



### Daniels: Tax substance ‘decisive’

*Says tax reforms, Major Moves making state recession ready*

By **BRIAN A. HOWEY**

INDIANAPOLIS - For nearly 90 minutes HPI sat down for this Statehouse interview with Gov. Mitch Daniels less than 24 hours before he signed House Enrolled Act 1, the property tax reforms, and just days before his re-election campaign is to begin its TV advertising.



**HPI:** You seem to be making news for all the right reasons, compared to some of your colleagues on the East Coast.

**Daniels:** I was talking with Pat (Bauer) and I said, ‘If you’re not uncomfortable, instead of passing the bill around and Becky signs it and Pat signs it and David signs it, why don’t we all sign it together - and we invited every legislator who voted for it - we’ll have a little thing in the rotunda all right together.

**HPI:** I was impressed by the margins ...

**Daniels:** Better than two to one.

**HPI:** Doc Bowen barely got his reforms out of the



Gov. Daniels, Lt. Gov. Skillman, Speaker Bauer and Senate President Long sign the tax reforms on Wednesday.

House and Senate in 1973. Give me a general overview of where you started and where you ended up.

**Daniels:** I just told the cabinet

**See Page 4**

### Last Swing State: Clinton (Bayh) & Obama hit Indiana

By **BRIAN A. HOWEY** and **RYAN NEES**

ANDERSON - Seven times in the past week, Hillary and Bill Clinton and Barack Obama appeared in Indiana gymnasiums, cafes and convention centers in their quest for the Democratic presidential nomination. It has been unlike anything Hoosiers have witnessed since the 1968 campaign.

Fifty days before



U.S. Sens. Evan Bayh and Hillary Clinton wow the crowd at the Wigwam in Anderson on Thursday.. (HPI Photo by A. Walker Shaw)

its primary, Sen. Obama brought the stalemated Democratic presidential campaign to Indiana Saturday, hosting a town hall meeting in a packed Plainfield gymnasium. His earlier-than-expected visit prompted rival Sen. Hillary Clinton to announce a Hoosier State swing of her own. With Bill Clinton’s swing through eastern Indiana - Lawrenceburg, Rich-



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U.S. Barack Obama opened up the Indiana presidential campaign with an overflow appearance at Plainfield HS. (HPI Photo by Ryan Nees)

mond and Fort Wayne - and Hillary Clinton cutting a western swath from Terre Haute, to Anderson, and then back to Evansville, the former first couple let it be known that the Hoosier state was in play. The two campaigned with dynastic Hoosiers - Bayhs, O'Bannons and Kernans. Lines formed in Terre Haute at 2:45 a.m. Thursday as people hoped to get into the 150-capacity Saratoga Cafe. When Clinton and Bayh appeared at the Anderson Wigwam late Thursday afternoon, another 6,000 people had tracked into the old hoops gym with lines winding several blocks.

**With Clinton and Bayh** on the stage for more than an hour, the day had a feel of a screen test for a possible Democratic ticket. That is, if Hillary Clinton can overtake Obama's narrow but virtually insurmountable lead in elected delegates. The nomination might be with the super delegates and Indiana has at least four uncommitted. Newly elected U.S. Rep. Andre Carson - treated with great enthusiasm in Anderson - attended both Obama and Clinton rallies and is one of the uncommitteds.

Clinton was asked twice by folks in the crowd if she would choose

Bayh as her vice president. Clinton replied that it was "kind of presumptuous" to talk about a vice presidential nominee now (though it wasn't earlier this month when the campaign was suggesting a Clinton-Obama ticket), but said she sits next to Bayh on the Senate Armed Services Committee and "I can tell you I have a real high opinion of him." Clinton trailed Obama 40-25 in a Howey-Gauge Poll in mid-February, but by Thursday, it was clear that the star politicians from the Bayh-O'Bannon-Kernan era of Hoosier politics were thrusting their full weight behind Clinton and, perhaps, a Bayh vice presidential nod. Sen. Bayh has a lot riding on the May 6 primary, for if she loses it would be the first time since his political career began in 1986 that he hasn't prevailed at the ballot box, even if this is by proxy.

**Bayh took the** Wigwam stage with uncharacteristic fervor, telling the enthused crowd that Clinton would "stand up to the Chinese" on trade and "make health care affordable." Bayh implored: "Friends, these are serious times and we face serious challenges," almost shouting above the repeating din from a blue collar crowd lapping it up. "Hillary is experienced to



do this job for middle class families and communities like Anderson."

**Clinton vowed to take** "any advantage away from any business that exports a job overseas." She promised to "invest in manufacturing" and at one point said to people who say the United States should return to the 1990s, "What part of the '90s don't they like? The peace or the prosperity?" Her words were accented by the fading banners and stained woodwork of the Wigwam, and the hulking and haunted shells of empty GM plants near the Anderson Speedway several miles south of the venue. She promised to renegotiate NAFTA, the trade agreement with Mexico and Canada, that would include environmental and labor elements currently not in the agreement. "It is important we play on a level playing field," said Clinton, whose motorcade also passed the new, sparkling Nestle plant on I-69 as she drove in from Terre Haute, but it also passed by the former Guide Lamp headquarters that now bears the sign "Remy." In a cramped Terre Haute diner with people spilling out onto Wabash Street and native son Bayh seated at her elbow, Clinton said, "I'm optimistic that together we can make the changes we need to make. It won't be easy, but nothing in life is easy. We're going to start acting like America together." The crowd whooped with joy.

Clinton appeared at these rallies with labor leaders, housewives, and farmers. "Evan and I want to have a conversation because we've worked on these issues," Clinton said at Terre Haute. "Honestly, we've run into a lot of roadblocks from the Republican Congress and the Republican White House."



Young Evan Bayh for vice president fans at the Wigwam. (HPI Photo by Brian A. Howey)

Bayh responded, "Let's do it." He said that Clinton "didn't want to do these big rallies. I'd just like to meet with some regular people. I want this to be a dialog, a two-way street. We're going to have a conversation today about your challenges and she's going to tell us some ideas of how to meet those chal-

lenges and to build a better America. I admire that kind of leadership. It's not just talking at people. It's listening and coming up with real solutions that make a difference."

Bayh was asked if Hillary Clinton will attend Dyn-gus Day next Monday in South Bend. "I would tell you if I knew, but I don't," Bayh told the South Bend Tribune's Ed Ronco. "We've put in the request, because I think it would be a great thing if one or the other of them would come. She assures me she does like kielbasa and has been known to have a beer." Asked about a potential spot on the ticket with Clinton, Bayh said, "It's good for my ego, but we need to focus on what's good for the country and good for the state. Families are struggling. Businesses are failing. Let's focus on what to do about that. And if we do that, the political stuff will take care of itself."



Former President Clinton was introduced by former Gov. Joe Kernan at the Grand Wayne Center in Fort Wayne on Tuesday. (HPI Photo by Ryan Nees)

Indiana has an 84-person delegation to the Democratic Convention in Denver, including 72 pledged delegates and 12 superdelegates. Of the superdelegates, five have endorsed Clinton and two have endorsed Obama. The rest, Indiana's five in the House of Representatives, remain undeclared. The 72 pledged delegates at stake make Indiana the third-larg-

est prize left on the map, dwarfed only by Pennsylvania, which holds its primary April 22, and North Carolina, which votes with Indiana on May 6. Tough North Carolina has 43 more pledged delegates, there has been only one appearance there by Obama, suggesting that the campaigns view it as less competitive. Similarly, Pennsylvania is widely viewed as favorable Clinton territory.

**During her 12-state losing streak** in which Obama forged a triple-digit delegate lead, Clinton often seemed to be shouting at her audiences. She was tinny and pleading. But on Thursday in Anderson, Clinton was impressive. She hit a populist tone and connected with a mostly adoring crowd. She brought them to their feet by promising the beginning of a withdrawal from the Iraq War. "Our sons and daughters cannot win the Iraq civil war," Clinton declared as the crowd erupted in cheers. Both Clintons were on-message throughout the six appearances that, with this historically unique tag-team, ups the ante for Obama to quickly return to Hoosier soil.

The Plainfield event distributed all 2,000 tickets within an hour of being offered on the Internet. The Obama campaign now hopes to translate the enthusiasm into a robust field operation, preparing to transfer at least a dozen paid staffers to Indiana and opening its first office in Terre Haute this week. Indiana is an enigmatic state for



both campaigns. Its Ohio-like constituencies of white working-class voters would appear to favor Clinton, but Obama can look to highly populated yet underperforming African American precincts in Northwest and Central Indiana - the latter of which are often blamed for Mayor Bart Peterson's 2007 downfall - to offset likely losses in rural counties.

**In Wisconsin, Obama won** some of his largest margins in the southern half of the state, where the Chicago media market penetrates the border. Where that market overlaps with Indiana, it not only offers a source of electoral strength, but also allows Obama to wield his significant financial advantage over Clinton in one of the most expensive media markets in the country. The same phenomenon exists in southern Indiana, where Obama will be able to afford more advertising in the Louisville market despite the high percentage of "wasted" penetration into Kentucky. Cincinnati's media market reaches even less of Indiana, and only Obama could afford to advertise there in the run-up to Ohio's primary, where wasted ads trickle into Ohio, Kentucky, and Indiana. Obama's campaign leaked a spreadsheet in February that showed the Illinois senator winning the state 53% - 46%, snagging 39 delegates to Clinton's 33. The spreadsheet, which was mistakenly attached to an e-mail sent two days after Super Tuesday, represented only one of multiple possible projections, but has proven strikingly prophetic. It projected a 51% - 47% victory for Sen. Clinton in Texas. She won with exactly 51%, he exactly with 47%. Obama won Wyoming 61% - 38%, a victory the spreadsheet had pegged at 60% - 40%. And Obama won Mississippi 61% - 37%, where the campaign projected a 62% - 38% victory. It projected a 53% - 46% victory for Sen. Clinton in Ohio; she won 54% - 44%.

**The spreadsheet shows** Obama winning by seven points in both Oregon and Indiana, and Clinton winning by five in Pennsylvania. No other contests are as close. As Oregon drifts to Obama and Pennsylvania to Clinton, Indiana, then, becomes the only swing state left. In Plainfield, Obama made his first strike at the pendulum, telling an overflow crowd at Plainfield High School, "We are going to be campaigning actively in Indiana. This is your campaign. This is your chance to make your mark on history. Right now. Right here." It's the first time it's been this meaningful since 1968 when Sen. Robert F. Kennedy and Sen. Eugene McCarthy battled for the nomination that would elude them both. Obama mentioned RFK, who acquired a legendary status in 1968 when he was assassinated two months later. "What you have to also do is remember what Bobby Kennedy said. It is within our power to join together to

truly make a United States of America," Obama said. Both Obama and Clinton have been invited to the Democratic Jefferson-Jackson Day Dinner on Sunday May 4. Obama told Hoosiers that they might not always agree with him on every issue, but he would always listen. "I am here to report that the American people are ready for change," Obama said. "Change doesn't happen from the top down, it happens from the bottom up."

**As HPI reported earlier this month**, the Ohio Valley and the 6th CD - where the winner gets an extra delegate - will be the prime Hoosier battlegrounds. The Clintons played to this strategy with their stops in Lawrenceburg, Evansville and Terre Haute (another traditional Democratic/labor river city) along with Anderson and Richmond in the 6th.

President Clinton's appearances were reminders of just how extraordinary this race in Indiana will be. Never has a former president immersed himself so intensely in a post-White House campaign. In Fort Wayne, he was introduced by Mayor Tom Henry and then former Gov. Joe Kernan, who is backing Hillary, he said, because "she is capable" in his words. Clinton said that the pundits deemed Indiana unwinnable for Hillary because it "shares a border with Illinois."

President Clinton's event was billed as a town hall, though no questions were taken from the crowd that was half seated, half standing. Clinton arrived 30 minutes late. The field director before Clinton spoke encouraged the crowd to sign giant volunteer sheets taped to the walls in the back. When HPI left, they were still blank. Abortion protesters picketed outside the Grand Wayne Center. One abortion protest carried a sign warning fathers to "Lock Up Your Daughters, Bill's in Town." The line to get into the Grand Wayne Center stretched at least a city block; several hundred were turned away.

At Fire Station No. 1 in Richmond, Ind., Tuesday afternoon President Clinton said, "The next president will have very difficult choices to make. The next president has to be a commander-in-chief as well as a diplomat-in-chief." As for the issue that appears to be poised to dominate the 2008 campaign, Clinton said, "Most Americans already think we are in a recession." And Clinton said that Democrats would "make history either way" by electing Hillary Clinton or U.S. Sen. Barack Obama.

**Hoosiers were responding** to the historical nature of this campaign. And it's only the first week. The two weeks after Pennsylvania and before Indiana's May 6 primary are going to be an intense, extraordinary and riveting chapter in Hoosier political history, here in the last swing state. ❖



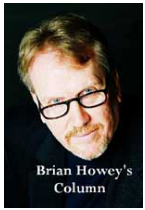
Obama was impassioned in Plainfield. (HPI Photo by A. Walker Shaw)



## Obama and Clinton: Come to Indy on April 4

By **BRIAN A. HOWEY**

INDIANAPOLIS - I was 12 years old on April 4, 1968. We had just finished dinner. It was a balmy, humid night. The black & white family TV set had been on NBC Nightly News. Shortly after 7, the "News Bulletin" flashed on the screen. We stopped dead in our tracks. Then the news hit like a thunder clap. Dr. Martin Luther King Jr. had been assassinated in Memphis. This news shook my father, Jack Howey, then managing editor of the Peru Daily Tribune, who, like most journalists in Indiana that spring had been swept up in the Kennedy-McCarthy-Brani-



Brian Howey's  
Column

gin presidential primary.

Oh my God.

By mid-evening, most of America's major cities had exploded into violence. The news kept flowing like the staccotto sound of a machine gun.

Cities wrenched in fire and gunshot ... with one exception: Indianapolis. We all know the story. Robert F. Kennedy had been campaigning in Muncie. He had driven to Indianapolis early that evening to campaign here. He then heard the terrible news, and with just a few aides, ended up with a crowd of mostly African-Americans at 17th Street and Broadway. He asked his aides if the crowd had heard the news. No. It was left for RFK to tell the crowd. What he said that night helped save Indianapolis from the violence that had struck other cities. "I have bad news for you, for all of our fellow citizens, and people who love peace all over the world, and that is that Martin Luther King was shot and killed tonight," Kennedy said. The crowd gasped.

**Kennedy continued:** "Martin Luther King dedicated his life to love and to justice for his fellow human beings, and he died because of that effort. In this difficult day, in this difficult time for the United States, it is perhaps well to ask what kind of a nation we are and what direction we want to move in. For those of you who are black—considering the evidence there evidently is that there were white people who were responsible — you can be filled with bitterness, with hatred, and a desire for revenge. We can move in that direction as a country, in great polarization—black people amongst black, white people amongst white, filled with hatred toward one another. Or we can

make an effort, as Martin Luther King did, to understand and to comprehend, and to replace that violence, that stain of bloodshed that has spread across our land, with an effort to understand with compassion and love. For those of you who are black and are tempted to be filled with hatred and distrust at the injustice of such an act, against all white people, I can only say that I feel in my own heart the same kind of feeling. I had a member of my family killed, but he was killed by a white man. But we have to make an effort in the United States, we have to make an effort to understand, to go beyond these rather difficult times."

What Kennedy then did was called by Newsweek the last great, spontaneous political speech before the handlers and consultants took over the process. He spoke from his heart: "My favorite poet was Aeschylus," Kennedy said. "He wrote: 'In our sleep, pain which cannot forget falls drop by drop upon the heart until, in our own despair, against our will, comes wisdom through the awful grace of God.' What we need in the United States is not

division; what we need in the United States is not hatred; what we need in the United States is not violence or lawlessness; but love and wisdom, and compassion toward one another, and a feeling of justice toward those who still suffer within our country, whether they be white or they be black. So I shall ask you tonight to return home, to say a prayer for the family of Martin Luther King, that's true, but more importantly to say a prayer for our own country, which all of us love—a prayer for understanding and that compassion of which I spoke. "



**Sen. Robert F. Kennedy breaks terrible news to Hoosiers on April 4, 1968.**

On April 4, 2008 - 40 years later - Sens. Hillary Clinton and Barack Obama should be in Indianapolis. There will be no place as profoundly important as our state capitol. As the events of this past week prove, race is still a controversial topic. Obama was forced to confront the issue after his Chicago pastor had spewed inflamed rhetoric. In a speech in Philadelphia on Tuesday, Obama confronted this nation's volatile past head on and with the same standard of eloquence as Kennedy had four decades ago "As imperfect as he may be, he has been like family to me ... I can no more disown him than I can my white grandmother — a woman who helped raise me, a woman who sacrificed again and again for me, a woman who loves me as much as she loves anything in this world, but a woman who once confessed her fear of black men who passed by her on the street, and who on more than one occasion has uttered racial or ethnic stereotypes that made me cringe," Obama said.

Obama continued: "Segregated schools were, and are, inferior schools; we still haven't fixed them, 50 years



after *Brown v. Board of Education* ... Legalized discrimination — where blacks were prevented, often through violence, from owning property, or loans were not granted to African-American business owners, or black homeowners could not access FHA mortgages, or blacks were excluded from unions, or the police force, or fire departments — meant that black families could not amass any meaningful wealth to bequeath to future generations ... A lack of economic opportunity among black men, and the shame and frustration that came from not being able to provide for one's family, contributed to the erosion of black families — a problem that welfare policies for many years may have worsened. And the lack of basic services in so many urban black neighborhoods — parks for kids to play in, police walking the beat, regular garbage pick-up and building code enforcement — all helped create a cycle of violence, blight and neglect that continue to haunt us."

Obama added, "And if we walk away now, if we simply retreat into our respective corners, we will never be able to come together and solve the challenges like health care, or education, or the need to find good jobs for every American."

The New York Times' Jeff Zeleny put the speech into this perspective: After running a campaign that in many ways tried not to be defined by race, Mr. Obama placed himself squarely in the middle of the debate over how to address it, a living bridge between whites and blacks still divided by the legacy of slavery and all that came after it.

**If Obama and Clinton** come to Indianapolis on April 4, they will find much work to do. But at 17th and Broadway, they will find a park dedicated to King and Kennedy. They will find a community center. They will find the Fall Creek Place renewal project, with new and refurbished homes to both white and blacks. About 20 blocks south, they will find a public library on the site of another smaller disturbance that occurred about 10 years ago. They will come

to a city that generated a colleague of theirs - Sen. Dick Lugar - who had tried to desegregate Indianapolis Public Schools with the Shortridge Plan, and who spent April 4, 1968 as the city's new mayor, going down Illinois Street, from tavern to tavern, imploring Hoosiers to, as he once told me, "Keep a lid on it." Clinton and Obama will find a city with a new African-American congressman. A city with growing Hispanic, Asian and Indian populations. A city that some day very soon will generate its own African-American mayors and, perhaps, governors or even a president.

**There are a many** things that Indianapolis can do better. Our drop-out rates are too high; crime is too prevalent. We've had to battle crack and gangs and assimilate new immigrants. But this part that came to play out 40 years ago many of us wear as a badge of honor. The impact of RFK's speech first hit me when I visited his grave at Arlington National Cemetery in 1973. His speech that night in Indianapolis is engraved on a memorial to his life. I've heard others talk of that night. Steve Bell was working for ABC News and was with the King entourage in Memphis when his body was returned to them. His story of that day was one of the most profoundly riveting witnesses I have ever heard.

**And there is** my own final memory of RFK, pulling out of my hometown of Peru on the caboose of the Wabash Cannonball, he and Ethel waving to us smalltown Hoosiers as the train disappeared down the N&W tracks. The memory haunts me to this day.

On April 4, 2008, our city will remember this night. "Making the Dream a Reality: Our Commitment to Peace and Non-Violence" will take place to commemorate Sen. Kennedy's speech. A memorial service will take place at 5 p.m. at IPS School No. 27 at 545 E. 19th St., and at the monument at Dr. Martin Luther King Jr. Park. The documentary "A Ripple of Hope" about that night in 1968 will be shown at the Madam Walker Theater at 7 p.m.

Sens. Obama and Clinton, please come to Indianapolis on April 4. ❖



Gov. Evan Bayh holds an umbrella over President Clinton at the dedication of the Kennedy-King Memorial in Indianapolis. (Photo by and courtesy of Charles Schisla)





## HPI Interview, from page 1

that I think substance was decisive. We spent a lot of time with our team and everyone we could get input from ... from summer until October. We looked at all sorts of plans, including trying to eliminate homeowner taxes, before settling on the cut and cap approach. I am convinced that the substance of the proposal itself was the single biggest factor. The time was so well spent coming to rest on that single suggestion because it was the only game in town.

**HPI:** I was surprised there wasn't a Democratic counter plan from the House or the two Democratic gubernatorial campaigns. Doc spent all of 1972 pushing his plan.

**Daniels:** I was, too. It wasn't one plan out of three or four. I think that both the decision-makers and the public at large decided it made common sense and it was at least the place to start. The entire time we were working on one framework. After that, it was recognizing that any big success needs lots and lots of parents, on a change so fundamental, would need to accommodate legitimate concerns. Everyone behaved in the most cooperative way possible. One of many, many, many town meetings I held, one guy said there seemed to be a spirit of cooperation and bipartisanship. He asked, 'Are they doing that out of concern for the public interest or fear?' I said, 'Probably a little of both.'

**HPI:** Did we have to have a crisis in order to get something of this magnitude done?

**Daniels:** Often does.

**HPI:** I thought the Kenley plan of March and April 2007 was a good one, and then the LSA report derailed it. I thought that was going to happen last week with all the Chicken Little recession talk. How is this an improvement over what Luke initiated last year.

**Daniels:** First, it's simple. I came to place a high value on clarity and simplicity. There were lots of nuances that came into the final version, but the clarity of immediate relief, 1-2-3 caps, one assessor per county, caps on spending, got us a long way. If you were to ask Luke, he came to see it the same way. There was real value in something that everybody could quickly grasp and then debate about. I think the caps are absolutely essential to this. There are many, many questions and they are the

answer to a lot of questions. It's my belief, and it's Luke's belief, that we have one of the best property tax systems in America. The levels themselves will be down in the bottom tenth. Only one state will have the caps that we have.

**HPI:** Which state?

**Daniels:** Alabama. But they don't have any for commercial or business property. I think theirs is only homesteads. I think that is the fundamental improvement. It provides safety for homeowners, certainly for businesses and it is the gamble of reform for communities. The caps will provide a brand new discipline and in my opinion will lead to reforms the spending units would have otherwise postponed.

**HPI:** It was that aside you made to me at the Conrad last December that this would spur the reforms. I covered municipal government in Elkhart and Fort Wayne and Allen County and I didn't see a lot of spend-thrifts. But I did see many, many layers. So I see this as the first shoe and the second is Kernan-Shepard.

**Daniels:** Yeah, but I believe the caps and spending limitations will now be the force that will pull Kernan-Shepard off the shelf, where otherwise it would collect dust. The people who would otherwise guard their turf and who would otherwise protect the redundant

systems of today will have to get serious about cooperation, collaboration, consolidation.

**HPI:** Are you confident it will withstand the inevitable legal hurdles on the constitutionality of the caps?

**Daniels:** First of all, if they are unconstitutional, so is the status quo. Homesteads have exemptions. But more importantly, the resolution would answer this. My guess is a court won't rule on this during the process when the people are confirming its constitutionality. I am one who doesn't take lightly changing the Constitution. I do believe there is a fairness and equity ceiling. We're making a statement here. We value homeownership and we believe that property should not be taxed beyond a reasonable limit. That's as important as what's in the Constitution now. Second, I wanted to put it beyond the reach of either future politicians or some judge. My guess is - and law schools has been a long way back and I'm nobody's lawyer - a court would say 'this issue is not ripe.' The people may be in the very process of delivering an answer.

**HPI:** You said that Kernan-Shepard had begun prior to the tax crisis. Had this plan also begun prior or was



Gov. Daniels met with tax repealists outside his State-house office in the final weeks of the session. (Photo by Paul Wheeler)



it the fruit of crisis?

**Daniels:** That was clearly in response to the bills when they showed up. I don't claim I was clairvoyant at all. Maybe somebody else was but I wasn't. It wasn't until we saw how unacceptably high the bills were in many parts of the state that I jumped on it. I didn't see it coming. But once we knew, we realized we better respond effectively to it. Kernan-Shepard I had already recruited the members. It is interesting how things come together. As you said, without a crisis, they might not have acted; would not have acted. Without the property tax plan, Kernan-Shepard reforms would be less probable than than now are. I am under no illusions about how hard it will be to make these changes, but they'll be a heck of a lot more likely with the anvil of the limits and the caps because the locals will no longer have the option of taxing without limits and continue business as usual. We might look back in 10 or 15 years and say that property tax crisis might come at a good time and it led to reforms that we've been wanting for a long time.

**HPI:** Your two Democratic challengers have said that a good governor would never let a crisis come into being. That will come up in the campaign. How will you respond?

**Daniels:** We've been dealing with very big issues here and I think it's a hollow claim. Let me put it this way: If they were clairvoyant enough to see these property tax bills, then where were they? I don't know anyone who said they saw it coming. If the inability to foretell the future is a liability, then I'm guilty on this one. A fair way to look at it, seeing a problem we jumped on it immediately and with common sense. They've got a problem when more than two-thirds of their own party just voted for it. Both ends of this. They are criticizing a lot of people if they want to say that. Both of them essentially said we should do nothing. We would have a lot of people lose their house waiting on their administration. My sense is they'll find better issues to jump on than this one.

**HPI:** Morton Marcus has a column saying he fears the trending process is going to rot the reforms.

**Daniels:** What's his point?

**HPI:** He walks through a scenario (See Page 8) where Jack and Jill pay the same for a house, Jill puts a lot of money in hers, Jack doesn't and in the end, there's no

way they'll ever assess the same.

**Daniels:** I'd have to read it. He has a lot of ideas. **HPI:** Morton loved your academic excellence idea. **Daniels:** If it works at all, it ought to be lowering values for the next couple years. The same trending that pushed some people up ... trending ought to flatten assessments.

**HPI:** Speaker Bauer and Sen. Simpson were both talking about having to deal with what they called the "unintended consequences." Even though you say it's simple, it's still a complex situation. Do you lose any sleep at night worrying about how something might go askew in some corner?

**Daniels:** Here's the way I look at it. This is dramatically better than where we were. It would have been unacceptable to do nothing. Right now I only know two people who said we should have done nothing. You've heard me say many times that our bias is to action and we will act on the best information we have, the way it looks wisest to us, recognizing that not every step will be perfect and sometimes you have to come back and make improvements. To be paralyzed and to do nothing because we don't know what the perfect answer is ... In this context, there is no perfect. Is this the very, very last word? Of course not. But it is a fundamental change in the era of taxpayer protection. It is a fundamental change in terms of government having to adjust its spending to taxpayers afford-

ability as opposed to the past when taxpayer's bills were as high as they needed to be. That's fundamental and I don't think that's going to change. I don't have a problem with what Pat said. You make the smartest changes you can and recognize there may be necessary to improve it later.

**HPI:** I've written that local governments when they budget next August and September might be in chaos when they deal with the caps. Any advice for mayors, councilmen and commissioners?

**Daniels:** To the vast, vast majority all this means as they will have no growth. Many will have no problem at all. Some will have minor problems. And to all those folks, I'll say look at state government. We cut the level of growth to 2 percent for a couple of years and 4 percent for a couple of years. Wasn't easy, but it wasn't impossible. Those who are the highest taxers and the highest spenders will have a work out prospect. That's what the Distressed Unit Board is about. But don't come to the Distressed







Unit Board and say, "This is just too hard. We want all the money we've been spending." That won't work. Better come with a plan. One that will say "We're going to make changes from businesses as usual." It's going to take two or three or four years to get our tax rates down. We'll be glad to work with them for a county that wants to make real changes. HPI: Carroll County is in deep distress right now. They've laid off 6 EMTs, two deputies and an ambulance. Should they be looking at, say, a merger with White County?

**Daniels:** I don't know, I'd have to go look. How many fire departments? How many townships? How many school districts? Here's to me the important point that some folks skip over: I see no evidence that a county can tax its way to better days and prosperity. We're a mobile society. Some of our cities, for instance, or school districts raise the alarm that what is needed is continued increases. Their biggest problem is people leaving. We're going to try and help any way we can in order to make them more attractive to stay or come in.

**HPI:** The final weeks we saw some nutty things, like tying it to income. What were the deal makers and breakers? Did the Lake and St. Joseph county exemptions have to happen?

**Daniels:** They had to happen. I've learned some things. Some of those ideas that were tossed off had about a one day shelf life because they weren't serious proposals. Nobody could answer a single question about them. I understood the tactics, maneuver and gambits, so I did not waste a lot of time on those. But it was clear from the git-go that some places, and it came down to Lake and St. Joseph, had taxed and spent so much for so long that you just couldn't go to the new era in one or two years. The Distressed Unit Board is such a mechanism. It wasn't my third or fifth preference but it still will require some dramatic reductions in total spending there. If you don't believe that, just listen for the howls from the politicians up there. I keep pointing out to people, every time a politician says "We will lose" you as a taxpayer will get to keep. The money doesn't leave the county. It doesn't go to the state. The taxpayer kept it because they reached their cap. That's what we set out to do. There's a \$1.72 by our count saved for every dollar in new taxes. If counties out there exercise the local income tax, that will come down some. But it will always be over a dollar. On an Evansville TV station last night, some of the politicians said it's just a shift. And the second question was, this is going to cost units a lot of money and I said, "There's the answer to question 1." If it were just a shift, they'd have the same amount of money but they won't. To me, that's a very pro-taxpayer outlook.

**HPI:** Are you hearing in Republican Party circles the angst?

**Daniels:** I don't know how it will be. I don't doubt

there will be change in business as usual. I think it will do it in a manageable way. There's transition money for schools; we phased in the caps. It's one and a half next year. Then it's one. They will have the ability to get beyond the caps if they can persuade their citizens to accept a higher cap. There's the distressed unit option. I believe over time it will inevitably lead to reform. Many have known these reforms to make sense, but if you can hit up the property taxpayer, you don't do them.

**HPI:** In your Carmel speech you said of the 27 Kernan-Shepard reforms, you couldn't find fault with any of them. Will Kernan-Shepard become part of the re-elect?

**Daniels:** Yes. Sure. Will we go 27 for 27? I don't know. I don't know if I'm going to be picking and choosing. By the way, did you notice the 911 bill passed? It was Sen. Hershman's bill. He had to give a couple of things. It's got too long of a grace period to suit me, and he had to back up from one per county to two. That's still big. There are 17 in Lake County.

**HPI:** That's amazing.

**Daniels:** Forget the wasted money. It costs lives. You remember the drownings in Hamilton County?

**HPI:** I wrote a column about that.

**Daniels:** That's not unique. We got lifting of welfare levies, and 911, most of the assessors. Almost 1,000 assessors out. HPI: The remaining 44 or so assessors with 15,000 parcels, there will be referendums on them in November.

**HPI:** Will you weigh in on that campaign?

**Daniels:** I know how I'll vote. I have a positive feeling folks will vote for that reform. Think about what we found in this county. This system we have missed \$4 billion of business value and put it on homeowners.

**HPI:** That's staggering. Almost too hard to believe.

**Daniels:** Why would you vote to keep that system?

**HPI:** If you win in November, does Kernan-Shepard become a major part of your legislative package for 2009?

**Daniels:** Yes. I have to have a closer look. Clearly I'm going to embrace the report as a great total effort. I'm not going to start picking and choosing. Where I have to think through a little more closely is which should be done by the legislature and which can be done administratively. My preference - and maybe I'm a little too idealistic - is that this happens from the bottom up. Human nature being what it is people hang on to what they are familiar with. Now, the caps, the limits, the taxpayer protection area, is going to move things in that direction. Folks will have to come to terms and take steps they normally wouldn't. But some will have to be done by the General Assembly.

**HPI:** What intrigues me is that you are spending a huge amount of political capital ... in an election year. You



are going to rattle some of the cages of Republican office-holders. Past governors wouldn't have touched DST, or tax reform.

**Daniels:** My attitude is, why else would you want the job? Except to do big things. It's the only reason I ran in the first place. I'm not interested in any other office. I have been explicit about this all year. The only reason I ran for this one is to make this a much better state to leave to our kids. Honestly, I felt that people who are very clear, who are willing to be clear about what they think is right, and live up to it and try to get results, quite often come through it just fine. If you look at our apparent state, it's not working out too badly.

**HPI:** I've been watching (New Jersey) Gov. Corzine grapple with his deficits and tollway increases. I think Hoosiers tend not to look beyond our own borders. Many states are in far worse shape than we are.

**Daniels:** Did you see the New York Times the other day? Did you see those maps? We're an island of growth and an island of solvency. Hoosiers are proud of this state. There is a lot to be proud of. I cited a number of things in the State of the State. It's only gotten more true in the two months since then. We're the only state in the neighborhood where the unemployment is. We're the only state in the neighborhood where we're in solvent fiscal shape. Now I was just meeting with the cabinet and we talked about needing to stay there in case the bottom falls out. We're not immune, but both in terms of the condition we're in and in terms of what has happened in this state. I hope the price of oil doesn't go any further. I'm concerned. At the Kelley Business School, at the end I said Indiana is more recession ready than states around us. Why? We go in stronger. We've got the lowest unemployment. The guy from Moody's believes were a little less tied to the national economy than others are. In part because of the kind of manufacturing we do ... medical devices. We're a big exporting state. Agriculture is a buffer for us. We've really gone all out on agriculture. But then my last little slide, I called it the accidental stimulus. We're going to spend on Major Moves an incremental \$800 million this year. This road budget used to be \$600x and now it's going to be a billion and a half. That's a lot of money going right in to jobs. I was at the Governor's meeting and they were begging Washington, 'Give us some infrastructure money. That's an anti-recessionary.' I don't know if it's an equation changer or not but one thing that government can do is spend money on infrasture. Every other state is dialing it back. We're going to spend hundreds of millions. We're going to be spending two and a half times what others do. Second, this property tax bill: it will leave more money with taxpayers. Major Moves was about public assets that will still be there decades from now. Property tax reform we were trying to do something with permanence. They may

have the accidental benefit - purely accidental - of softening the recession.

**HPI:** What will Hoosiers see this year. Will Honda come on line? Major Moves?

**Daniels:** Well, I just told you about that. '07 was a record, '08 will be a record. '09 will be an all-time record.

**HPI:** When will people see construction on U.S. 31, for instance?

**Daniels:** Late summer or so we're supposed to break ground on the South Bend end. In St. Joseph County alone it's going to be \$400 to \$500 million. We'll break ground on I-69. We'll accelerated the Heartland Corridor.

**HPI:** Are you where you want to be as you start your re-election campaign?

**Daniels:** Well, yes. Campaigning is doing a good job and everything else comes behind that. But, you've read the polls. I guess they mean something. They look good and are getting better. I can't imagine the outcome of the legislature will be negative. Here's what I'm looking forward to, an extremely positive seven months. We've got great stories to tell that I hope leave Hoosiers feeling good and proud and less cynicla than before. Change can happen and and leave people feeling good. Our problem is we have too many good stories and we'll have to leave some out.

**HPI:** You are an agent of change. Barack Obama is presenting himself as such. If he's the Democratic nominee, do you see yourself as feeding off the same energy he is?

**Daniels:** I have no idea. We obviously see the world in very different ways but then we're operating in two very different branches. I don't have any time on these big left/right national issues. This is a very practical job. This is very pragmatic. So yes, it's entirely possible. When I talk to people, I say that it's fun. It's great to talk about change as a free society. But Indiana started the party without ya. We'll see. My hope is that we can use the next seven months to help people see there's been a lot of change and this change has meant good things for the future.

**HPI:** The Indianapolis Business Journal had a story last week that said we're getting a lot of call center jobs.

**Daniels:** It was just incorrect. Yes, we have attracted a lot of call center jobs. But the average job is above the medium income. We don't pass on a job. We'll go get them. The IEDC meets Thursday and the metrics - a central metric that Nate Feldman and before him Mickey Mauer, the central thing is what kind of income IEDC has brought. The average is always above the state. It is tugging the state average up. These are starter and first place jobs for our young people. ❖



## Trending rot will imperil tax reforms

By **MORTON J. MARCUS**

INDIANAPOLIS - "They" have gone home. "They" are the neighbors we asked to serve in the Indiana General Assembly. They are reasonable, pleasant, well-intentioned people who act like irresponsible, ignorant and fearful children when organized into caucuses. Legislators in a caucus



Morton Marcus  
Column

are similar to slaves in a galley ship, coerced to move to the beat of a single drum, rowing in unison, not knowing where it efforts will lead. Our legislators spent months chanting old sea ditties about property tax reform. Now the ship has docked and they are returning home. They will give us the old "aw shucks" and tell us that they are not perfectly satisfied with the results.

"Yet," they'll say with a wink of knowing conviction, "compromise is the name of the game." They will tell us that they have achieved what the Governor proposed, changes that are "fair, far-reaching, and final." But no changes could be fair, far-reaching, or final without starting at the beginning of the property tax process. That beginning starts with assessment. The legislature followed the governor's lead to get rid of township assessors. This is probably a good idea if it can be shown that the assessment of property is improved when a single elected county assessor is in charge. Did the Indiana General Assembly have such evidence? Or did our wise men and women accept the idea because it sounded like something that might be true. "Fair" assessment is at the heart of the property tax issue.

But, as far as I can tell, they let stand the practice of "trending" which has been introduced to update assessments. Trending is a good idea on the surface that may make little sense in practice. In its simplest form, trending compares the selling price of properties over time in individual neighborhoods and applies the resulting average percent increase (decrease) to all other similar properties. What are similar properties?

Jack and Jill each moved into identical houses next door to each other last year. They paid the same amount for their properties. Since then Jack (who watches HGTV on cable) painted every room in his house, installed new carpets, refurbished the bathroom, put new appliances in the kitchen and a new water heater in the basement. Now he is ready to sell to a buyer offering 20% more than what Jack paid for the house. Jill did nothing to fix up her house.

Is her house also worth 20% more? In this simplest form, trending would increase Jill's assessed value by the same percentage that applies to Jack's house. Does that make sense? Trending makes sense for those factors that are common to all similar properties in a neighborhood. If a new school is built or a new firehouse opened, if old sidewalks are repaired or crime is reduced, then each property gains value. It is the land, the location, the acreage, not the house that is at issue in such matters.

With no neighborhood changes, Jill's property value should not rise because Jack gets 20% more for his home improvements. How can you separate a house from its site for valuation purposes? It is done all the time. We insure cars, varying the rates by where the car is parked at night. A house in Elkhart and the very same house in Goshen will not sell for the same price. Twin houses separated by a school district line will not sell for the same money. Yes, no two homes are identical after a few minutes of occupancy, but we can differentiate land values if we make the effort. The sales tax is based on the actual amount of the sale. The income tax is based on documented income. Neither is collected on the basis of a statistical model equivalent to the old saying, "A rising tide lifts all boats." What is true for boats on the water may not hold for property values on land. An inadequate trending approach has been left as part of our property tax assessment procedures. If assessments are not appropriate, then the entire system is corrupted. That's how the legislature left it. Are we expected to live with it?

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## The Democratic dilemma

By **BRIAN A. HOWEY**

INDIANAPOLIS - This historic photo op under the Statehouse rotunda on Wednesday was problematic for Democratic gubernatorial candidates Jill Long Thompson and Jim Schellinger. For there, seated and standing next to Gov. Mitch Daniels, were Democratic House Speaker B. Patrick Bauer and Democratic Ways & Means Chairman Bill Crawford. Hours after the reforms passed the legislature last Friday, the Democrats were on different pages.

Bauer lauded the historic tax reform, saying, "Hoosiers demanded action on the governor's program and it has been delivered." The votes in the House and Senate were by wide bipartisan margins.



But Democrats across the state are not in lockstep. Bauer explained, "When the governor first announced his program, House Democrats were the first to raise concerns about how his tax shift would harm working families, seniors and renters. There are provisions in House Bill 1001 that will help property taxpayers immediately. The relief contained in this legislation, combined with the second phase of the property tax cuts approved in a bipartisan manner in 2007, will cut property taxes by nearly \$900 million this year. The final agreement contained in House Bill 1001 largely protects these people. We have increased the earned income tax credit and the renter's deduction, and helped seniors living on fixed incomes who deserve the chance to keep their homes. Although the plan undoubtedly provides help in 2008, it may not be the final answer. The 600-page House Bill 1001 is a major shift to state funding that carries an enormous price tag, and there is great risk due to the state of our nation's economy and its impact on the state's treasury."

**Schellinger blamed** Daniels for the crisis. "Indiana's property tax system is clearly a mess that unfairly burdened homeowners and needed to be addressed. So in this regard, I commend lawmakers for doing the best they could with the flawed plan the governor handed to them. Using a medical analogy, this legislation attacks the symptoms but not the disease affecting increasing property taxes in Indiana." But, Schellinger maintains, it was Daniels' fault the crisis began in the first place. "Just in case anyone forgets, Mitch Daniels helped create the current property tax crisis when he signed a budget in 2005 that flat-lined education spending, cut property tax credits and increased the burden on local governments. Unfortunately, his plan is a stop-gap, election year response to a problem that's going to come back to haunt us time and again because we haven't truly addressed its roots. This plan does little to help average Hoosier homeowners. Under the Daniels plan, the big winners are the governor's friends owning multi-million-dollar homes. The big losers include ordinary Hoosiers paying increased sales taxes while they are struggling to make ends meet, local schools and government services, and Indiana's economic development efforts."

Schellinger raised eyebrows last week when he suggested it would be best to "wait until next year."

Thompson said, "Gov. Daniels' plan hurts schools, local communities and working families, and it does nothing to provide the kind of incentives that would keep good-pay-

ing jobs from fleeing our state. While I support property tax relief, I continue to believe that we must do much more. We need to totally overhaul our state's entire tax structure, including sales, property and income taxes, to ensure we have an equitable system that allows Indiana to better compete in the global marketplace."

**In an HPI Interview**, Daniels said he was not "clairvoyant" and couldn't have predicted the crisis. "We've been dealing with very big issues here and I think it's a hollow claim. Let me put it this way: If they were clairvoyant enough to see these property tax bills, then where were they?" Daniels added, "Maybe somebody else was, but I wasn't. It wasn't until we saw how unacceptably high the bills were in many parts of the state that I jumped on it. I didn't see it coming. But once we knew, we realized we better respond effectively to it. We might look back in 10 or 15 years and say that property tax crisis might have come at a good time and it led to reforms that we've been wanting for a long time. Asked about how the Democrats were blaming Daniels for the crisis at the HPI Forum on Oct. 23 - the day Daniels announced the plan - the governor responded, "I don't

know anyone who said they saw it coming. If the inability to foretell the future is a liability, then I'm guilty on this one. A fair way to look at it, seeing a problem we jumped on it immediately and with common sense. They've got a problem when more than two-thirds of their own party just voted for it. They are criticizing a lot of people if they want to say that. Both of them essentially said we should do nothing. We would have a lot of people lose their house waiting on their administration. My sense is they'll find better issues to jump on than this one."

**Schellinger and Thompson** weren't the only critical Democrats. Evansville Mayor Jonathan Weinzapfel, a potential Democratic lieutenant governor nominee, reacted by saying, "During his State of the State Address, Gov. Daniels asked for courage from the General Assembly in dealing with his property tax bill. In the end, I ask what is courageous about raising taxes and telling local governments that they have to cut their budgets." The property tax problem that exists in Indiana was created by the state, yet local government has to bear the brunt of the work to fix it. Just think, when we have serious challenges in our state like a meager 71% high school graduation rate, and job growth that has been flat, the state spent this session focusing on misguided micromanagement of local government. From the information I have received, it appears that the city will need to cut \$3.2 million from its budget



Democratic challengers Jill Long Thompson and Jim Schellinger last Oct. 23 at the HPI Forum. (HPI Photo)



in 2010. This represents 5.4% of our property tax levy. Vanderburgh County would need to cut \$1.6 million from its budget in 2010."

**On Wednesday, Bauer** hailed the plan as a big tax cut. "This bill does cut property taxes dramatically. It does several things that my House Democrats advocated for years, one of which was the state takeover of welfare for children. That is a big property tax cut for many urban and poor areas of our state." Bauer noted the \$170 million of reserve money in the bill for education. As for cities, Bauer noted that the state will assume police and fire pensions "that helps local government." Bauer added, "Any legislation this significant takes compromise." Bauer called it "a work in progress" adding, "We've got eight months to see how this works out." Bauer praised Ways & Means Chairman Bill Crawford, D-Indianapolis, for spending "a thousand hours traveling the state, having hearings, Some of those hearings lasted eight hours."

Yet to play out is how the reforms are perceived by taxpayers when counties, cities, towns and school corpo-

rations begin to grapple with the caps. Merger talks are under way in Allen and Delaware counties. But even that changed in the final weeks. In February, Indianapolis Mayor Greg Ballard was ridiculed when he suggested at a Ways & Means hearing that the state pick up the pre-1977 police and fire pensions. But there it was in the final version of the reforms, saving Indianapolis nearly a billion dollars. The impact hasn't been calculated by other cities at this filing.

**Schellinger is hinting** that he favors bringing the Kernan-Shepard reforms before the Indiana General Assembly in 2009. "As governor, my first legislative priority will be to pursue a lasting solution to our governmental structure and revenue issues. We must initiate a constructive dialogue with local government exploring responsible, long-term reforms similar to those outlined in the Kernan-Shepard report, acknowledging that one size (government reform) does not fit all." Therein lies a big difference with Thompson. She told HPI in February that she only favored one of the 27 Kernan-Shepard recommendations - the one where taxing units must be elected. ❖

## 2008 Indiana Governor: Daniels TV begins Easter

**Governor 2008:** Republican: Gov. Mitch Daniels, Democrat: Jim Schellinger, Jill Long Thompson. **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 Results:** Daniels (R) 1,302,912, Kernan (D) 1,113,900, Gividen (L) 31,644. **2008 Forecast:** It's hard to imagine a better outcome from this session of the Indiana General Assembly for Gov. Daniels. Not only did he get his property tax relief, he also got some of the Kernan-Shepard reforms. All but 44 of the 1,008 township assessors will be gone. A 911 center consolidation bill passed. But the photo op likely to end up in campaign TV commercials occurred at a packed Statehouse rotunda on Wednesday when Daniels sat next to House Speaker B. Patrick Bauer and signed the tax reforms. As Daniels noted in the HPI Interview, Schellinger and Thompson seemed to be the only two Hoosiers who advocated holding off on the reforms. About two-thirds of the Democrats in the legislature voted for the plan. Both Thompson and Schellinger characterized the reforms as "short-sighted" and designed to enhance the governor's re-election. Thompson described them as a band-aid. But the glaring problem for the two Democratic contenders is that they are out-of-sync with most of the



legislators in their party. They provided no plan of their own - as Gov. Doc Bowen did in the 1972 campaign. They virtually sat out the entire debate. Their statements on Friday were weak and coming off their heels.

The Daniels re-elect is expected to go on the air Easter Sunday. They are expected to remain up through the primary. "Now that the General Assembly has adjourned and we've delivered historic and permanent property tax relief, the time is appropriate for Gov. Daniels to communicate more about his vision for Indiana," campaign manager Eric Holcomb told HPI on Thursday. "In his own unscripted words, the Governor will share his positive message about Indiana's comeback and his continued efforts to make our state a national leader for job creation, economic development, health care and effective government."

Schellinger continued the TV buy for his biography ad, to the tune of about 500 points, according to campaign manager Tim Jeffers. There is no evidence that Thompson has made any media buy to date.

But the bigger problem for the Democratic challengers is that in a week after the legislature went home, the attention of the news media didn't turn to the governor's race. It turned, instead, to the Clinton-Obama presidential race that invaded Indiana like Morgan's Raiders. In a matter of five days, Barack Obama, former President Clinton and Hillary Clinton visited seven cities and five media markets. The danger for Schellinger and Thompson is at the very time they need to have Democrats start to listen to their thus-far anemic campaigns, the attention is bypassing them for the presidential race. At the Wigwam rally in Anderson, there wasn't a Schellinger or Thompson



sticker or button to be seen. The sliver lining is that they won't have to stoke up their GOTV efforts. But the unintended consequence remains that if they get lost in the presidential hoopla, surprising things can occur on the May 6 primary.

The Schellinger campaign said it is trying to negotiate joint "town hall" appearances of JLT for April 19, 16 and 26. "I'm not getting any dates from them," Jeffers told HPI. "They said they wanted to work through the Democratic Party, but they haven't even contacted the state party."

Thompson greeted voters at the Obama rally in Plainfield on Saturday and did the same in Fort Wayne before the Bill Clinton rally on Tuesday. President Clinton introduced Thompson to the crowd, who responded with an ovation. Thompson served as Clinton's deputy agriculture secretary.

On Wednesday, a few hours prior to the signing of the tax reforms, Thompson proposed a series of ethic reforms. She would ban political contributions by companies and their executives who do business with the state, and also seek legislative confirmation of her cabinet appointees if elected (**Indianapolis Star**). "These are all much needed reforms to create greater transparency in our government and political process," she said.

Under her proposal, a corporation that is doing business with the state, or is seeking a state contract, could not donate to any state political campaigns while they are under contract and for two years following the conclusion of their work. Thompson also proposed capping how much limited liability companies can donate to no more than \$5,000 per year, the same limits that corporations and labor unions must follow. She also said that she would change the term for Indiana's inspector general to six years, with the term overlapping that of a governor's four-year term.

Schellinger picked up the endorsements of Crown Point Mayor David Uran, Portage Mayor Olga Velazquez and State Rep. Shelli VanDenBurgh. **Primary Status:** TOSSUP. **General Status:** LIKELY DANIELS

## 2008 Congressional

**7TH CD: Democrats:** U.S. Rep. Andre Carson, State Rep. David Orentlicher, State Rep. Carolene Mays, Dr. Woodrow Myers. **2008 primary outlook:** Orentlicher was active on the policy front; Myers was active on the TV set. Orentlicher voted on the tax reforms that passed the Indiana House last Friday. Myers continued an extensive TV ad campaign, Orentlicher released positions on healthcare and the Iraq War. U.S. Rep. André Carson released the following statement today marking the fifth-year anniversary of start of the war in Iraq: "On March 19, 2003, President Bush launched the war with Iraq. Five years later, America

is in a war that has cost the lives of nearly 4,000 brave servicemen and women, and wounded nearly 30,000 more, with no end in sight. President Bush's war is taking a grave toll on our troops as deployments continue. Our brave men and women fighting abroad and their families here at home face enormous challenges as this war continues. At the same time, our generals are warning that the country's military is stretched to the point of crisis. This war has had a devastating impact on our economy, reflected in record high gas prices and massive debt. The American people have paid nearly a trillion dollars. We need the billions of dollars a week we are spending in Iraq to be spent on the urgent priorities here at home such as jumpstarting our economy, creating jobs, and investing in our children. At a cost of nearly \$339 million per day, America must do better. I pledge to work in Congress to responsibly end the war in Iraq and bring our troops home." Orentlicher also weighed in: "After five years, we have lost the lives of almost 4,000 American servicemen and women, including more than 100 Hoosiers and 4 heroes from the 7th Congressional District. We have also gone into unprecedented national debt to pay more than \$400 billion for this misguided war effort. This war should never have happened. We have created a terrible mess at a terrible cost, and enough is enough. It is time to bring real moral leadership back to Washington so we can begin to bring home our troops," Orentlicher said. Orentlicher discussed his agreement with the Responsible Plan To End The War in Iraq proposal put forth by a number of Congressional candidates this week. "It is past time that we begin our exit from Iraq. This plan goes a long way toward ensuring a safe stable and self-governing Iraq," Orentlicher said. **Primary Status:** LEANS CARSON **Primary Status:** Tossup. **General Status:** Leans Daniels

**5th CD: Republican:** U.S. Rep. Dan Burton and Dr. John McGoff. **2008 Outlook:** McGoff released this statement on the fifth anniversary of the Iraq War: "In 2003, the first year of combat operations in Iraq, Rep. Burton missed more than 30 committee hearings dealing with defense and military issues, many of them regarding Iraq. Among them were a meeting in February to consider how America's actions could create conditions for a new Middle East; a meeting in March just before the onset of the war to request that the President turn over documents regarding Iraq's weapons of mass destruction; a meeting in May on the status of U.S. efforts to deliver assistance to postwar Iraq; and a meeting in October on the efforts to restore peace, freedom and security to the people of Iraq. And this was just in the first year. More recently, his behavior has not changed. In June 2006, he missed Roll Call Vote No. 288, a resolution to oppose the notion that we would set arbitrary timelines for withdrawing troops for Iraq." **Primary Status:** Leans Burton ❖



**Jack Colwell, South Bend Tribune:** By Dyngus Day in '68, the nation already had been shocked by the Tet Offensive against U.S. forces in Vietnam, anti-war candidate McCarthy had embarrassed President Lyndon Johnson with a strong showing in the New Hampshire primary, Robert F. Kennedy then had also decided to run and Johnson had made a stunning, surprise announcement that he would not seek re-election. Robert F. Kennedy, a senator from New York and brother of slain President John F. Kennedy, had to prove he could rekindle the Kennedy "magic" and win in a Midwestern state, in Indiana, in his first vote test since entering the race. McCarthy, resenting Kennedy's belated entry in the race, needed an Indiana win to be perceived as the real candidate for change, for ending the war. Branigin, as the stand-in for Humphrey, was backed by the state Democratic organization and the Indianapolis Star, which hailed every statement by the governor and refused to print schedules for Kennedy campaign visits. Kennedy and McCarthy campaigned in Indiana day after day, traveling all around the state. Kennedy campaigned four times in St. Joseph County, McCarthy three. Knowing the importance of Polish-American voters and other ethnic groups and aware of the crowds at Dyngus Day celebrations, Kennedy went all out on that day, virtually all day. He spoke and shook hands at the airport. Throngs waited along Lincoln Way for a chance to wave as he traveled to downtown South Bend for a speech on the steps of the courthouse. A crowd estimated at 6,000 -- still regarded as the largest ever for a downtown political speech -- cheered his remarks. His topic was education and job training. But then as now, many voters were as interested in likeability, in that hard-to-define charisma, as in the issue discussed. I rode with Kennedy for an interview during his open-convertible trip from downtown to the West Side Democratic & Civic Club, the traditional site for the biggest Dyngusing crowds. Kennedy was mobbed as he got in the car. Sen. Vance Hartke, also in the convertible, and I were simply objects in the way as people reached out with pens and pencils and materials for Kennedy to sign or reached to shake hands or to touch him. Hartke's glasses were knocked off. He and I literally hit the floor of the car to get out of the way. People rushed from their homes to wave, to applaud or just to watch all along the route to the club, where an overflow crowd filled the streets outside. Inside, Kennedy captured the crowd and votes that were important in his big plurality in St. Joseph County and statewide win. He greeted the crowd in Polish. He introduced and joked with JFK's brother-in-law Stanislaus Radziwill, a Polish prince. And he led the crowd in singing a Polish song, "Sto Lat," with its "may you live 100 years" wishes. Those wishes were not to be fulfilled for Kennedy. No one knows what kind of president he would have been. But it seemed on that Dyngus Day that he would indeed be president. ❖



**Leslie Stedman Weidenbener, Louisville Courier-Journal:** If you're a homeowner, big cuts are coming in your property-tax bills this year. That's a given under the property-tax-reduction plan that lawmakers passed last week. But you shouldn't use the 2008 amount to estimate future bills. That's because the complex legislation creates a sort of two-part process for lowering bills. The first -- which takes effect this year -- is not a predictor of the second, which will affect bills in 2009 and beyond. So in these next few years -- and despite some lawmakers' insistence that the legislation will make tax bills more predictable -- expect some volatility. Take Clark County. According to an analysis of the tax plan by the nonpartisan Legislative Services Agency, homeowners' tax bills will drop a dramatic 49 percent this year. But the numbers show that bills will go back up by 32.5 percent in 2009 and then up 9.5 percent in 2010. Despite all that, however, a Clark County homeowner who paid \$1,000 last year will only be paying a projected \$741 in 2010. After that, supporters say, the bills will continue to increase but probably by only small amounts annually. The swings will level out, said Sen. Tax Chairman Luke Kenley. Here's another example. This year, the bill will plow \$250 million from the fees that racetracks paid for their slot machines plus \$620 million from the sales tax increase that takes effect April 1 into new tax credits for all homeowners. That will provide the average homeowner with a cut of 30 percent, although the amount can vary by county. But in 2009, that homestead credit begins to be phased out. The tax relief in 2009 and beyond is then controlled more by the shift in some local costs to the state budget.

**Matt Tully, Indianapolis Star:** If you're ever at a gas station and you see Mayor Greg Ballard buying a lottery ticket, shove him out of the way and do whatever it takes to purchase that ticket. It's sure to be a winner. To paraphrase Woody Allen, the most important thing Ballard did was show up. He showed up just as the property tax issue was preparing to explode, and just before the political world began crashing around Peterson. Now Ballard has been given another gift. The state legislature, as part of a sweeping property tax plan, has agreed to pay off outstanding police and fire pension debts for local governments. Peterson and other mayors spent years dreaming of the day the state would take control of this debt, perhaps the most crushing financial headache facing Indiana cities. That goal -- which saves Indianapolis roughly \$1 billion over several decades -- eluded Peterson. At the time, Statehouse types mocked Ballard for making the request and predicted it would be as hard to sell as tuition to an Indiana Pacers Charm School. Few are mocking Ballard now. ❖



## Allen Commissioners warn of income tax

FORT WAYNE - The Allen County commissioners urged caution Thursday against moving too quickly to raise local income taxes (**Fort Wayne Journal Gazette**). The commissioners and County Council

members questioned Fort Wayne Mayor Tom Henry's suggestion that a 1 percent increase in local income taxes should be considered to make up for a shortfall in property taxes. Fort Wayne is expected to lose \$2.1 million in 2009 and \$9.5 million in 2010 because of the caps. Allen County could lose \$917,000 in 2009 and \$4.3 million in 2010, according to the state. "The majority of the people that we represent, who are working homeowners, will suffer that net loss," Commissioner Nelson Peters said. "That's not what I signed up for."



## Tax reforms to cut into library hours

SOUTH BEND - Indiana's new property tax reform law may mean the elimination of Saturday hours at all St. Joseph County Public Library locations, library Director Donald Napoli said (**South Bend Tribune**). As a result of the new law, the county library is looking at a possible loss of \$790,000 in tax revenue in 2009 and a loss of \$1.6 million in 2010, plus elimination of \$750,000 in the library's capital projects fund, Napoli said. "We'll probably close on Saturdays come this summer," he said. "We need to deal with it right now. We can't wait until next year." Reduced funding also likely will mean a reduction in staff through attrition and a 12 percent cut in purchases of books

and other library materials in each of the next two years, he said. The grim forecast is based on income projections by the Indiana Association of Cities and Towns as the result of the new law, Napoli said.

## Daniels, IEDC tout Indiana economy

EVANSVILLE - Indiana Gov. Mitch Daniels said the state's economy is better prepared to handle a national recession than any other state in the Midwest (**Evansville Courier & Press**). The state has the lowest unemployment rate it's had in six years, Daniels said, "and we're the only state around us that doesn't have a fiscal emergency." "We're not going to be immune if there is a national downturn. But we've got tens of thousands of more jobs in this state than we did a few years ago." Daniels was speaking after chairing a meeting of the Indiana Economic Development Corp., which met Thursday morning at the Old National Bank building in downtown Evansville. Daniels said Indiana recently was designated the best state outside the Sun Belt in which to do business.

## State to review school project

COLUMBUS - The fate of Flat Rock-Hawcreek School Corp.'s \$18 million school renovation and construction project remains in limbo after a state tax control board delayed a vote (**Columbus Republic**). The School Property Tax Control Board said too much new information was presented for the first time Thursday, and it needed to be scrutinized. The board voted 6-3 to table a decision until the April 17 meeting at 9 a.m. "To have an intelligent, informed decision, we'd like to see a renewed information sheet. We don't have the data," tax board member David Bowen said. FRHC

School Board attorney Charlie Wells said the timing is unfortunate because State Tax Commissioner Cheryl Musgrave must make a decision by April 18.

## Carroll County to await crisis study

DELPHI - Carroll County residents won't have to worry about the county cutting more services or personnel -- for the moment (**Lafayette Journal & Courier**). On Thursday, Carroll County officials continued to agonize over hacking their 2008 budget down to size, as they waited for advice from financial consultants about how to possibly remedy the county's dire financial situation. The Indiana State Board of Accounts recently ordered the county to cut roughly \$1.8 million out of its \$6.8 million 2008 budget, saying the county didn't have enough revenue to support such a spending plan. On Thursday, it was the county commissioners' turn. The commissioners, who set county policies, voted Thursday to raise the rates at Carroll Manor, the county's assisted living facility. The rates will go from \$28 per day to \$56 a day, in an attempt to help the manor break even. County council members had recommended that the commissioners raise the rate so the county could stop subsidizing the facility so heavily. But the commissioners put off deciding whether to revoke health insurance for the families of county employees. County council members this week recommended that the commissioners change the family health insurance coverage policy after they cut that line item from the budget. Commissioners said they wanted to wait on that, though, until they hear recommendations from Umbaugh & Associates, a financial consulting firm, which is supposed to present a report on March 31. "The day of reckoning has arrived," said county council member Ann Brown. "We find ourselves with maxed out credit cards."