

# THE HOWEY POLITICAL REPORT



## The Weekly Briefing On Indiana Politics

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# Surplus brings political dilemmas

## Who will be first to seize the tax cut initiative?

INDIANAPOLIS - For the five Republican governor candidates, the announcement of a \$1.3 billion state budget surplus and the almost certain call for a tax cut is like sex.

Will they just want to talk about it? Or will they do it?

And by the time the December revenue forecast is unveiled, the Bayh-O'Bannon administration may well be fulfilling House Minority Leader John Gregg's dream with a clarion call that might go something like this: Cadillacs for Christmas...for everybody.

Throw in the American Trans Air threat to move south, several hundred thousands of dollars in (wink-wink) training money, and Steve Goldsmith's Indiana Pacer/Market Square Arena nightmare and you've got the the crux of the economic debate when it comes to the high stakes 1996 gubernatorial campaign.

## We're rich, rich rich!

Let's start with the \$1.3 billion budget. Gov. Evan Bayh already has created a legacy of surviving the Bush recession with no tax increases. The capstone of his ambitious career - and a hefty boost to Frank O'Bannon's gubernatorial hopes - could come in the form of a tax cut. Sources tell HPR that the December revenue forecast could easily be in the neighborhood of \$1.9 billion. Analysts are predicting that a weak second quarter and a sluggish third quarter will probably give way to a strong fourth quarter, along with a resolution of how much of the federal load Congress will jettison to the states.

Last May, the state budget agency estimated an \$824 million surplus after FY '95. But it is standard for budget directors to under-estimate reversion levels in order to hide the money from the legislature. Sources tell HPR that disproportionate share - the taxing of hospitals, the use of that money for federal Medicaid payments and then, from

*continued on page 8*

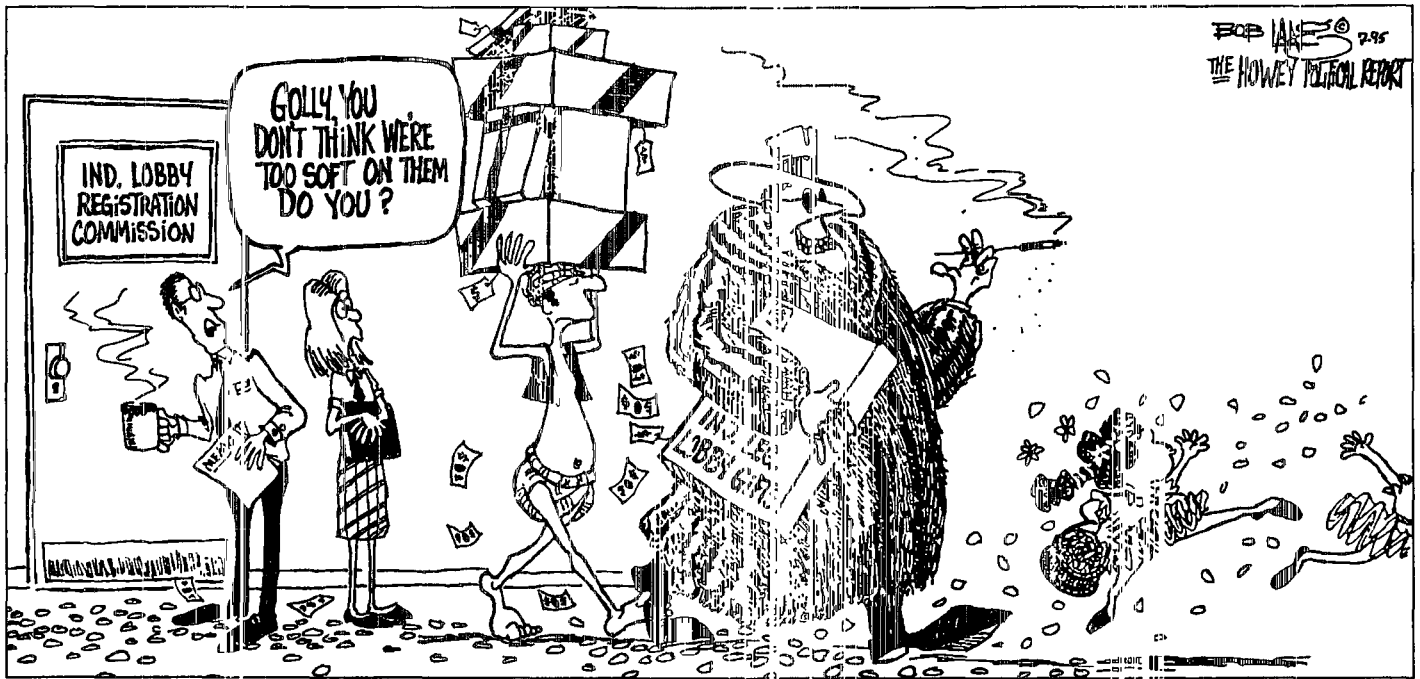
## "QUOTE" OF THE WEEK

"I couldn't help but think, 'How in the heck did we lose?'"

-Former Vice President Dan Quayle, to the Journal Gazette, on watching the White House unveiling of George and Barbara Bush's portraits

## INSIDE FEATURES

- **Bob Lang goes back to the Legislature** page 2
- **How legislators are spending summer** page 2
- **Horse Race: Muncie, Bloomington toss-ups** page 3
- **Columnists: Marcus, Krull, Daley** page 5
- **Gingrich highlights from the RCA Dome** page 6



# HUMOR MILL

## Wendellisms by Wendell Trogon Indianapolis News

**Good news:** The state has a \$1.3 billion surplus.

**Bad news:** A bipartisan committee will decide what to do with it.

The budget surplus is safe. So many roads are under construction, legislators can't get to Indianapolis to spend it.

## Devil's Dictionary by Ambrose Bierce

**Sorcery, n.** The ancient prototype and forerunner of political influence.

**Neighbor, n.** One whom we are commanded to love as ourselves, and who does all he knows how to make us disobedient.

**Moral, adj.** Conforming to a local and mutable standard of right. Having the quality of general expediency.

## Lobby gifts, campaign finances top coverage

We've been following the activities of countless Indiana legislators this summer in the press. Here's a sampling of their activities:

■ The Fort Wayne *News-Sentinel* and WISH-TV's I-Team contributed the summer's big investigative piece: that Indiana's 1993 "Let's get our stories straight" laws regulating lobbyist gifts to lawmakers isn't working. Titled "Gift Rap," the report noted that 48 lawmakers - including House Speaker Paul Mannweiler, Senate President Pro Tem Bob Garçon, and Senate Minority Leader Bob Hellman - failed to list 53 gifts lobbyists had reported. Also, 27 legislators reported getting 38 gifts that 18 lobbying organizations failed to disclose.

"In all, reports disclose lobbyists gave lawmakers more than 260 gifts in 1994 worth at least \$58,000," the *News-Sentinel* story said.

The story added, "The public cannot go to one office, check a single set of records and find out what legislators got. Instead, three sets of records must be examined in the three different offices for the House, the Senate, and the lobbying commission."

*News-Sentinel* Editor Joe Weiler later editorialized, "It is simply hard to swallow the idea that all this free food, booze, entertainment, and

travel isn't tainting the outcome of legislation in some way."

■ An Associated Press analysis by Mike Smith and Ted Bridis showed that 83 percent of the \$5.2 million in campaign contributions to Indiana legislators came from special interests (\$3.1 million) and political groups (\$1.19 million). Julia Vaught, Common Cause of Indiana, observed, "The average person feels like their influence in the political process is lessening year by year, and figures like this are a graphic display that the feeling is becoming more and more true." A number of Indiana newspapers ran the AP story on their front page, and many localized it with charts on their own legislators.

■ Rarely do women change their minds when it comes to a waiting period prior to an abortion. The *Indianapolis Star's* Jenny LaBalme quoted Christy Henderson, administrator of Mississippi's Jackson's Women's Health organization, as saying, "This is a bunch of stuff to convince women not to have an abortion. Zero have changed their minds." However, an Alan Guttmacher Institute report found that between 11 and 13 percent of women facing a 24-hour waiting period changed their minds. Indiana's informed consent law takes effect on Sept. 1.

continued on page 4

## Best Hoosier mayoral races coming in medium sized cities

# HORSE RACE

<u>RACE</u>	<u>STATUS</u>	<u>COMMENTS</u>
<b>MUNCIE</b> Carey (D) v. Canan (R)	Tossup	Carey lost his re-election bid in 1991 when his youthful opponent paid him a visit in the hospital and a newspaper picture screamed out "Contrast." Carey's biggest challenge will be to address and beat the age issue. Muncie observers say this may go to the wire.
<b>BLOOMINGTON</b> Fernandez (D) v. White (R)	Tossup	The critical question is whether the vanquished Char Zietlow will nod approvingly at the more conservative Fernandez. If she doesn't, some of her supporters will sit this one out. White is acceptable to them, and his victory might allow the liberal wing of the party to retake control in '99.
<b>KOKOMO</b> Lushin (D) v. Trobaugh (R)	Leans D	GOP council candidate Joe VanDevender pulls out of his race to support Jean Lushin after he "investigated" his own nominee. Howard County GOP chairman Bill Menges reacts: "It smacks of a sleazy political trick."
<b>ELKHART</b> Perron (D) v. McDowell (R)	Safe D	Despite Perron's threats to the local League of Women Voters, he still has the support of the city's business elders. O'Bannon stumps for him this week. Unless there's big change, Perron on his way to a fourth term.

# TICKER T A P E

East Chicago Mayor Robert Pastrick's primary election victory is being challenged by State Sen. Lonnie Randolph via a lawsuit on grounds that voting machines malfunctioned and that each of the 44 Democratic precinct committeemen were improperly paid up to a \$1,500 stipend, along with a \$1,500 bonus for carrying his or her precinct (William Lazarus, *The Times*). Pastrick attorney Michael Bosch will argue in a Kentland courtroom on Aug. 2 that a turn-of-the-century Indiana Supreme Court case that disqualifies people elected to office through bribes, threats or rewards applies only to a general election, not a primary.

The East Chicago recount was ordered by mayoral candidate Abel Garza, Jr., who polled only 138 votes out of more than 11,000 cast. Garza's attorney is East Chicago lawyer Anthony DeBonis, who also serves Pastrick as attorney for the Lake County Democratic party.

HPR broke the story on Attorney General Pam Carter's possible interest in being Frank O'Bannon's running mate, and Democratic sources tell us that she is under serious consideration. Insiders say if O'Bannon wants to go for a "bold stroke," he'll bring Carter on to the ticket. Detractors say Carter is not "well known," but supporters say "she can be" based on her track record.

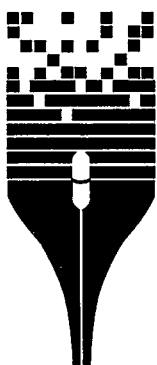
While we're on the subject, here's handicapping the other possibilities: Jill Long: the former congress-

*continued on page 4*

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# TICKER T A P E

woman will be doing at the USDA everything a lieutenant governor does. However, because of that job, Long won't be in a position to actively campaign for the position.

**Sen. Susan Crosby:** brings legislative experience to the job, something O'Bannon obviously believes is important

**Mayor Michael Hamless:** played key role in Greencastle's revival after IBM left and that plays to the Commerce aspects of the job. Success with overseeing mayoral races this fall will be seen as a big plus.

**Baron Hill:** a favorite of labor in a year when that voting bloc is expected to re-emerge to play out the prevailing wage drama. Dems remember his fiery 1990 race against U.S. Sen. Dan Coats.

**South Bend Mayor Joe Kernan:** war hero in a cinch re-election bid this fall. But *Chicago Tribune* may have exposed his political Achilles' heel - the College Football Hall of Fame. Local critics say Kernan failed to secure enough corporate sponsors (only \$600,000 so far on line on a \$15 million project). That means South Bend taxpayers will be picking up a big part of the bill, and don't think the Republicans won't be looking to exploit that.

It wasn't too long after HPR pointed out that Fort Wayne Democratic mayoral nominee Tom Essex was almost invisible this summer that he had his first press conference on Tuesday to unveil an anti-crime

*continued on page 5*

## Legislators mixed on higher speed limits

from page 2

■ Four Allen County legislators toured jails and found mold growing in ventilation systems, mattresses lining the floors of crowded rooms in the local youth center, and a county jail with more than 500 inmates living in a space designed for 382 (Sara True, *Journal Gazette*). Stated State Sen. John Sinks, "They need more staff and the county doesn't have the money to operate it...it's not an easy thing to do to raise taxes, but something like this, I could get behind." Added State Rep. Win Moses, "I don't think we should thaw the property tax freeze, but the need is dramatic."

■ State Sen. Tom Weatherwax received the National Legislator of the Year Award in Milwaukee. He was one of 17 Hoosier legislators to attend the conference, down from the 28 legislators who attended the now infamous conference in New Orleans that ultimately led to the defeat of House Speaker Michael K. Phillips in 1994. House Minority Leader John Gregg explained, "There's no doubt in my mind that what happened had a chilling effect" (Mary Beth Schneider, *Indianapolis Star*). Added House Speaker Paul Mannweiler, "It's easier to not go than try to explain why you did go."

■ Legislators seem divided on increasing the speed limit. "I'd support an outer limit of 70 on rural interstates," said Rep. Tom Avezios (Dan Rosenberg, *Michigan City News-Dispatch*). Rep. Ralph Ayres agreed, saying, "The interstate highways were built for 70 limits. I would probably support raising the limits in non-urban areas, assuming 70 would be the maximum."

However, Rep. Mary Kay Budak argued for caution. "It's human nature to travel faster than you're supposed to go. If it's 75, everybody will drive 85."

Jeff Modisett, chairman of the Council on Impaired and Dangerous Driving, did a study on rural highway death rates six years preceding and six years after the limits were raised and found the death rate was 8.8 percent higher. "Let's make sure people are aware of the increase in injuries and fatalities before any knee-jerk move is made," Modisett said.

■ State Rep. David Lohr surfaced this summer to raise allegations that white supremacist

employees of the Indiana Department of Corrections were intimidating inmates. DOC Commissioner Chris DeBruyn said there was no basis for the allegations.

■ When Democratic State Rep. Mark Kruzan traveled to Israel, Republican State Rep. Jerry Bales agreed to accept calls and help Kruzan's constituents in Monroe County.

■ State Sen. Harold "Potch" Wheeler hinted that he may be done with public life after his 1994 opponent called him a "Wheeler Dealer" in a TV ad. "It kind of left a bad taste in my mouth, as far as running for office," said Wheeler (Christina Seiler, *Columbia City Post & Mail*). "I would just not want to go through another campaign like that."

■ The *Bloomington Herald-Times* and the *Elkhart Truth* have reported extensively on the new laws governing juvenile offenders. Both newspapers have reported that local officials are skeptical that publicly identifying juvenile criminals will have any deterrent effect.

■ Legislative "log rolling" has been roundly criticized, as well as the Indiana Supreme Court for refusing to strike down constitutionally dubious laws. The court ruled that a 1993 case involving the Indiana Policy Review's protesting an legislative pension placed in an unrelated bill didn't have "standing" and refused to even deal with the merits of the case.

Justice Brent E. Dickson was alone in the minority, writing, "The majority's decision today erects an enormous, if not a prohibitive, obstacle to citizens seeking access to courts upon claims that the General Assembly has exceeded the limits of its constitutional powers."

The *Indianapolis News* editorialized, "The bottom line: Who's minding the store? When the legislature brazenly violates the Indiana Constitution, who will hold it accountable?"

■ While a Lake County judge declared changes in the prevailing wage law unconstitutional, Allen County officials "are assuming statewide leadership in using this year's contested changes" to set lower wages (Kevin Corcoran, *News-Sentinel*).



# COLUMNISTS ON INDIANA

**Morton Marcus, syndicated** - What should we do about auto theft? That question was raised at a recent meeting of the Insurance Institute of America. Mayor Stephen Goldsmith said that the courts, recognizing the crowded conditions of our prisons, were not imposing stiff penalties for car theft. Thus the cost to car thieves was slight, if they were caught. In addition, he advised the insurance industry to raise its voice if the public and the justice system were to take this crime seriously. The question and answer intrigued me. Goldsmith is a politician who wants to have a future in government and, therefore, avoids being too explicit. But he was clear. The answers to car theft lie squarely with us. But are there other solutions? To find out I turned to a class of 11-year-olds. "What should we do to stop car thefts?" I asked. "Buy a Club," one girl responded. But I was not satisfied. "What would you do with people caught stealing cars?" Another student had a ready answer. "Put them in orange-striped ballerina costumes and make them work in the streets where all their neighbors and relatives could see them." Legislators and judges, take heed.

**John Krull, Indianapolis News** - It didn't take Newt long to get snooty. At a press conference before his Monday night speech, Newt Gingrich - speaker of the U.S. House of Representatives and GOP bully boy - answered a question about affirmative action by complaining that his record was horribly misunderstood. "Professional black Democrats do everything they can to distort it... They take very opportunity to do it." Moments later, I started to ask him if, given his disparaging assessment of professional black Democrats, he believed everyone who disagreed with him was "opportunistic." No, he bristled. He complained that it was awful the way "these professional black Democrats" stood on the House floor and called him a racist. It was outrageous, he pouted, like a hurt little boy. That is Newt's gig. He's the kid on the schoolyard who starts a fight, then screams when the other guy has the audacity to hit back. And I'd hate to see the speaker of the House cry.

**Steve Daley, Chicago Tribune** - Some observers have tagged Democrats as the "Mommy" party, protecting their constituents by supplying programmatic answers - largely federal largesse - to tough questions of social policy. Republicans view themselves as the "Daddy" party, offering stern lectures about responsibility and the promise of a future with a "hands-off" government in Washington.

**Mary Beth Schneider, Indianapolis Star** - Right now, Gingrich is overshadowing all other Republicans. But does that mean the party wants Gingrich for its presidential nominee? The party image forged since the 1994 elections suggests it does. It's an image of angry white males; rip-snorting young congressmen who say anyone who isn't with them is against them; an attitude that rejects the compromise and accommodation that once defined the art of politics. It is, let's face it, Newt Gingrich.

**Mary Dieter, Louisville Courier-Journal** - State (Democratic) Chairwoman Ann DeLaney was feeling the fatigue of an unusually long tenure at the helm. In stepped Joe Andrew, bright, articulate, experienced, and, perhaps most important for the times, young. At 35, Andrew sees the future of his party - and the Republicans' for that matter - in youth, and it is not a pretty picture. Twenty-five-year-olds "have no interest in party politics and only slightly more interest in politics to begin with," he said. He fears that current practitioners have made politics appear to be a game or a sport, not something relevant to real lives.

**Dick Robinson, Terre Haute Tribune-Star** - Indiana Democrats have a think tank where they can ponder ideas already thought about by Republicans. It only seems that way. Democrats need something, because they have missed out with attention grabbing ideas. Why? Since it's a government of the people, it seems government needs a better understanding of public wants rather than citizens understanding what government is doing.

## TICKER TAPE

plan. A major part of the plan would be to become more aggressive in attracting outside businesses to economically distressed areas of the city. "If we hope to stop the drug trade, we have to give people an economic alternative to the underground economy," said Essex, who faces Republican **Mayor Paul Helmke** in November.

**Helmke** had former **Vice President Dan Quayle** in for a fundraiser breakfast last week, but it was lackadaisically covered by the local papers, perhaps underscoring Quayle's looming date with obscurity. The *News-Sentinel* ran a photo of the event on page 2. The *Journal Gazette* ran a photo and a 6-inch story at the top of its metro page.

**Quayle** reported that he went back to the White House earlier this month for the unveiling of **George and Barbara Bush's** portraits. As **Julie Zaszadny** of the *Journal Gazette* reported, Quayle viewed the Bushes and Clintons together and said, "I couldn't help but think, 'How in the heck did we lose?'"

Michigan City Republicans still haven't been able to find a mayoral candidate. The latest to turn them down was former **Councilman Ronald Kniola**.

Political satirist **Mark Russell** will appear at the Circle Theater in Indianapolis at 8 p.m. Aug. 26 to celebrate the 75th anniversary of the women's right to vote. Tickets can be ordered by calling 317-639-4300.

*continued on page 6*

# TICKER T A P E

Fort Wayne *Journal Gazette* columnist **Sylvia Smith** notes that in the final two days of the 103rd Congress, out-going Members of Congress **Jill Long**, **Frank McCloskey** and **Phil Sharp** paid their staffs \$9,472. Long's top aide, **Inga Smulkstys**, received a \$601 paycheck for two day's work. McCloskey billed the government for five trips between Indiana and Washington between mid-November and mid-December. And Sharp, who announced his retirement in the spring, approved \$90 worth of business cards for his staff in October.

Miami County Democrats elected **Joe Elmore** their new county chairman. Elmore replaces **Russell "Bun" Gallahan**, who had served as chair for most of the last 25 years.

**Brian Hasler**, a former aide to former U.S. Rep. **Frank McCloskey**, is pondering a race to succeed **State Rep. Jeff Hays**, D-Evansville, who has announced he will retire next year (*Evansville Press*). Others looking at the seat include **Roy Mabrey**, president of the Southern Indiana Central Labor Council, and **Norbert Wolley**, president of the Evansville Water and Sewer Utility Board and an AARP organizer.

**Dan Bernard** of the *Evansville Press* writes that 1996 could "shape up into the battle of the Ricks" for the right to face U.S. Rep. **John Hostettler**. He cites Vanderburgh County Commissioner **Rick Burries** and State Rep. **Rick McConell** as  
*continued on page 7*

## Gingrich brings record crowd, vision to Indiana Republicans

INDIANAPOLIS - Inside they wore "Lugar for President" and Newt Gingrich buttons. Outside, protesters were hold signs proclaiming "Neuter Newt."

And Gingrich, in almost apocalyptic fashion, at one point during his historical speech at the cavernous RCA Dome, held up a Perium computer chip and a vacuum tube, of which he noted the U.S. government was the largest consumer.

It wasn't a day later that Hoosier newspapers proclaimed in headlines that the air traffic control system in the Midwest - which still uses the ancient vacuum tubes - had gone down, leaving air safety to a 1950s-designed system while controllers evaluated flight paths on strips of white paper.

Gingrich drew more than 2,000 Indiana Republicans, raising at least \$250,000 for the party and enhancing GOP Chairman Mike McDaniel's standing.

Here are highlights of the Gingrich visit:

■ On crime: "Prisoners should work 48 hours a week, study 12 hours a week and be kept busy so they can be different people when they get back out," Gingrich said.

■ On drugs: "I have a chart in my office. Under Reagan-Bush, drug use went down. Under Clinton, it's going back up. It makes a perfect V."

■ On drug treatment: "We should reach out to every church, every synagogue, every mosque for a network across America so when an addict shows up at 3 o'clock in the morning and says 'I want to get off drugs,' we don't send them to a bureaucracy. They should have a chance to have a friend if they are prepared to get off drugs."

■ On wealthy drug users: "We should say to them, we are not going to tolerate your subsidizing death. We know whatever fines we establish, you'll pay and you won't care. So we're going to establish an inconvenience. First offense, two days a week of public service a year at the court's convenience. Second offense, four days a week of public service at the court's convenience. We

don't care if it interrupts your pitching rotation."

■ On drug traffickers: "Anyone who brings in a commercial quantity of drugs to the United States is saying they are prepared to destroy our children. I'm prepared to say, we love our children enough that if you bring in a commercial quantity of drugs, we will kill you."

■ On running for president: "I don't have any need to go out and worry about it. I'd rather stay as speaker and as teacher and write a book every other year and talk about ideas."

■ On Sen. Richard Lugar's presidential hopes: "I don't think anyone anywhere in America should take for granted that you have a senator who could well emerge by the end of New Hampshire in a dramatically stronger position than anyone now expects."

■ On media coverage of Medicare cuts, which Gingrich said were, in fact, to be increases: "Let me slow down so all the reporters can get it. More. Bigger. Higher. Addition."

■ On life in America: "That phrase in the Declaration goes that we hold certain unalienable rights which are life, liberty and the pursuit of happiness. It does not say the entitlement of happiness, the achievement of happiness, equal distribution of happiness. A federal department of happiness. It says the pursuit. And you cannot fully understand America unless you emphasize the work ethic."

■ **Gingrich notes:** The speaker went through the state's list of Republican congressmen, leading off with Dan Burton, which brought about a brief gasp from the crowd. Respected political strategist Brose McVey is considering a challenge to Burton. Gingrich referred to Mark Souder as "David" Souder.

■ Sen. Lugar introducing Gingrich: "He steadfastly refuses to use wedge issues to divide America. He is ever on the search for themes and the big issues that can unite our country."

Some Republicans grumbled about the speaker's schedule, which had him speak an hour earlier, thus delaying dinner for an hour. The press appeared to be delighted at not having to watch Republicans eat prior to the speech.

## Historically, congressional rematches find the incumbent better prepared

Question: What do Tom Ward, Mike Pence and Rick McIntyre have in common besides their white maleness?

Answer: All ran surprisingly tough congressional challenges in Indiana during their first time out, and all had much poorer results when they tried the rematch two years later.

That doesn't bode well for candidates like Mike Harmless, Jean Leising and Marvin Scott who have already committed to rematches or are seriously considering such.

"Historically, people who have snuck up on incumbents haven't done as well the second time around," confirmed Chris Sautter, who runs a Washington-based consulting firm. "Clearly one of the consequences of the near miss is that the incumbent is much more prepared the next time around."

That apparently is the case in the 9th CD, where U.S. Rep. Lee Hamilton has been vigorously working the district after he squeaked out a 2-point win over Leising in 1994. "We took a hit in Indiana," Hamilton told Fayette County Democrats recently (Rick Mullen, *Connersville News-Examiner*). "I cannot remember a time when the Democrats had a worse year in this state than in 1994. We were not in the ballgame."

Hamilton added that despite the loss of three seats, "I don't believe the '94 elections left the Democrats in shambles."

That includes Hamilton's own warchest, which sources tell HPR is growing.

Democratic strategist Bill Schreiber echoed Hamilton's words. "The simple fact is, the president's party does not do well in off-year elections," he said. "Those of us who have been around politics for awhile...know how cyclical and fickle politics can be. We also know what it means to be the party of the people."

Sautter is encouraged by recent congressional generic polling data from the Midwest, New England and Far West. "At the beginning of the year, Republicans had an 8 to 10 point advantage. Now it's dead even," Sautter explained. "There is a lot of anxiety over Medicare, the environment and education."

■ **CONGRESSIONAL NOTES:** Sautter confirmed that U.S. Rep. John Hostettler in the 8th CD will be one of 30 to 35 targeted races by the Democratic Congressional Campaign Committee. "They are planning to invest in that race," Sautter said.

■ *Evansville Courier* reporter Doug Sword reports that Hostettler ranked in the top 10 of House freshmen in franked mail. Hostettler has spent \$30,084 to date. Last summer, Hostettler objected to then U.S. Rep. Frank McCloskey in sending out a four-page newsletter.

Responded Hostettler spokesman Rob Ziegler, "He promised he would use the frank only to announce town hall meetings and answer mail. We don't do newsletters."

■ *Evansville Press* reporter Dan Bernard quoted Vanderburgh County Democratic Chairman Mark Owen as saying the Hostettler franking use is "the height of hypocrisy."

■ U.S. Rep. Steve Buyer served as the lead questioner during the House hearings on Waco. Buyer focused on the Posse Comitatus Act and whether the military played a role in the planning and execution of the Branch Davidian raid.

■ The House Appropriations Committee approved by a 28-20 vote legislation sponsored by U.S. Rep. David McIntosh to restrict lobbyists from non-profit organizations who receive federal grants. McIntosh said he was in the middle of "a fight to end all fights on the House floor" over the issue (Brian Francisco, *Muncie Star*). Ironically, one group opposed to the measure is the Indianapolis-based Hudson Institute, where McIntosh used to work.

■ U.S. Rep. Pete Visclosky called GOP attempts to cut half of OSHA's 1,100 inspectors "unkind and unfair."

■ Sautter on a competent Democrat challenging U.S. Rep. Mark Souder in the 4th CD: "The first and second tier people aren't interested. He's safe until there's another Watergate."

## TICKER T A P E

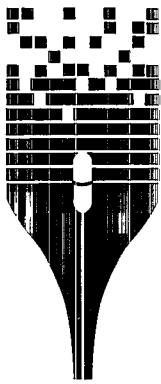
gearing up for the 8th CD Democratic nomination. McConnell says he is "preparing to become a candidate." He announced that fellow Princeton-area legislator **Sen. Lindel Hume** has decided to forgo the race and instead is endorsing McConnell. Borries said he will make his decision by Labor Day. Another candidate will be Shelburn **Clerk-Treasurer Noah "Jay" Southwood**.

**Pat Rooney's** gubernatorial campaign released a Fabrizio McLaughlin poll taken outside the Indianapolis media market. The survey (+/- 4.4 percent) of GOP primary voters conducted on June 29 showed:

<b>Rooney</b>	<b>31.3%</b>
<b>Goldsmith</b>	<b>29.7</b>
<b>Early</b>	<b>14.9</b>
<b>Witwer</b>	<b>13.0</b>
<b>Garton</b>	<b>11.1</b>

"These numbers are significant because Pat Rooney has made great progress in a very short period of time," said campaign aide **Jim Knoop**. "Not only has Pat moved ahead of the field, his name awareness and favorable ratings have doubled since our last survey." Rooney has spent \$400,000 on two TV ad runs since April.

Finally, former entertainment columnist **Joe Saint**, who has joined the **Digger Phelps** for President in '04 campaign, is looking for office space to establish a headquarters. He was observed searching for the former Vegetable Buddies nightclub site in Mishawaka as a possible location, but was told to consult **T. Brooks Brademas** about other options.



“One of the best”

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- Charles E. Cook  
Cook Political Report, Washington

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## Tax cut dilemmas face GOP, O'Bannon

from page 1

through budget book cookery, the return of that money to hospitals - is going to be higher. HPR sources predict that by December, the forecast surplus by FY'97 could be \$1.9 billion.

Bayh has to play a conservative game until the economic and Congressional hands are played this fall. He hinted that he would make tax reduction a "significant priority." The dilemma for the Democrats is that GOP gubernatorial hopefuls like Pat Rooney and Rex Early may want to seize the "tax-cut candidate" message (already grabbed by Gregg on the final day of the 1995 legislative session), and may try to do it before the December forecast. But their catch-22 is this: will they want that to occur in 1996, when O'Bannon might end up as the big political beneficiary?

There is also risk for O'Bannon. Does he want to see the tax rate cut back too drastically, only to face reinstating some or all during a first term?

Bayh will create the perception of walking the tight rope simply to keep in check a tax cut frenzy in both parties.

Of course, the prudent thing to do with such a surplus isn't very sexy: using some of it against the \$7 billion unfunded portion in the teachers liability fund.

### ATA and the Republicans

Rooney opened this issue last week when he criticized Goldsmith over the United Airlines deal and suggested that American Trans Air's talk of moving to Florida was simply a natural corporate exploitation. There are dozens (if not hundreds) of other corporations watching how this scenario will play out.

Bayh entered the fray on Tuesday when he offered ATA \$14 million in tax credits, along with a \$500,000 (wink-wink) training grant.

Tax abatements were an issue in Bayh's 1988 campaign with Isuzu-Subaru in Lafayette. It resurfaced earlier this year when the administration refused to pay out (wink-wink) training money.

The dilemma facing Goldsmith would be watching all the bad TV coverage of ATA leaving the city in Mayflower vans, when he and his free

marketeers know that most job creation in Indiana is occurring in small firms. The problem there is that TV stations aren't conditioned to report such job growth, while they are very conditioned to reporting plant closings and high-profile corporations leaving the city.

If Goldsmith supports ATA tax cuts, Rooney will be quick to point out that his own Golden Rule Insurance Company has never sought public subsidy in the form of tax cuts and (wink-wink) training money. He will seek to recast the 1988 debate.

This comes on top of Goldsmith's refusal to stick to his market-force thinking on the downtown mall and Bush Stadium. Even more prickly will be the Indiana Pacers seeking a new home. In this light, Goldsmith probably wishes the Pacers were still a sub-.000 team, while the Simon brothers will try to cut a new deal while the team is still knocking at the door of the NBA finals.

Little wonder that Goldsmith aspires to leave the mayor's office - one that demands the kind of civic/corporate boosterism that runs across the grain of his free market ideals.

■ **GUBERNATORIAL NOTES:** The *Kokomo Tribune* editorialized about the Republican gubernatorial race and **Sen. Bob Garton's** entry this way: "Ho-hum. Another day, another Republican candidate for governor." Of Garton, it wrote, "Garton neither has the pizzazz nor the depth to challenge the GOP hopefuls" and added, "The race for the GOP nomination is clearly between former state Republican chairman **Rex Early** and Indianapolis **Mayor Stephen Goldsmith.**"

■ **O'Bannon** fielded questions from a Miami County agri-business panel earlier this month. Converse farmer **Craig Boyer** asked O'Bannon what the difference was between a bin full of grain that gets taxed and a CD in a bank that doesn't? O'Bannon responded that it would take a constitutional amendment to change the property tax system. "You change the property tax and you have to shift the taxes onto something else like a state sales tax," O'Bannon said. He then asked Boyer if he thought his question had been answered. "We just went around the barn a few times," Boyer responded.