



## Drs. Bucshon, Brown on Obamacare

The two Hoosier doctors in Congress, legislature weigh in

By **BRIAN A. HOWEY**

INDIANAPOLIS – Larry Bucshon is a heart surgeon, a Republican and a congressman. He has had employees who have reached lifetime insurance caps and ended up on Medicaid. He has seen thousands of poor Hoosiers on Medicaid denied access to health care. He paid about \$40,000 a year in medical malpractice insurance, a figure that is much lower than in most states. And he is a vociferous critic of the Affordable Care Act, or Obamacare, and has consistently urged its repeal.

Yet, U.S. Rep. Bucshon knows that going back to the pre-Obamacare days is not only virtually impossible, but carries a moral burden. And he is aware of Indiana's



**Gov. Mike Pence and U.S. Rep. Larry Bucshon touring tornado damaged Knox County last month.**

declining health metrics and agrees that this state must take a comprehensive approach to health care, whether it's through Obamacare or not.

Asked about Howey Politics Indiana's call for a

## On the right side of history

By **CRAIG DUNN**

KOKOMO – The year was 1962 and my parents took me to Mammoth Cave, in Kentucky, on vacation. I got the opportunity to learn all about stalagmites and



stalactites. The lesson of which was quickly lost on me, but one lesson that I learned on the trip has lasted a lifetime.

Hearing the call of nature I headed for the nearest restroom in the cave. I had taken about three steps when my mother grabbed me by the shoulder and sternly pronounced, "You can't use that one!" She also pointed out the water fountains that I could not



**“If I’ve got to fight another three years to make sure this law works, then that’s what I’ll do. We’re not repealing it as long as I’m president.”**

*- President Obama*



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use. The reason for her prohibition was that the restroom and bank of water fountains outside were labeled "Blacks Only."

I found the "Blacks Only" restriction to be simultaneously interesting and confusing. You see, for all intents and purposes, I was raised like most black children in my community. My third grade class had only three whites in the class, all my playmates were black and I freely shared restrooms and water fountains with my black classmates. We weren't poor, but we could see poor from our front porch. I was curious about who would have placed the "Blacks Only" signs. My mother informed me that it was the law in Kentucky.

Today, if you visit Mammoth Cave, you will find the only clue as to this reprehensible practice of segregation is the curious location of two restrooms on each side of the room. Only the memory of the experience remains along with the sordid history of segregation.

I am one who believes that if you don't study history and learn from it, then you are bound to repeat it. History is a shadow that is inescapable and follows wherever we may go. It may serve as a wonderful teacher or as a ghost that haunts us throughout time.

The unfolding of time has generally found the Republican Party on the right side of history. The party itself was born in the crucible of the fiery times leading up to the American Civil War. Formed by like-minded anti-slavery advocates, the Republican Party was formed by common, everyday people who bristled at the notion that men had any right to oppress their fellow man.

It was a Republican president, Abraham Lincoln, who bravely emancipated the slaves. Republican leaders in Congress led the intense fight to pass the Thirteenth, Fourteenth and Fifteenth Amendments to the United States Constitution which outlawed slavery, guaranteed equal protection under laws and secured voting rights for African-Americans respectively.

Wow! Now that is the right side of history.

In 1896, the Republican Party was the first major political party to support women's suffrage. When the Nineteenth Amendment finally passed, it was Republican majorities in 26 of the 36 states required that made ultimate passage possible. Now, tell me about the Republican war on women!

The entire country did not embrace these monumental changes easily. Change rarely comes easily. Opponents of change can be found everywhere. Their voices are loud, they contribute to political candidates and they hold positions of power in government.

An interesting study on the resistance to change and the use of laws, amendments and raw political power to impede said change is on the issue of anti-miscegenation laws. Anti-miscegenation laws were a part of American law before the United States was established. The term miscegenation was coined by American journalists to discredit the Abolitionist movement by stirring the pot over the prospect of black and white interracial marriage.

Miscegenation was treated as a felony and laws were passed to make solemnization of weddings between persons of different races illegal and prohibited the officiating of such ceremonies. Sound familiar? Anti-miscegenation laws did not end with the passage of the Thirteenth, Fourteenth and Fifteenth Amendments. Sometimes you just don't get the memo!

But wait, many states did not stop at the passage of anti-miscegenation laws. They sought to try and block Federal encroachment on their "state's rights" and passed state constitutional amendments to throw one more roadblock into the face of the elimination of anti-miscegenation laws. Sound familiar? The principal champion of the fight to keep anti-miscegenation laws in place as well as the attempt to abrogate any progress on Civil Rights was the Democrat Party.

You can almost hear the Senate ProTempore of the Alabama General Assembly thumping his chest and proudly proclaiming that the Senate would vote to let the people decide on issues of civil rights. After all, a national poll in 1958 found 98 percent of the American people to be against interracial marriage. He could try and hide behind punting the ball to the public for a vote, but history would hear nothing of it. It is safe to say that there won't be any statues built to honor Senate ProTempore Bullrush for his insightful leadership in segregationist Alabama.

We look back on the sad segregationist days of Alabama and Georgia and their embattled governors, George Wallace and Lester Maddox, and cringe that a civil society could be so uncivil. Segregationists could elect unworthy men, pass unjust laws and amendments and hide behind procedural roadblocks to block inevitable change, but history and justice ultimately prevailed. This is why the United States Constitution exists, to protect the minority from the tyranny of the majority. Might does not make right. It may take time, but history is always the ultimate victor.

## **Bucshon, from page 1**

comprehensive study and approach to health care, Bucshon responded, "I would support somebody looking at that at the state level, where the holes and gaps in health care access are. Yes, absolutely."

"We clearly need health care reform," the former Newburgh, Ind., heart surgeon said, punctuating it with, "Absolutely."

Like many Republicans, he backs some aspects of the ACA that allows people with pre-existing conditions to be insured, does away with lifetime caps and allows adult children to stay on their parents' plans through age 26.

"Those are things in the ACA that I think everybody agreed on beforehand," Bucshon said. "They should still be in, if the ACA is repealed. But at the end of the day, the ACA is not going to accomplish the main goal, which is to get the cost down so that everybody can afford health care."

He backs a set of Republican alternatives laid out by the Republican Study Committee and U.S. Rep. Tom Price's HR2300 that include GOP staples such as tort reform and allowing companies to sell insurance across state lines. "It doesn't cover everything, but it does give ideas that I believe would start the cost curve, the cost of health care, to come down," Buc-

It is sad to say that it took Indiana until 1965 to eliminate our state's own anti-miscegenation statutes, two years in advance of a unanimous U. S. Supreme Court decision that maintained that anti-miscegenation laws were used to maintain white supremacy. I wish that Indiana would have been a leading light in the cause of liberty, but on the issue of civil rights, it just wasn't the case.

History rarely allows a do-over. HJR6, the bill pending in the Indiana Legislature to allow a vote on incising anti-gay marriage legislation with constitutional protection, gives the Indiana Legislature the opportunity to not only come down on the right side of history but to change a national stereotype of Indiana as backward and bigoted. Many people in the Republican Party believe that we need to be on the right side of history on this issue. Let's hope our legislative leadership and the members they purport to lead will bring the Hoosier state down firmly on that side. ❖

## **Dunn is chairman of the Howard County Republican Party.**

shon said of the alternatives he has laid out on his congressional website. "They give people the ability to have insurance without the role the federal government is going to play under the ACA."

Bucshon is one of 16 or 17 medical doctors in the House (there are four in the Senate) and is the highest ranking Hoosier from the medical profession holding elective office. Indiana House Ways & Means Chairman Tim Brown, R-Crawfordsville, holds that distinction in the Indiana General Assembly, with a medical degree from the University of Illinois, and has worked as an emergency room doctor for St. Elizabeth Hospital in Crawfordsville.

"I spent my career trying to make people healthy," Bucshon said. "I was a tertiary care doctor. I've seen the worst of diabetes issues, weight issues. If we can find a way to do better. ..."

Doing better in his mind involves access, and that has painfully surfaced in Indiana with an infant mortality rate at a stunning 7.7 per 1,000, worse than Russia's. The infant mortality rate is seen as a precursor to an unhealthy state, and a cause is often a lack of access to health care. As HPI has reported in recent editions, a third of Indiana counties have no OB-GYN services and more than two million of the state's 6.5 million people ended up in an emergency room in the past



year. Most consumers aren't aware of the costs of those ER visits that are passed on to those who are insured.

Bucshon also represents one of Indiana's poorest congressional districts, and lives in a state where Gov. Mike Pence, a former colleague in the U.S. House, has opted not to expand traditional Medicaid, under provisions of the ACA. Pence is positioning the state for the U.S. Health and Human Services Department to approve Medicaid expansion through the Healthy Indiana Plan, which insures just a fraction of the 900,000 Hoosiers without insurance. Once the ACA is implemented, up to 200,000 moderate- to poor-income Hoosiers will find themselves locked out of the health coverage expansion.

### Bucshon and Medicaid

Bucshon agrees with Pence on not opting for traditional Medicaid expansion. But he believes that opting out and maintaining any sort of the status quo is not a viable option.

"As a doctor, my goal is for everyone in the country to have access to quality, affordable health care in a reasonable time frame," said Bucshon, who was first elected to Congress in 2010. "I think that's a goal everybody has. I do think we need significant health care reform to get the cost down and get it to where it's affordable for citizens to have health coverage. And I just don't think at the end of the day the ACA is going to accomplish that. The CBO has said by 2023, they are predicting 31 million people will still be without health insurance. The reason is because they're saying the individual insurance market – that's the issue today with the cancellations – and you're going to see a de-evolution of employer sponsored health insurance over the next couple of years. And then there's going to be the people who make the choice not to buy insurance on the exchange if it's not offered through employment."

"The big issue in health care in my view is how much it costs," Bucshon said. "I mean, you provide insurance for people, but if the overall cost of health care continues to grow at the pace that it has, the insurance is not going to be affordable because the overall cost of health care is still going to be too high, whether it's the government providing health insurance through Medicaid or Medicare, or the private sector."

"One of the areas we don't do a very good job on is preventive care," Bucshon said. "We just overlook it. Why do we do that? Because traditionally it's not be reimbursed. You know what I'm saying? It's not historically, by providers, whether it is hospitals or physicians or nurse practitioners, it has not been a focus of funding, both at the private and federal levels. Medicare, for example, used to not pay for screenings. Nobody paid for it. So it doesn't get done. You want to save money in health care

in the long run? Prevent people from getting sick in the first place. That's been a big focus of mine. How do you do that? You're going to have to find a way to fund health screenings and programs. I think we have to do better and I think we will, eventually."

His agreement with Gov. Pence on Medicaid expansion is based on the fact that "it is not good insurance" and limits access that is the root of Indiana's current shabby health condition. "I would not expand traditional Medicaid," Bucshon said. "I agree with the governor on that. Now, if the federal government would allow states to innovate with a plan like Healthy Indiana Plan, that would allow states the flexibility to innovate and save the cost of Medicaid, then I could potentially see the expansion. What I worry about is the traditional Medicaid program already limits patient access to the health care system. There are many physicians that don't take it. If you expand it, I think you'll see many more people dropping out of taking Medic-



**U.S. Rep. Larry Bucshon with U.S. Sen. Dan Coats on Capitol Hill.**

aid."

Asked if the Healthy Indiana Plan is capable of expanding to include hundreds of thousands more people Bucshon said, "When you expand a program like that, you're going to need to look at making some changes that would allow it to expand the number of people."

Bucshon also hits on another point Pence often makes, which is he doesn't trust the U.S. government will reimburse states at 90 percent after the first three years of the ACA when the reimbursement is at 100 percent. The Indiana Hospital Association estimates that Indiana may leave more than \$10 billion of taxpayer money on the table with that decision.

"I am concerned going forward that the federal government support for the Medicaid expansion will wane," he said. "It may not be over the next five years, but over the next decade I think based on the financial problems in Washington, there is a risk to the states that the fed-

eral government will back away from their commitment to support it financially, leaving the states holding the bag. It's not a good insurance program because many doctors don't take it. It limits access. However, that said, if states are allowed to innovate to expand the program under a plan like HIP, then I think you'll see more governors make a decision to do that. I would be in favor of that."

And it is here where Bucshon and Pence are mostly on the same page. In an HPI interview last month, Pence pointed to transparency and a state employee program called Cast Light, which allows patients to compare costs for medical procedures.

"We need to do things that bend the cost curve," Dr. Bucshon said. "One of the big things I talk about a lot is price transparency in the health care market. What I would call consumerism, which needs to drive the cost of health care. Consumers need to understand what things cost, and they also need to have a better assessment about the quality and the combination of those things. On the price transparency issue there is no overnight fix to that. But the consumers need to better understand what the costs are. There's a risk there because of the third policy payers which create a disconnect between the patients and how much things cost. Most people don't have any idea. You can drive lower costs with consumerism if people know what things cost."

Bucshon provides an example. "Let's say you go down to a certain Chevy dealership and buy a certain kind of car. In your mind, what that would probably cost you is in your head. You have a ballpark idea of about what it might cost, with the pluses and minuses. If your doctor said, "You need a tri-vessel bypass, you wouldn't even know where to start on what that would cost. You should be able to find that information . . . so that people would have an understanding what the cost is, what the quality is in different hospitals; surgeons and the quality of their work. You're not going to make a decision in an ambulance on the way to the hospital, right? But everybody in that community would know who the best people are, where the best facilities are, what the best value is. As I said, there is no easy fix; over time that would be able to drive down health care costs because of the market."

As Bucshon was making this point, the White House published a paper, "Trends in Health Care Cost Growth and the Role of the Affordable Care Act," that makes the case that the cost curve is declining. It reports that "health care spending growth is the lowest on record, growing at an annual rate of just 1.3% since 2010. It reported that health care price inflation is the lowest since 1962, "running at just 1% on a year-over-year basis." And it maintains that the "recent slow growth in health care spending has substantially improved the long-term federal budget outlook," noting that the Congressional Budget Office has reduced Medicare and Medicaid spending in 2020 by \$147 billion, or a 10% reduction. On that front, it claims that "ACA provisions that reduce Medicare overpayments to private insurers and medical providers

are contributing to the recent slow growth in health care prices and spending."

## ACA's future

Does the ACA survive the disastrous rollout of the Healthcare.gov website?

"To be totally honest, I really don't know," Bucshon acknowledged. "I just truly don't know. I think it all depends, honestly, from a political standpoint, if the health care law starts losing a lot of Democrat support, I think there will be either substantial changes in the law or most of the law will be repealed, other than the things I mentioned, the good things. But honestly, because of what is happening in private sector health insurance and the companies are planning for three and a half years, it's not an easy thing to reverse. That's why I'm saying I really don't know how to fix it."

He does find a parallel to 1988-89 when Doc Bowen's catastrophic health law was signed by President Reagan, then repealed a year later when popular political support caved.

"I see a very similar thing happening with most of the ACA," Bucshon said. "Not all, but most of the ACA. I see a very similar thing happening if it continues on the path that it is on."

U.S. Sen. Joe Donnelly has long said after he voted for the ACA as a House member that the law would inevitably have to be tweaked due to unintended consequences. What Donnelly could not predict was that just about every Republican won't come to the table to revise and revamp the law.

Are you skeptical that the ACA apparatus can be tweaked or even comprehensively changed, Bucshon was asked.

"I don't think it can be, honestly," Bucshon answered.

## Chairman Brown's division

Ways & Means Chairman Brown seeks to digest Obamacare in segments. "I guess I divide it into parts. The law is different parts."

The first parts – "positive steps" as he sees it – came with the first part of implementation, including ending insurance denial to those with pre-existing conditions and allowing adult offspring to stay on their parents' plans.

Overall, Obamacare is more financial. "The federal law is just changing the financing of health care," said Brown. "There will be a lot more people covered and it is financed differently. Indiana has taken the position to have consumer-driven initiatives. We have seen the evidence where that makes a difference."

The chairman is keeping an eye on the insurance exchanges, which have dominated the news over the past month and a half.

Indiana had experience with the exchange concept during the IBM/FSSA era, and then with the "hybrid"

system that replaced the troubled implementation. "We had some experience with exchanges with the IBM deal," Brown said. "What we found was it doesn't work as well in practice as it does in theory. Getting pieces of paper into digital process and getting the clients to be able to access this was a big technological leap. It was very high tech and high risk. That's what we've seen with federal government exchanges, a lot of technology, a lot of risk and a lot of bumps along the way."

Brown says the federal and state exchanges will evolve over the coming year, and Indiana should keep an open mind about establishing its own exchange.

"The exchanges will change," Brown said. "Whether they improve or digress will be in the eye of the beholder. The functioning of the exchanges will be different next year than this year. Indiana has a chance of getting into an exchange business."

But that raises an immediate question. Gov. Pence pegged the exchange cost at \$25 million and told HPI last month he couldn't justify the expenditure. Brown said he has heard estimates in the \$50 million to \$75 million range.

Should Indiana reassess establishing its own exchange? "Oh definitely," Brown said. "If there are models that are working and working well, we should consider. The New York exchange is a good portal, though there is still a question on whether they really are getting policies. California has a very navigable exchange. We should see what other models are out there to pick and choose from."

Brown agrees with the "consumerism" approach by Gov. Pence and backed by Rep. Bucshon. With the Healthy Indiana Plan, "That infrastructure is already in place," he said.

But is HIP ready to accommodate far more people?

"We've had different opinions on that," he responded. "I have asked people who have administered Healthy Indiana Plan and some say it's fine. Others say there are problems with the HIP network. I don't think there is a true answer."

Asked about the pool of Hoosiers who don't qualify for HIP and fall short of the income requirements in Medicaid expansion, Brown said the federal government is par-

tially to blame. "One reason HIP didn't expand to 100,000 or 110,000 is the federal government didn't want to pour in more money. They capped it. We had the money in the tobacco reserve account."

Is the chairman concerned about a dramatic falloff in federal payments to disproportionate share hospitals, such as Ezkanazi Health?

"Yes," Brown responded. "We are going to be concerned. Yes, we are going to look at it. It's a mixture of a lot of different parts, when you talk DSH and Medicare reimbursement. It's a complicated scenario. We at the state level can fix it."

As for the troubling health metrics that Howey Pol-

itics Indiana has outlined over the past two months, Dr. Brown said most come about for three reasons: Smoking, lack of exercise and being overweight.

"I would say they are not really health care expensive," Brown explained.

"They are personal behavior, liberty and choice. To make the biggest dent, we have to tackle the three."

He said that for 90 percent of the population their health care costs are predetermined or small.

"It's really 10 percent of the population that are the big cost drivers. We know what the illnesses are, the problems. Can't we devise a very intense public/private plan for that 10 percent and

not overregulate the other 90 percent? That would be my goal, to have that discussion.

"A lot of things we need to change," Brown continued. "There's a disconnect between the consumer on the value of the service and what the price is. They have always been insulated. People tend to want easy fixes."

As for the coming legislative session, Brown says he will focus on the Dec. 20 revenue forecast which will update the Medicaid forecast. "We'll see where we stand on the assumptions we made. Then, if things are going as planned, our budget is okay. If they are increasing, are we going to have to make reductions in other areas? That will be number one. Number two, I think, will be an ongoing discussion on how much consumerism and personal responsibility we have in health care. That will dominate most of the discussion." ❖



**House Ways & Means Chairman Tim Brown will keep an eye on ACA exchanges across the nation.**

# Political danger in the Pence/Ritz war

By **BRIAN A. HOWEY**

INDIANAPOLIS – I’ve lived in communities where school boards or city councils become versions of the Hatfields and McCoys and the lesson learned is, there is almost always a political price to pay for that.

Which brings us to the dynamic between Gov. Mike Pence and Supt. Glenda Ritz.

The genteel Pence always has warm and fuzzy things to say about the Democrat superintendent. And beneath this surface, there is a messy power play afoot in the parallel education universe he created, that in the eyes of the general public looks like adults feuding instead of csetting a good example for the kids they’re all supposed to be preparing for that real world concept.

It convulsed again during a strange mediation session on Dec. 4 when the superintendent produced an Oct. 3, Center for Education and Career Innovation document that cited Ritz’s chairing the State Board of Education as a “problem” while suggesting it posed “real as well as perceived conflicts of interest.”

Its solution?

“Revise the statute to provide that the governor appoints the chair of the State Board of Education from among the gubernatorial appointments.”

“Their goal is to remove me as chair,” Ritz told reporters. In a statement, Ritz said, “Last year, I was elected to lead the Indiana Department of Education and chair the State Board of Education. This

document shows that the CECI is attempting to change a governing structure that has worked for over 100 years, under both Democrats and Republicans.”

But Pence was having none of it, according to spokeswoman Kara Brooks, who told the IndyStar the proposal was “ridiculous” and that the governor immediately “squashed” it.

Translated in the press, the NWI Times’ Dan Carden wrote of Wednesday’s “mediation” session between Ritz, the board and a national mediator: “They didn’t get very far before the knives came out.”

The Star’s headline was: “Ritz says movement afoot to oust her as board chairwoman.”

WTHR-TV’s headline was: “Ritz: Power grab outlined in Pence document.”

When you talk to Pence, he is sanguine about Ritz, willing to work with her, not interested in making the position a gubernatorial appointee.

Below the facade are knives and conspiracy at the hands of aggressive SBOE and CECI members seeking to continue the Tony Bennett reforms that helped propel Ritz into office.

And this comes before the real big issue, whether Common Core continues, plays out, with the governor



**Gov. Mike Pence and Supt. Glenda Ritz.**

maintaining a nebulous position there.

Over the past 25 years, only eight of them have had a governor and superintendent from the same party (during the Daniels era) and in only four of those (with Bennett) were the governor and superintendent fully on the same page. Little wonder that Indiana’s education metrics are so poor over the period.

If the “Danger” sign isn’t flashing in the Pence political apparatus, it should be. ❖

# First phase of the HJR-6 war underway

By **BRIAN A. HOWEY**

INDIANAPOLIS – The battle for HJR-6 is on. The first phase over the constitutional marriage amendment is fully under way.

The goal of Indiana Freedom, the advocacy group seeking to kill a November 2014 referendum, is to derail the process prior to the Indiana General Assembly convening on Jan. 7.



If Speaker Brian Bosma and Senate President Pro Tem David Long haven't changed their stance, which is to let the two super majority caucuses decide, the odds are that the caucuses will opt for the "let the people

decide" option.

Right now, Indiana Freedom seems to be prevailing on the publicity front, with an array of universities and colleges, major business groups and companies, and on Dec. 3 a bipartisan group of 11 mayors, coming out against the referendum.

The problem is, only two members of the Indiana General Assembly have changed their position. The Terre Haute Tribune-Star's Howard Greninger reported last week that State Sen. Tim Skinner and State Rep. Clyde Kersey, both Democrats, will vote against the amendment.

"I don't intend to support this if it comes forward this year," Skinner said. "I think there is more information available now than there was the last time this thing came around. I think there were a lot of people who had an initial reaction to say 'yes,' this is a good thing, without really taking a look at the issue. Society changes. I think this issue has been talked about across the country, not just in the state of Indiana. It is something that Indiana doesn't need, and I don't intend to support it. I think the way that most Democrats feel right now is that we got a lot of things that we really need to do. This is nothing more than a distraction. I don't see that it will be good for

anybody to bring this thing forward."

Kersey explained, "My position is that what we are doing is making a decision for future legislatures. Times are changing. But, it may be that a future legislature might want to repeal that law. What I think we need to think about is we shouldn't be making a decision for a future legislature ... and we should not put this amendment into the [state] constitution."

Two Republicans are holding firm and are supporting the amendment. "I supported it the first time. My take is to allow the people come next fall to decide," State Rep. Bob Heaton, R-Terre Haute, said. "If it passes the House and Senate in this upcoming session, then the people can vote on it as it will be on the ballot. Let them decide, is what it boils down to."

State Rep. Alan Morrison, R-Terre Haute, said he "most certainly will vote yes on a resolution because I firmly believe that marriage is one man and one woman. This has been discussed for almost a decade. I think Speaker Bosma said it best that this should not be decided by a president at an institution or by a CEO in a board room, but by Hoosiers. I think the best option is to put it on a referendum, on the ballot, and let the people of Indiana decide."

Another Republican, State Rep. Jack Lutz, R-Anderson, said Tuesday, "I, like Tim (Lanane), think there's a lot more important things that we should be doing. On a scale of 1 to 10, this ranks very low in importance as we move forward in this session." But Lutz did not announce he was changing his position.

Of legislative Republicans, State Rep. Ed Clere was the only one to vote against the amendment in 2012. State Rep. Sean Eberhart has said he will change his vote to no. State Sens. Luke Kenley and Pete Miller have said they will also vote no.

Newspaper ads have targeted Clere, Eberhart and State Rep. Rebecca Kubacki, who has not announced any change of position, but reportedly refused to fill out a questionnaire on the issue. Left out in the ads is that the 2012 Republican Party platform did not take a position on HJR-6.

Megan Robertson of Indiana Freedom told HPI, "We are having conversations with a lot of legislators on both sides. We are seeing some traction."

The battle is also playing out on the Indiana Republican Central Committee, which several sources have told HPI

## REBECCA KUBACKI:

*On the most important cultural question affecting your Kosciusko County neighbors, friends, and constituents, we would very much like to know:*

# WHERE R U?



Deciding the future of marriage in Indiana rightfully belongs to Hoosier voters. Will you vote for HJR6, the Indiana Marriage Amendment, as written, in the 2014 legislative session so we can vote next year to protect marriage? Do you stand with the people who elected you to represent them (that would be us), or with the big city special interest groups pushing same-sex marriage? We'd really like to hear from you, so if your phone begins to ring it's because we're publishing your office number right here:

**317-232-9619**

PLEASE CALL Representative Kubacki today and ask (nicely) if she'll vote for HJR6 as written in the 2014 General Assembly. Or email her here: [h22@in.gov](mailto:h22@in.gov)

PAID FOR BY KOSCIUSKO COUNTY CITIZENS SUPPORTING MARRIAGE. PASTOR JOHN B. LOWE, PASTOR REN LOCKE, GREATER WARSAW MINISTERIAL ASSOCIATION, SENATOR KENT AND NANCY ADAMS, JOHN & SLAINE ELLIOTT, MONICA BOYER, SENATOR PAM GALLOWAY, DES SRENCER, CRAIG NAYROCKER, DAVE & ANNE BONEWITZ, LINDA BERGER, JIMMA MASTERSON.



tabled a resolution against the referendum on Nov. 25 after Bosma and Long appeared before the committee. The legislative leaders believed that the Central Committee should not play a policy role. But a number of committee members, described by multiple sources as a clear majority, fear the political impact the issue could have in the 2014 and 2016 elections.

There were concerns expressed that U.S. Rep. Jackie Walorski's reelection would be in jeopardy if the referendum is on the ballot next November. She is facing a challenge from Democrat Joseph Bock.

A group of 11 mayors from both major parties, including conservative Valparaiso Republican Jon Costas, have come out against HJR-6, the constitutional marriage amendment.

"I am opposed to amending our state constitution to prohibit gay marriage for a number of reasons," said Costas (pictured). "First, Indiana law already defines a marriage as only between a woman and a man. Thus, the amendment is unnecessary. Second, as a conservative, I feel that government should be limited, and not unduly intrude into social issues that are best left to individuals, families, and faith communities. And finally, as a mayor who wants to foster a welcoming, diverse and collaborative community, I believe the amendment would portray Indiana in a negative light and hinder opportunities for economic growth."



The mayors from Indiana's two largest cities, Indianapolis and Fort Wayne, also joined in the coalition that is backing Indiana Freedom. "We're proud to stand with these mayors from across our state as champions of freedom for all Hoosiers," said Freedom Indiana campaign manager Megan Robertson. "They represent cities large and small, and they understand that this amendment will make it harder for them to build their local economies, recruit new residents and maintain existing protections for same-sex and unmarried couples."

Earlier this week, Republican Evansville Mayor Lloyd Winnecke also announced his opposition to the amendment.

**Individual mayors opposing HJR-6:**

**Mayor Greg Ballard, Indianapolis:** "I understand that many people hold differing views on this subject, but Indiana law already defines marriage and I don't see the overriding government interest in adding such an amendment to our state's constitution. Indy is renowned

for its 'Hoosier hospitality' and working hard to attract new jobs and people to our city. My hope is that we can continue to work together and focus on those things that make Indy a place where people want to live, work and raise a family."

**Mayor Jim Brainard, Carmel:** "I am a Republican and believe in limited government. Government is not the institution that should decide who is allowed to marry. Moreover, Indiana law already covers this issue and therefore, it is not necessary to add it to the Indiana Constitution. Our government needs to be focused on attracting and retaining good jobs and improving public education for future generations."

**Mayor Tom Henry, Fort Wayne:** "Each day in Fort Wayne we're working hard to attract and retain businesses, jobs, and families. Our city is committed to being a welcoming place for families and individuals seeking great opportunities, friendly neighborhoods and a strong sense of community. We're asking the Indiana General Assembly to focus its attention on issues that help cities across our state be more competitive in economic development and position us for future growth and success with a quality of life that is unmatched."

**Mayor Pete Buttigieg, South Bend:** "Indiana's constitution exists in order to protect rights and freedoms, not take them away. Our state must be welcoming and respectful of all individuals, or we will be left behind. Changing the constitution in order to deny certain protections to some Hoosier families would send the exact wrong message as we work to grow and develop a competitive economy in cities like South Bend."

**Mayor Thomas McDermott, Hammond:** "In Hammond we wanted to make sure that all people feel welcome and so we passed a resolution through the city council that I signed as mayor stating our inclusiveness of all people, regardless of sexual orientation. The path that the legislators who support this amendment are taking only makes certain groups feel unwelcome in our state. It's backward thinking, on the wrong side of history and not part of what I know as Hoosier hospitality. I will do anything I can to help defeat this amendment that I consider in contravention of what Indiana should be doing on this important civil rights issue."

**Mayor Mark Kruzan, Bloomington:** "Bloomington benefits economically because it's a welcoming community in which people want to live, visit, and grow a business. HJR-6, in addition to being an unnecessary infringement of basic rights, threatens the business-friendly reputation of Indiana cities."

**Mayor Kevin Smith, Anderson:** "In Anderson, our focus is to create an environment attractive to business, one where those businesses can grow. We actively work to recruit businesses to our city not just locally or nationally but globally. HJR-6 harms those efforts. It is important that Indiana remain a welcoming community focused on those things that can grow our economy."

**Mayor John Dennis, West Lafayette:** "The city

of West Lafayette prides itself on being a diverse, tolerant and welcoming community. For years we have been a statewide leader in celebrating our diversity and ensuring that all our citizens are treated with respect. Because of this guiding philosophy, West Lafayette and the Greater Lafayette community has celebrated having over a billion dollars of new investment for 2013. HJR-6 sends the wrong message for our city, for our community and for our state."

**Mayor Greg Goodnight, Kokomo:** "HJR-6 is bad for Kokomo and for our state. This amendment sends the wrong message at a time when we are competing for new residents and businesses. The legislature should be focusing on how we reduce the number of vacant foreclosed homes in our cities, and on how we get Hoosiers back to work instead of this unnecessary amendment."

**Mayor Richard Hickman, Angola:** "Equality means equality for all. Equal rights means equal rights for all. To take these rights away from one group of people means we can take them away or deny them to anyone we don't understand or agree with."

## Christie and Pence

Senior Pence administration officials insist that Gov. Mike Pence is raising money and focused on a 2016 reelection bid. But the governor left the presidential door ajar in comments to the Washington Post just a day later.

"When I look at 2016, and I don't have a candidate that I'm backing, I'm going to be looking not for somebody that says I want to go to Washington, D.C., and run it like I ran where I came from," Pence said after repeating his I-haven't-spent-one-second quote. "I want somebody that says I'm going to go to Washington, D.C., and make it more possible for the next person running where I came from to do it with more freedom and flexibility."



An interesting new twist to this story is what happened during a recent Republican Governor's Association meeting in Phoenix. New Jersey Gov. Chris Christie, who chairs the RGA and is widely considered the front runner in the 2016 presidential race, made a conspicuous play to seat Pence on the RGA board. He found bitter opposition from another potential presidential aspirant, Texas Gov. Rick Perry.

After considerable debate, the issue was resolved

when the number of seats was increased, allowing both Pence and Perry to be included.

To the casual observer, it becomes apparent that Gov. Christie has considerable esteem for his Hoosier colleague. And when you put this in the 2016 prism, you find that a Christie-Pence ticket covers a lot of bases. Christie is seen as a moderate Obama-hugger (when it comes to digging out after a catastrophic hurricane), as well as a no-nonsense conservative with district attorney credentials, who just won a blue state with more than 60 percent of the vote. Pence's social conservative credentials are impeccable. So is his resume with his Midwestern roots, his dozen years in Congress, and his ability to raise money from the GOP's Koch Brothers sector.

Now, it's a real stretch to predict a Christie-Pence ticket, because Christie has most of the presidential marathon to run and it will be pocked with many traps. Selecting a vice president is a game-time decision, so it's almost a fool's errand to get too deep into that game three years out.

Having said that, the emerging 2016 calendar would give Gov. Pence some flexibility should he be a player in the veepstakes. RNC Chairman Reince Priebus wants to move the Republican National Convention to June 2016, to prevent the financing fiasco that allowed President Obama to define Mitt Romney for months prior to the post-convention financing kicking in. Since Hoosiers cannot run for two offices at once, a Pence selection to the ticket would come before the key June 30 deadline to fill a ballot vacancy. If one should emerge, it would be up to the state central committee to choose a replacement.

## Nugent continues Senate change of guard

The change of the guard in the Indiana Senate continues as State Sen. Johnny Nugent announced on Dec. 2 he will not seek reelection in SD42 in 2014.

"Volunteering to retire from the Senate has been one of my more difficult decisions," said Nugent, R-Lawrenceburg. "However, after a great amount of thoughtful prayer and quiet personal reflection, I have concluded that it's time to pass the torch. Genuine respect and consideration of my wife and family, business and health all weighed heavily on my decision to decline running for re-election. I will forever remain grateful to all of the folks in Senate District 43 for the faith they have placed in me over the years."

Nugent easily fended off a Republican primary challenge in 2010, defeating Lindsay Patterson 11,737 to 4,104. He ran unopposed in the general election, amassing more than 32,000 votes. SD42 should stay in the Republican column, with the GOP holding a 37-13 super majority. He joins Democratic Sen. Lindel Hume of Princeton and Republican Sens. Tom Wyss of Fort Wayne and Allen Paul of Richmond who have announced they won't seek reelection next year. In addition, Democrat Vi Simpson left the Senate in 2012 to take the Democratic lieutenant governor nomination and Connie Lawson was appointed

to be secretary of state. Also leaving the Senate in 2012 were Sens. Richard Bray, R-Martinsville and Beverly Gard, R-Greenfield, both declining to seek reelection. About 40% of the Senate has turned over since 2006.

Another Republican, State Sen. Sue Landske, R-Cedar Lake, announced she is battling lung cancer, but had declared for reelection priority to disclosing her medical condition. State Sen. John Waterman, R-Shelburn, is facing a Republican primary challenge from Washington City Councilman Eric Bassler.

## Challengers for Rokita, Messer, Young

Democrat John Dale has announced he will challenge U.S. Rep. Todd Rokita, joining 2012 nominee Tara Nelson in that field. In the 6th CD, Democrat Lane Siekman will challenge U.S. Rep. Luke Messer. In the 9th CD, J.S. Miller of Bloomington announced his candidacy for Indiana's 9th Congressional District at Floyd County's Jefferson-Jackson Day dinner on Nov. 20 in New Albany. Miller, a former political strategist, author, and school teacher, is spearheading a coordinated campaign themed "Don't Sell the Farm." Kevin Dolan of Boston has been appointed campaign treasurer.

HPI's Horse Race has Rokita, Messer and Young as "safe" Republicans. The only contested race is in the 2nd CD, where we rate Rep. Walorski as "leans" Republican.

## Club backs off Bucshon

Earlier this year, Chris Chocola's Club For Growth wanted U.S. Rep. Larry Bucshon to be "primaried." But thus far no credible Republican primary challenger has surfaced.

"I think Chris, when he really looked at my record, realized my district and the people I represent know I have a conservative record and I know he heard from many people in the state after that happened in support of me," Bucshon told HPI. "He looked at it and probably realized that wasn't the right approach. I think they recognize I have a solid conservative voting record that is consistent with my district and then decided not to get involved."

## Mourdock 'undecided' on political future

With the bizarre rise and fall of State Auditor Dwayne Sawyer, who resigned abruptly last month with no explanation beyond "personal reasons," enter Indiana Treasurer Richard Mourdock, who sent this email on Dec. 3 to supporters: "Reporters keep speculating about my future, but my immediate wish continues to be making Indiana and America better. While I have not yet decided what my political future might hold, I am committed to helping others I believe in be elected to public office. That's why I'm writing today. My long-time chief deputy and general counsel in the state treasurer's office, Jim Holden, has announced his candidacy for superior court judge. I am writing to ask you to join me in supporting his campaign effort leading up to the May 2014 Republican Primary."

Pence's botched selection of Sawyer and his refusal to disclose the reasons has some speculating that Mourdock could make a convention play for the office next June whether the governor likes it or not.

## Voorhies defeats AFL-CIO's Guyott

Following a vote of delegates to its state convention, the Indiana State AFL-CIO announced on Dec. 4 that Brett Voorhies has been elected as the organization's new president and Joe Breedlove re-elected as secretary-treasurer. Voorhies defeated incumbent Nancy Guyott.

The Indiana State AFL-CIO is a federation of 800 local unions across the state belonging to 50 international unions. In total, the Indiana State AFL-CIO represents

more than 300,000 working Hoosiers. The federation holds conventions every two years to set policy and every four years to elect new officers.

"As someone who grew up in this movement and spent my entire career working on its behalf, I'm humbled to be given this responsibility by my union brothers and sisters," said Voorhies, a member of the



United Steelworkers Union. "I look forward to working with secretary-treasurer Breedlove, our affiliates and each and every one of our members to find new ways to strengthen this federation and to grow the voice of working people across this state."

Born and raised in a labor family, Voorhies started his career working on the shop floor at Rexnord/Link in Indianapolis. He served as shop steward, on numerous committees including the safety and legislative committees, and as editor of his local union newsletter. For the past 13 years he has worked in various capacities for the United Steelworkers International Union.

Additionally, Voorhies has served as the president of the Central Indiana Labor Council since 2011. Under his leadership, the organization increased its membership, posted record voter turnout numbers among its members in 2012 and launched the popular Labor Fest Labor Day celebration in downtown Indianapolis.

Joe Breedlove, who was elected to his third term as secretary-treasurer, began his career as an apprentice lineman in 1977 for the Boone County REMC. A member of the International Brotherhood of Electrical Workers Local 481, he studied as an apprentice, served as journeyman wireman, a foreman, as the business representative and referral agent before joining the Indiana State AFL-CIO. He is a graduate of Antioch University. ❖

# What happens if we repeal the business tax?

By **LARRY DeBOER**

WEST LAFAYETTE – The Indiana General Assembly may consider eliminating property taxes on personal property in the upcoming session. Personal property is almost entirely business equipment. Eliminating this tax could encourage more business investment in Indiana, especially since some of our neighboring states have already eliminated this tax.



Personal property owners pay about a billion dollars in property taxes to local governments, which is 16 percent of total property taxes. Eliminating this tax would create some big tax and budget issues for legislators to consider. Here's why.

Indiana limits the revenue that local governments raise from the property tax. There's a maximum property tax levy restricting most local government operating funds. The maximum

levy increases from the previous year's maximum based on a state formula. Most of the levy does not depend on changes in assessed value. If we eliminated personal property from assessed value, total assessed value would be smaller. We calculate property tax rates by dividing the levy by assessed value. With the levy limited and assessed value smaller, most tax rates would go up. Personal property owners would pay less, but higher tax rates would shift this tax burden to everyone else.

Or taxes would shift, except for the property-tax caps. Indiana's constitutional tax caps limit homeowner tax bills to 1 percent of assessed value before deductions. The caps limit rental housing, second homes and farmland taxes to 2 percent of assessed value and business land and building taxes to 3 percent.

Personal property elimination would raise tax rates and tax bills. In many cases, these higher tax bills would exceed taxpayer caps. Taxes paid by personal property owners would shift to other taxpayers, but the part above the caps would be unpaid. Local governments would lose that revenue.

Which taxpayers would pay more, and which governments would lose revenue? We have solid answers to these questions. In 2012, the Legislative Services Agency did a study of personal property tax elimination, which is published in the Oct. 4, 2012, minutes of the Commission on State Tax and Financing Policy, <http://www.in.gov/legislative/interim/committee/2012/committee/stfp.html>.

The study estimated that \$963 million in personal property tax payments was paid statewide in 2012.

If personal property was removed from the tax base, other property owners would pay about \$453 million in higher taxes, and \$510 million would be revenue lost to local governments.

Homeowners would pay \$170 million in added taxes, a 9 percent increase in the average homestead tax bill. Businesses would pay \$176 million more on their land and buildings, which implies that businesses with a lot of equipment would see tax reductions while those with little equipment could see tax increases. Rental housing and farmland owners would pay the remaining \$108 million.

Two factors causing huge variation among counties are how much personal property the county has, and how close the taxpayers are to their tax caps. In Delaware County, for example, personal property owners pay about 15 percent of property taxes; however, a large number of taxpayers are already at their tax caps. Further increases in tax rates would not raise their tax bills. But that means that some revenues that local governments collect from personal property taxpayers would not be collected from other taxpayers. The LSA study estimates that 76 percent of personal property taxes would become lost revenue, while homeowner taxes would rise only 7 percent.

In Brown County, almost no taxpayers are at their caps. More than 99 percent of personal property taxes would be shifted to other taxpayers. But Brown taxpayers have little personal property, so there's not much tax to shift. Homeowner taxes would go up only 4 percent.

Consider Pike County, though. Personal property owners pay 41 percent of Pike's taxes. Very few taxpayers are at their caps. With so much tax to shift, about two-thirds of personal property taxes would become lost revenue, yet homeowner tax bills still would increase 31 percent.

Businesses pay about a billion dollars in property taxes on their equipment. If those taxes are eliminated, about half the amount would shift to other taxpayers, and about half would be lost revenue to local governments. That's what would happen, anyway, if the General Assembly made no other changes. Possible "other changes" will be the subject of debate. ❖

**DeBoer is a professor of agricultural economics at Purdue University.**

# Pence agenda includes tax cut, ed, roads

By MAUREEN HAYDEN  
CNHI Statehouse Bureau

INDIANAPOLIS – Gov. Mike Pence is calling on the General Assembly to increase spending on education, roads and job development while ending a \$1 billion-a-year tax on business that funds local governments, schools and libraries.

At a conference Thursday, the Republican Pence said he wants to expand the state's school voucher program to include pre-kindergarten for low-income children and use \$400 million in road funds to widen crowded major highways. At the same time, he wants to end the personal property tax on Indiana businesses, calling it a disincentive to investment.

"I truly do believe that by phasing out the business personal property tax in the state of Indiana we will ensure that Indiana remains at the very forefront at the competition to attract new investment and jobs — new investment by businesses that are here and new investment by businesses with which we compete," he said.

A proposal to repeal the tax has met with resistance from local leaders who fear losing revenue will force them to cut services or raise local taxes. While providing no specifics, Pence moved to assuage those fears.

"It is essential as we move into this debate that we ensure that this reform does not unduly harm our local governments' abilities to meet their obligations," he said. "As governor, my pledge in phasing this tax out is just that."

Pence's wish list for the 2014 session may be a tough one for legislators to fill. It's a "short" session in a non-budget making year and must, by law, be done by mid-March. Rep. Tim Brown, the Republican chairman of the House Ways and Means Committee, has already said the budget process won't be re-opened during the session.

But Pence called on legislators to act boldly to keep up what he said is positive momentum.

"We've seen unemployment drop in the state of Indiana," Pence said, referring to October's 7.6 percent jobless rate, the lowest in five years. "More than 21,000 thousand jobs have been added since we took office in the last 10 months. So continuing to promote policies that will encourage investment and jobs will also impact the resources that the state of Indiana has."



Pence noted that Indiana currently spends no state dollars on pre-kindergarten. He wants to change that by expanding the state's current school voucher program to allow low-income families to send children to a private preschool or a public school that charges for pre-school programs.

A similar measure proposed by House Republicans last year was killed when it reached the GOP-controlled Senate, where opponents said early childhood education should be the duty of parents.

Pence called the issue critical.

"I'm someone who really does believe that, at the end of the day, the best pre-K is always going to be a prosperous family that's able to provide the kind of enrichment in their home that every child needs and deserves," he said. "The reality is, for many of our most vulnerable kids, that's not the case."

Pence made little mention of the most contentious issue facing the General Assembly — a constitutional ban on same-sex marriage — though he acknowledged it as a "divisive issue."

"My position on this has been clear all along. I believe in traditional marriage," he said.

But Pence said he also wants to expand the conversation about family to include reducing the state's high infant mortality rate, expanding services to military families and supporting alternatives to prison.

He also wants to increase state tax deductions

that individuals can take for themselves and their children. Exemptions that were put in place decades ago -- \$1,000 for an individual and \$1,500 for a child -- haven't kept pace with inflation, he said.

"I think the time has come to strengthen the economic foundation of the Indiana family by responding accordingly," he said.

Pence's goals were met with mixed reviews by Democrats in the minority at the Statehouse. In a statement, House Minority Leader Scott Pelath said Pence failed to offer "a striking vision of where

Indiana needs to go."

Pelath questioned how Pence would get fellow Republicans to support more spending that would cut into the state's \$2 billion surplus. And he called the proposal to eliminate the business personal property tax a "corporate giveaway."

"It's not all bad," he said of Pence's agenda. "But our state has many problems that this agenda ignores." ❖

**Maureen Hayden covers the Statehouse for the CNHI newspapers in Indiana. She can be reached at [maureen.hayden@indianamedia.com](mailto:maureen.hayden@indianamedia.com)**

# Angry mayors will oppose tax repeal

By MAUREEN HAYDEN  
CNHI Statehouse Bureau

INDIANAPOLIS – Mayors from across Indiana are gearing up for a fight to protect a state business tax that produces nearly \$1 billion in annual revenue for local governments, libraries and schools.

Republican leaders in the Statehouse say getting rid of the business personal property tax would lure manufacturers and other big job-creators to the state. But a chorus of mayors say the loss of revenue would hit communities already struggling with the impact of state-imposed property tax caps.

"We're still discovering the consequences of the tax caps, and now they want to throw another disaster at us," said Goshen Mayor Allan Kauffman. Goshen and other local government units in Elkhart County would lose more than \$7.5 million a year in revenue if the tax was repealed.

"It's a crazy idea," said Batesville Mayor Richard Fledderman, who lives in a small rural county that would lose more than \$560,000 in tax revenue. "I find it hard to believe that they would even consider doing this, with the impact that tax caps have already had on communities."

Indiana companies pay nearly \$1 billion a year to local governments, including school and library districts, through a tax on machinery, computers, furniture and other equipment.

A bipartisan group of mayors, meeting in Indianapolis Wednesday to talk about their legislative priorities for the next session, were vehement in their opposition to a proposal to eliminate the tax that's been identified as a top priority for GOP leaders who control the Statehouse. Since the General Assembly passed legislation in 2008 capping local property taxes, Indiana's cities and towns have lost about \$250 million annually in revenue. Many communities have cut services in response.

The word "crazy" was used by several mayors at the meeting to describe their sentiment about the tax cut proposal, which has strong backing from the Indiana Chamber of Commerce. While no bill has been drafted yet, legislation is expected to be filed early in the 2014 session. A study last year for the Regional Chamber of Commerce of Northeast Indiana found that eliminating the tax would impact almost all Indiana communities but would cause significant stress in those with large manufacturing bases. In Whiting, for example, where the BP oil refinery is lo-

cated, 60 percent of the city's revenue stream comes from the business personal property tax.

Both the Association of Indiana Counties and the Indiana Association of Cities and Towns have come out against the wholesale repeal of the tax unless there is replacement revenue, saying it would force local communities to further cut services. They also worry about impact of the tax repeal on homeowners and other property owners. Purdue University economist Larry DeBoer estimates that property owners across Indiana would see an automatic increase of more than \$450 million in property taxes, because of the way Indiana's complicated property tax cap system works.

"This is a bigger issue than the property tax caps, from the financial impact on local communities," said IACT executive director Matt Greller.

Rep. Tim Brown, the Republican chairman of the House Ways and Means Committee, said Wednesday that he supports the concept of eliminating the business personal property tax as "an economic incentive" for businesses to invest in the state. He cited the recent drop in the state's unemployment rate to 7.5 percent, the lowest it's been since late 2008.

"We're just crawling toward reducing the unemployment rate, so we want to see more economic activity," Brown said. "We know business personal property tax affects that."

But Brown also acknowledged the concerns of local communities over the lost revenues. "We're looking at options for them," Brown said.

It's not clear what those are. One idea being floated is to allow communities to raise their local option income tax. That idea prompted groans from mayors gathered at Wednesday's meeting, who fear they'll be blamed for raising taxes while legislators take credit for cutting them.

Republican legislative leaders who support repealing the business personal property tax point to surrounding states that have already eliminated it, and argue that Indiana needs to do the same to stay competitive. But at the mayors' meeting, Greller pointed out that those states replaced the lost revenues to local communities.

Senate President David Long, a Fort Wayne Republican whose city would lose \$9 million a year if the tax is repealed, said the state can't afford to replace the lost revenues.

State Sen. Luke Kenley, the powerful chairman of the Senate Appropriations Committee, told mayors the same thing. "Oh no, the state can't do it," he said.

Kenley voiced skepticism about the proposed tax repeal at Wednesday's meeting of mayors, after someone mentioned the proposal to him. "I'm with you guys on that," he said. ❖



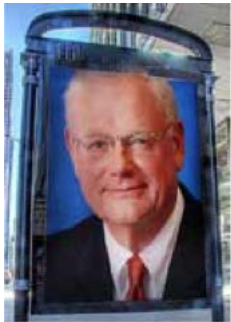
Goshen Mayor Allen Kauffman

# Time runs out on farm bill this year

By **BOB KRAFT**

CARMEL – While the Conference Committee assigned to the farm bill continues to work against an end of the year deadline, it is becoming increasingly unlikely that there will be legislation this year.

The high profile debate has been over the level that the food stamp program or, as it is now known SNAP (Supplemental Nutrition Assistance Program) should be funded or whether it is even appropriate to include. Even though the SNAP program represents about 80% of the federal expenditures authorized by farm bill, there are other contentious issues within the agricultural community itself that are causing problems for the Congressional negotiators.



While many of the regional differences which once distinguished one part of the country from another have gone by the wayside over the past several decades, climate and the crops that are predominate in some states continue to perpetuate regional difference in agriculture. What Indiana farmers and those in other corn belt states that concentrate on corn and soybeans want from a farm bill is different from what those in states where cotton and rice are major crops.

Many in Congress believe that the current system of direct cash payments to farmers based on past production history should be jettisoned in favor of a system that provides a safety net based on current year planting. While this may seem reasonable, national corn and soybean organizations have voiced concern that such a program could lead to a challenge by the World Trade Organization and jeopardize the substantial export market for corn and beans. In the past week, the National Corn Growers Association and the American Soybean Association have gone record indicating that they will not support a bill that does not include the current base acre direct payments or "some other approach that avoids tying payments to current-year planted acres." Meanwhile the policy of the American Farm Bureau Federation is to support a farm bill that provides a commodity title that works to encourage producers to follow market signals rather than making planting decisions in anticipation of government payments.

**House Ag Committee** Chairman Frank Lucas (R-Oklahoma) feels that the final bill should give farmers the choice of price supports calculated on the basis of the farmer's production costs. This puts him at odds with the corn and bean interests and present an addition hurdle for the conference committee to resolve. Indeed, there is some speculation that the corn and bean interests are pushing for an additional two year extension of the 2008

farm bill to run the clock on Lucas's tenure as committee chairman. Officials of both organizations were quick to deny that such was their strategy.

With only a few days left before Congress adjourns for the holidays it is becoming increasingly unlikely that Congress will reach agreement on a farm bill this year. Chairman Lucas – who until that point had been upbeat and positive about the bill's chances this year – conceded that it would be sometime in January before all the issues could be resolved.

**Senator Majority Leader** Harry Reid (D-Nevada) has repeatedly said that the Senate will not pass another extension of the bill this year.

Unfortunately for farmers, his impasse leads to little direction as to how to plan for the upcoming planting season. The price of corn has dropped dramatically from the record levels of the past year and the recent proposed rule from the Environmental Protection Agency to dramatically reduce the amount of biofuel (predominately corn-based ethanol) to be blended into the overall fuel supply. The uncertainties as to what to plant will affect decisions regarding input and equipment purchases and have credit and borrowing ramifications as well. These in turn will trickle down to the entire economy of Indiana's rural community.

The ramifications of the failure to have a timely enacted farm bill will not stop there.

Certainly those dependent upon the SNAP program will suffer if the program is unfunded. This could lead to the creation of a new food assistance program outside the farm bill. This would make enacting a bill focusing exclusively on agricultural policy even more difficult that it is now and significantly reduce the budget and the prestige of the US Department of Agriculture with the federal establishment.

**With no farm bill**, farm programs would revert to the underlying farm bills of 1938 and 1949. These bills establish the support levels that could lead to major increases in a price of any commodities at the retail level. For example, it is estimated that if dairy producers have to compete with the federal support price of milk established in 1949, the cost of milk at the grocery store could more than double.

Secretary of Agriculture Tom Vilsack recently commented on the farm bill saying, "It's a food bill. It's a research bill. It's a jobs bill. It's an energy bill. It's a conservation bill." It's all of these in addition to being an agricultural bill and a welfare bill. Most importantly, it's a bill that Congress, however dysfunctional, must pass. ❖

**Kraft is a former director of state government relations for the Indiana Farm Bureau. He is a regular Howe Politics Indiana columnist.**

# GOP complaint aims at McDermott camp

By RICH JAMES

MERRILLVILLE – Hammond Mayor Thomas McDermott Jr. came under fire a week ago when a Republican activist filed a complaint with the Lake County Election Board.

Eric Krieg alleges that McDermott has violated state law by not detailing exactly what kind of work was done by McDermott's wife over the last decade or so when she was paid about \$300,000 for her work on her husband's campaigns.



It has gotten McDermott into a bit of a mess even though Krieg is wrong about the campaign reporting requirement.

Brad King, the co-director of the State Election Commission said there was talk about the reporting requirement about a decade ago, but nothing was passed into law. Anyone familiar with King knows that he is an expert when it comes to election law in the Hoosier state. If King says it, you can take it to the

bank. And King, a Republican, doesn't play politics.

Chances are excellent that Krieg's complaint isn't going anywhere when the county Election Board takes up the matter next week. Those who know Krieg know that he is often wrong. He just likes to hear himself talk.

But \$300,000 is a lot of money and something McDermott may have to answer when he seeks re-election in 2015. Even though the \$300,000 was paid to Marissa McDermott over a decade or so, it certainly isn't chump change. And while the payments to his wife were certainly legal, there is a question of ethics involved.

McDermott is likely the greatest fund-raiser in Lake County. Not only is he mayor of the county's largest city, he is county Democratic chairman.

**So, a chunk of the money** McDermott raises each year goes to his wife. That's legal, but seemingly is a handsome amount of money for working on a very part-time basis keeping track of campaign funds.

The payments to Marissa also help with the McDermott family income. Both the mayor and his wife are lawyers. While she practices law, the mayor can't because of his duties.

I would think that if someone wanted to make a big deal about the payments to the wife that he or she would do so when McDermott seeks re-election.

It would make an interesting campaign plank for a Republican wanting to take on the mayor.

Whether news about the payments to Marissa will

impact future campaign donations remains to be seen.

McDermott has grown in popularity and power during his tenure as mayor and chairman. ❖

**Rich James has been writing about state and local government and politics for more than 30 years. He is a columnist for The Times of Northwest Indiana.**

# The devil is in the denominator

By MORTON MARCUS

INDIANAPOLIS - While most folks have heard of the Terminator, many have forgotten the denominator. That's the number below the line in a fraction.

Fractions seem to have scared lots of folks even though they are all around us. Miles per gallon (MPG) is certainly well-known, miles driven divided by gallons of fuel used. The more miles you drive on a given amount of gas, the higher your MPG. The more gas you use for a given number of miles, the lower your MPG.

Why then is another fraction such a mystery? Per capita personal income (PCPI) is simply total personal income (PI) divided by population (POP). The higher the PI for a given POP, the greater the per capita figure (PCPI). The more people (POP) you have for a given PI, the lower your PCPI.

Local and state economic development folks like good news, even if it is the result of negative news. When the PCPI figures for 2012 were released the week before Thanksgiving, Indiana as a state was in the envious position of having the third highest growth rate in the nation.

How did this happen? Our personal income growth was a stunning fifth fastest in the country for the year. That was teamed with a 0.3 percent population growth, 37th among the states, and less than half as fast as the United States. The slower the growth in population, the faster the growth in PCPI.

How did this play out on the county level? Well, a press release from Wabash County was ecstatic with the news the county's PCPI grew 6.6 percent, faster than the nation (3.4 percent) and faster than the state (4.9 percent).

**Neglected in the Wabash** chest pounding was the population of the county declined by 0.6 percent. If your POP declines, your PCPI is boosted. A total of 54 of Indiana's 92 counties saw POP decreases in 2012 according to the Census Bureau's input to the PCPI numbers issued by the Bureau of Economic Analysis.

PCPI has been recognized by our political leadership





as an important, if not vital, measure of economic well-being. However, population decline is hardly the route to a more vital community.

LaGrange County demonstrates healthy growth. In 2012, this northern county, which depends heavily on manufacturing jobs in Elkhart County, ranked second in both PCPI and PI growth, with slow POP growth. Jennings County ranked first among the state's counties in both PCPI and PI growth, but saw its POP drop during the year.

Fast POP growth has a depressing effect on a PCPI increase. Johnson County, for example, had its 6.0 percent growth in PI become 4.7 percent growth in PCPI because of its 1.2 percent POP growth.

Ideally, a community wants to see its PCPI grow because its personal income is growing faster than its population. Indiana's favorable PCPI growth must be evaluated recognizing that 60 percent of our counties are losing population and that growth of personal income, like the growth of population, is becoming more and more concentrated. ❖

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**Matt Tully, Indianapolis Star:** So let me get this straight: Our esteemed state legislative leaders acknowledged the other day that the issue of same-sex marriage is no longer a top priority. It's nowhere near as important, they now insist, as a long list of other issues. OK, then why are they still talking about putting a prohibition of it in the Indiana Constitution, our state government's most serious and sacred document? If it's a third-tier issue, as they now suggest it is, then why waste the legislature's time on it in the coming months? These are questions with no good answers, because there is simply no sensible way to answer them. After all, you don't typically have constitutional amendment debates over non-issues. You don't often urge voters to alter your state's guiding document over an issue that makes you shrug. So what's really going on? Well, after years of using the same-sex marriage issue to score political points, House Speaker Brian Bosma and Senate boss David Long clearly realize it doesn't score them many points anymore. But how to dispose of an issue that they've used to rally their base for so long, particularly when some on the far edges of that base still want to enshrine anti-gay discrimination in the state's most important document? It's a tricky political spot the two Republicans have gotten themselves into. And that explains the tortured logic coming out of their mouths. "This is not the most important issue facing us by far," Bosma said of the proposed amendment, HJR-6, at a legislative forum on Monday. He's right about that. It's an issue the

legislature should drop before the session even starts. It's an issue that remains the obsession of a few people, and that has drawn opposition from a diverse group of Republicans, Democrats, Libertarians, independents, universities, unions, business groups, clergy and, according to polls, a growing and large segment of Hoosiers. Yet Bosma and Long continue to do the wrong thing. It's sad to see, particularly in the case of Bosma, who has taken such strides in recent years and worked in many ways to bring people together and strengthen the House's reputation. He's risking that legacy by holding onto an issue that people close to him say he would likely kill if not for political considerations. ❖

**Tom Edsall, New York Times:** If you ask them, Americans will tell you that they want constructive compromise and a more conciliatory political regime, even though they are reluctant to reach agreement when it comes to the specific issues that they actually care about. In "Why American Political Parties Can't Get Beyond the Left-Right Divide," three experts on voting behavior argue that proponents of a revival of less divisive politics should keep their hopes down. The core of the argument made at a conference last month at the University of Akron by the political scientists Edward Carmines of Indiana University, Michael Ensley of Kent State University and Michael Wagner of the University of Wisconsin lies in the distribution of political orientations in the United States. According to their analysis of American National Election Studies poll data from the last forty years, the electorate is divided into five ideological categories: liberals, who make up 19 percent of voters; conservatives, 27 percent; libertarians, 22 percent; populists, 11 percent; and, in the lighter gray center, moderates, at 21 percent. Carmines's five-group analysis produces more

finely grained results than traditional analyses of political identification that focus on just three variables, conservative, liberal or moderate. These traditional surveys show a much larger bloc in the moderate center, generally 35 percent or more. This tripartite conservative-moderate-liberal approach results in what Carmine and his collaborators contend is far too large a group in the middle. Their method reveals a much weaker moderate core. This finding undermines the prospect of basing campaign strategy or a third political party on an imaginary centrist coalition: "Many of those self-identifying as ideologically moderate are actually polarized from each other – making a centrist third-party's rise very difficult." ❖

