware County, 63 percent of industrial property was unchanged or declined in value.

ASSESSORS SAY COMMERCIAL PROPERTY LOSING VALUE: Assessors in at least two counties say the reassessments may not get the results officials are hoping for. Delaware County Assessor James Carmichael told the **Muncie Star Press** he would cooperate with DLGF, but he predicted that re-doing the March 1, 2006, assessment would not significantly reduce property tax bills. Carmichael also expressed confidence that DLGF would

order only a reassessment of industrial property. State Rep. Dennis Tyler, D-Muncie, applauded the governor's "attempt to relieve taxpayer burden, much as he did in Marion County." Carmichael accused Tyler of "political grandstanding," and said that "I don't think he understands what is going to happen as far as what classes are going to be reassessed." Carmichael added, "I have inside information." Tyler responded: "If trying to help homeowners in my district is political grandstanding, then I'm a grandstander. The purpose of this process is to make sure everybody is being treated fairly and equally." Commissioner John Brooke, a Democrat, agreed. "Frankly, I think this is a political stunt by the governor. Has the governor been up here and seen our industrial property in the last year?"

BAUER REACTION: House Speaker B. Patrick Bauer reacted to the new reassessments saying, "Today's announcement underscores two points that have become apparent in recent weeks. First, there continues to be compelling evidence that too many assessors in Indiana are unfairly shifting local property tax burdens onto homeowners, renters and farmers. I find it interesting that similar problems were found in all of the counties impacted by today's statement: a failure to handle business assessments properly. Second, the administration should accept responsibility for its role in creating this mess and should pay for these new reassessments. The fact is that this administration approved flawed rates based on inaccurate reassessments."

COUNTIES ADOPT INCOME TAXES: Daniels noted that Brown, Jasper, Jay, Montgomery, Morgan and Pulaski counties are the first to adopt new revenue options approved by the 2007 Indiana General Assembly to offset property taxes. Depending on the replacement tax relief passed in each county, on average, homeowners will see their property taxes reduced between 25 and 65 percent.

O'CONNOR CALLS ON GOP COUNCILORS TO BACK INDY WORKS: Marion County Democratic Party Chairman Michael O'Connor called on all Republican City-County Council candidates to help taxpayers across the county by supporting Mayor Bart Peterson's Indianapolis Works proposal. "If the Republican candidates for City-County Council are as serious as they claim they are about wanting to provide property tax relief to Marion County homeowners then they need to support Indianapolis Works," O'Connor said. "Unfortunately, our Republican colleagues have demonstrated time and time again that their concerns about taxpayers ring hollow."

MANIGUALT CALLS FOR RELEASE OF ST. JOE COUNTY ASSESSMENTS: Republican South Bend mayoral nominee Juan Manigault called for the "immediate" release of St. Joseph County tax assessments. "I want to make sure that the property owners of South Bend have the same ability to address property taxes as the citizens in counties identified by the governor," Manigault said. ❖



Musgrave (top) and Bauer. (HPR Photos)



THE BOAR'S NEST

Ellsworth No. 1 on The Hill's Most Beautiful People List

By **BRIAN A. HOWEY**

The Hill newspaper has chosen U.S. Rep. **Brad Ellsworth** as its No. 1

on the "50 Most Beautiful People on Capitol Hill." Under the headline, "Tall, Dark and Handsome," The Hill observed: Women of all ages and political persuasions swoon when Rep. Brad Ellsworth (D-Ind.) comes near. During a recent elevator ride in the Rayburn House Office Building, several noticeably gawked at the unassuming Ellsworth, who seemingly has little idea he is being admired. Truth be told, Ellsworth is camera-shy. During his 10-minute photo shoot he grew embarrassed when his staffers walked past. Someone joked, "You want some Hot Tamales?" The freshman lawmaker said he doesn't resemble his father, whose photo rests beside his desk. His father has reddish-brown hair and glasses.

"I've never been compared to anyone before," Ellsworth said about his looks. And what about those pearly whites? He had bad bottom teeth but never had the money to get braces as a kid. At 35, when his daughter was getting braces, he asked the orthodontist if he could have them too. He had braces for a year. Badges from his years as a police officer hang on his office wall. In 1995 he was elected sheriff in Evansville, Ind., where he served for eight years.



U.S. Rep. Brad Ellsworth is now a hunka-hunka burnin' lawmakin'. (HPR Photo by Brian A. Howey)

8 Seek HD40

Eight candidates have filed for the HD40 seat being

vacated by State Rep, **Matt Whetstone**. They include former Avon Town Councilman **Karl Beutow**; **Dave Charlesworth** of Brownsburg who works for the Indiana Gaming Commission; **Monica Scott** of Brownsburg who hosts a cable TV cooking show; **Kendall Hendricks** of Brownsburg; **Dave Fuhrman** of Avon; **Jim Bryant** of Clayton; **Jeremy Watson** of Brownsburg; and **Ryan West**, a former employee of the Indiana Department of Agriculture now employed with the Indiana Soy Bean Council. According to Hendricks County Republican Chairman **Peter Miller**, the field is "wide open." Whetstone is saying that he will not anoint a successor. Whetstone became the third member of the House to resign after he joined Krieg Devault LLP to head up its public affairs group.

Changes in Fort Wayne

Fort Wayne Mayor **Graham Richard** announced changes in the city's public information office: **Michael Joyner** will serve as the primary media contact for the city effective August 3. Joyner will replace **John Perlich**, who has accepted an offer in the private sector. "We appreciate John's commitment to public service. Media relations and community outreach are important functions in city government, and John worked hard to ensure that city government was explained effectively to the public," said Mayor Richard. "We look forward to Mike's new role. Mike's experience and professionalism will assist us as we complete several important initiatives over the next few months."

Daniels appoints Hawkins, Certo

Gov. Mitch Daniels today announced the appointment of Superior Court judges in Indiana's two most populous counties. **Calvin Hawkins** will serve as judge of the Lake County Superior Court replacing Judge Robert A. Pete who died on March 6. **David Certo** will fill the vacancy on the Marion County Superior Court created by the governor's appointment of Judge **Cale Bradford** to the Indiana Court of Appeals last month. Hawkins, a private attorney in Gary, specializes in civil and church litigation, bankruptcy law, probate and family law. Certo, of Indianapolis, currently serves as legal counsel to the director of the Indiana Department of Natural Resources. ❖

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



Obama losing poll mo

By CHARLIE COOK

WASHINGTON - Monday's release marked the fourth consecutive ABC News/Washington Post poll [PDF] that found Sen. Hillary Rodham Clinton, D-N.Y., with a lead of 15 or 16 points over Sen. Barack Obama, D-Ill., in Democratic presidential nomination matchups featuring all of the active candidates.

The latest poll, conducted last Wednesday through Saturday among 606 Democrats and Democratic-leaning independents, showed Clinton with 45 percent of the vote, Obama with 30 percent, former North Carolina Sen. John Edwards at 12 percent, New Mexico Gov. Bill Richardson with 3 percent and others with 2 percent or less. Sixty-eight percent of Clinton voters said they strongly supported their candidate, versus 56 percent of Obama backers. In the February ABC/Post polling, Obama supporters were 4 points more intensively supportive of their candidate than Clinton backers, but in the three successive polls, Clinton's support grew more intense. What started as an edge of 8 points in April was 10 points in June and 12 points in the new poll. When asked who had the best chance to defeat

the Republican nominee in the general election, Clinton beat out Obama again, 43 percent to 27 percent. Finally, when asked if they were satisfied with the choice of candidates running for the Democratic nomination, 83 percent said they were, while just 16 percent said they were not. In Pollster.com's moving average of all major national polls, Clinton's lead is a bit narrower, at 12.8 points, but has widened over the last three months. In Pollster.com's Iowa averages, Edwards leads with 27.8 percent to Clinton's 23.8 percent, with both gradually moving up. Obama is at 17.1 percent, but has been dropping over the last two months. In the New Hampshire averages, support for Clinton, averaging 34 percent, and Obama, at 22.7 percent, is growing.

Obama's numbers are growing faster - and appear to be coming from a rather precipitous decline by Edwards in the Granite State - but the Illinois senator still has a lot of ground to cover. The point of all of this is to note that while Obama is slightly ahead of Clinton in the fundraising side of the race, he does not have the momentum that he had back in the first three months of this year.

EDWARDS FUNDRAISER: Edwards has a Sept. 25 fundraiser scheduled for Michigan City hosted by Dr. Vidya Kora. ❖

2008 Presidential Polls

Republican	Date	Giuliani	McCain	Thompson	Romney	Comp. Spread
Zogby	07-12 - 0714	21%	9%	22%	11%	Thompsi +1%
Gallup	07/12 - 07/15	30%	16%	20%	11%	Giuliani +10%
Rasmussen	06/11 - 06/14	24%	12%	27%	13%	Thomps +3%
CNN	06/22 - 06/24	30%	18%	19%	9%	Giuliani +11%
Cook/RT	05/11 - 05/13	26%	24%	9%	9%	Giuliani+2%
FOX News	06/05 - 06/06	22%	13%	15%	10%	Giuliani +7%
Pew Research	03/21 - 03/25	33%	23%	--%	8%	Giuliani +10
LA Times/Bloom	06/07 - 06/10	27%	12%	21%	10%	Giuliani +6%
NBC/WSJ	06/08 - 06/11	29%	20%	14%	14%	Giuliani +9%
Democrat	Date	Clinton	Obama	Edwards	Gore	Comp. Spread
Zogby	07/12 - 07/14	37%	25%	11%	--	Clinton +12%
Gallup	07/12 - 07/15	34%	25%	9%	16%	Clinton +9%
Rasmussen	06/25 - 06/28	39%	26%	13%	--	Clinton +13%
Time	04/05 - 04/09	33%	26%	25%	--%	Clinton +7%
CNN	06/22 - 06/24	35%	23%	13%	16%	Clinton +12%
Cook/RT	05/11 - 05/13	32%	24%	13%	10%	Clinton +8%
FOX News	06/05 - 06/06	36%	23%	12%	14%	Clinton +13%
LA Times/Bloom	06/07 - 06/10	33%	22%	8%	15%	Clinton +11%
NBC/WSJ	06/08 - 06/11	39%	25%	15%	--	Clinton +14%

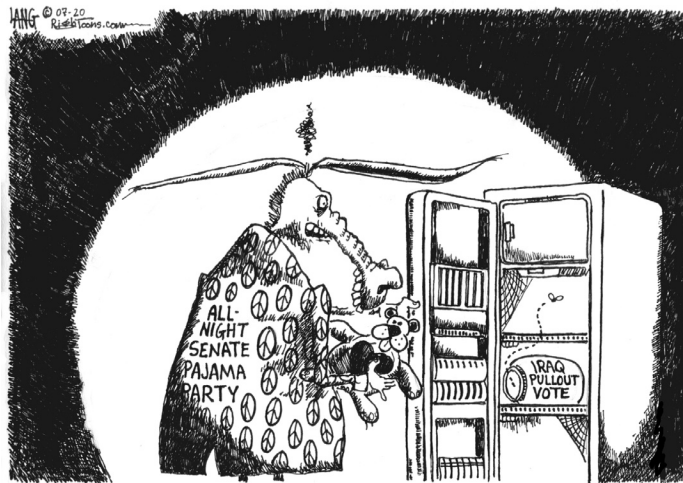
Hoosier Support: **Giuliani:** Marion County Prosecutor Carl Brizzi, Stephen Goldsmith, Tim Durham, Beurt SerVaas, Steve Hilbert. **McCain:** Gov. Mitch Daniels; Attorney General Steve Carter. **Romney:** Secretary of State Todd Rokita, James Bopp Jr., Dan Dumezich, Bob Grand, Chris Chocola. **Thompson:** U.S. Rep. Steve Buyer, U.S. Rep. Dan Burton, David McIntosh, Mike McDaniel, Rex Early. **Clinton:** Joe Hogsett, Mel Simon, Bren Simon. **Edwards:** Robin Winston, Ann and Ed DeLaney, 9th CD Chair Mike Jones, State Reps. Russ Stilwell, Dennie Oxley, Terri Austin, Terry Goodin, Sheila Klinker, Linda Lawson and Scott Pelath; Robert Kuzman, Greencastle Mayor Nancy Michael, Bill Moreau Jr., Shaw Friedman, Vanderburgh Co. Chairman Mark Owen, 8th CD Vice Chair Mary Lou Terrell, Greg Hahn, Bruce Kehoe. **Obama:** Kip Tew, State Rep. Charlie Brown, Melina Kennedy, State Rep. Mae Dickinson, State Rep. Bill Crawford, State Rep. Jeb Bardon, State Sen. Earline Rogers, Frank Short, Jack Wicks, Andy Miller, John Fernandez, Dennis Lee. ❖



Rich James, Post-Tribune - On (my) first day of the (legislative) session, reality hit me like tsunami. That's the day I met Marvin Johnson. He was a professional boxer from Indianapolis and was scheduled for a title fight in his hometown the following Sunday. So, the Legislature spent the first week of my first year of anticipation passing a bill to allow liquor sales at Johnson's match. Hey, after all, this was Indy. The state capital. And what's good for Indy is good for Indiana. I don't recall if Marvin Johnson won the fight. All I know is, I found out what's important to the General Assembly -- the fate of Indianapolis. What got me thinking about Marvin Johnson and a boxing match without a beer is what's transpired over the last few weeks over property taxes. Lake County residents have been hollering since reassessment and the switch to market value about soaring property taxes. That's especially true in North Lake County, where the enormous tax breaks given to heavy industry amplified the property tax problems. So, the Legislature threw a bone and offered up the 2 percent cap on property taxes, not knowing that had little impact on some homes in the Miller section of Gary. And I don't think they really thought about what the cap would do to the city of Gary, which had to make up for the uncollected taxes resulting from the cap. And what has the Legislature done about the inequitable hospital care for the indigent payments that "steal" more than \$22 million from Lake County taxpayers each year? Nothing. Lake County ain't Indy. ❖



Pat Bauer, then minority leader in the House, were whining about looming property tax hikes. But the governor, seeking an image of championing change, was more intent on changing Hoosier clocks than changing the property tax system. In his second State of the State address on Jan. 11, 2006, Daniels called for what was to be the major move for the legislature that year, selling the right to operate the Toll Road to a private consortium for 75 years. In his third State of the State address on Jan. 16, 2007, the governor disappointed legislators in both parties when he had scant reference to what they saw as a brewing "perfect storm" involving a reassessment shift of the property tax burden to homeowners. In the one paragraph Daniels devoted to the problem, he opposed the type of tax reform that Bowen had championed, shifting the burden to state taxes, and thus shot down ambitious proposals to eliminate or at least sharply curtail reliance on the property tax. "Raising Hoosiers' state taxes just to recycle the money back



to localities is a shell game with no winner, a treadmill we must step off," Daniels said. He called instead for allowing local option taxes to take pressure off property taxes. With no push by Daniels for major property tax reform and no consensus in the politically split legislature for any long-term solution, the legislators, desperate to at least do something to soften the expected property tax impact, turned to a rebate scheme.

Then something happened in Marion County (Indianapolis) that could prove to be a blessing in disguise, a blessing for the entire state. To his credit, the governor has acted decisively. ❖

Jack Colwell, South Bend Tribune - Indiana Gov. Mitch Daniels failed to understand Hoosier hatred of property taxes when he came home to serve as governor, leaving Washington, where he was President Bush's budget director. In his first State of the State address on Jan. 18, 2005, Daniels called for a freeze on the property tax relief the state had been providing since enactment of former Gov. Otis R. "Doc" Bowen's popular 1973 plan for holding down property taxes. The cap on tax relief and curtailment of some education funding were approved by a Republican-controlled legislature that was anxious to help the new Republican governor achieve his goal of balancing the state budget. These actions, however, put more pressure on property taxes. Democrats such as the irksome

Leslie Stedman Weidenbener, Louisville Courier-Journal - So don't be surprised if lawmakers start looking for other sources of revenue to help pay for tax cuts. And what is their favorite source of fast cash? Gambling. After all, while Indiana has a lottery, casinos, charity gambling and soon will have horse tracks with slot machines, there would actually be more ways to expand if lawmakers wanted more money. It's a good bet the advocates of such moves are salivating at the thought of a special session. Bar owners, for example, have been clamoring for years for legalized gambling for their establishments, and some lawmakers are ready to give it to them. ❖



Daniels won't budge on BP; says jobs at stake

INDIANAPOLIS - Despite intensifying pressure from environmentalists and lawmakers in neighboring states, Gov. Mitch Daniels on Wednesday declared Indiana will not retreat from its decision to allow the BP oil refinery in Whiting to release more pollutants into Lake Michigan (Guinane, **Times of Northwest Indiana**). A few hours before the U.S. House overwhelmingly approved a resolution rebuking both BP and the state, the governor was asked whether he considered the more lenient wastewater permit a done deal. "Yes," Daniels replied. "We've checked it and rechecked it. They're in complete compliance with Indiana law, which is tougher than the federal law." The new discharge permit, which BP says is needed to proceed with a \$3 billion plant expansion, allows the refinery to increase daily ammonia output 54 percent and release 35 percent more suspended solids -- silty materials leftover after wastewater is treated and filtered. While significantly greater than current levels, the increased discharges still fall within federal limits. The plan expansion, which will enable the lakefront facility to process heavier Canadian crude oil, is expected to create 80 permanent refinery positions and more than 2,000 temporary construction jobs. "We've got thousands of jobs that will be at risk if it doesn't go forward," Daniels said. "The No. 1 reason for \$3 gasoline is the lack of refinery capacity in this country, and here's one of the biggest steps forward for the Midwest and really the whole nation. I don't think it should be held up without a good scientific reason, and none has been provided." Daniels was asked whether he thought Illinois leaders, including



Blagojevich, U.S. Sen. Richard Durbin and U.S Rep. Rahm Emanuel, would be bashing BP as lustily if Illinois jobs were at stake in the refinery expansion. "Good question," Daniels said. "But I'll tell you there are Illinois motorists at stake, and I don't doubt that they've raised all kinds of noise about the price of gasoline. Next time you pay \$3, remember those names."

Nix will defend Musgrave projects

EVANSVILLE - Bill Nix said nothing publicly while some Republicans worked to defeat a bid by former Vanderburgh County Commissioner Cheryl Musgrave's husband to succeed her (**Evansville Courier & Press**). Bob Musgrave had pledged to pursue his wife's projects, and that pledge has been widely blamed for his loss to Mike Whicker in a GOP caucus Tuesday. But Nix, who replaced Cheryl Musgrave as County Commissioners president, said anyone who thinks her initiatives will be abandoned should think again. "We voted for those things together," Nix said. "Cheryl and I had a lot of the same visions about what we need to do in Vanderburgh County."

Hammond Council opposes income tax

HAMMOND - The City Council unanimously backed a resolution opposing a 1 percent local option county income tax (**Times of Northwest Indiana**). The resolution is council members' response to legislation passed this spring by the state Legislature requiring the Lake County Council to either pass a 1 percent income tax by Aug. 1 or lose \$15 million in tax revenues next year. The resolution, which was sponsored by Councilman Robert Markovich, was amended for clarity and upheld by the nine-member board. "There is no communication from the county to our local government, and I felt something had to be done," Markovich said.

Daniels, Barbour subpoenaed in Vioxx suit

NEW ORLEANS - Govs. Mitch Daniels of Indiana and Haley Barbour of Mississippi have been subpoenaed by lawyers for people who blame their heart attacks or those of family members on the once-popular painkiller Vioxx (**Associated Press**). Both governors have past ties to the drug industry, and plaintiffs' lawyer Russ Herman said they were subpoenaed to testify about consultations with the U.S. Food and Drug Administration before the agency set new drug label rules in 2006.

Council rejects Karras fundraising club

CROWN POINT -The Lake County Board of Commissioners vetoed a plan Wednesday to give Assessor Paul Karras permission to collect employees' political contributions from their paychecks for his re-election campaign (**Times of Northwest Indiana**). After the meeting, Karras said he has wanted to withdraw the proposal because he realized it didn't have support. He said his employees no longer will be asked to donate part of their salaries for political purposes. "I'm just going to drop them all out of there," he said.

McKillip takes aim at tax-funded day center

KOKOMO - Kokomo Mayor Matt McKillip questions whether most Kokomo residents want to pay for the day care center out of property tax dollars (**Kokomo Tribune**). When city budget discussions start next month, Hayes and McKillip's differing views will be front and center, as McKillip is urging council members to consider defunding the Kokomo Early Learning Center's \$1 million annual budget. "Kokomo is the only city in Indiana and one of a few in the nation that provides a taxpayer-funded daycare facility," McKillip said. ❖