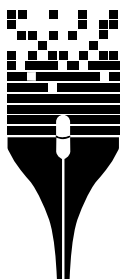


The Howey Political Report



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“QUOTE” OF THE WEEK

“This initiative is gonna be pretty doggone bold ...”

- Senate Finance Chairman Larry Borst, on his tax plan, to the South Bend Tribune

An epic week of tax, power intrigue

Gregg’s stunner creates volatility

By **BRIAN A. HOWEY**, in *Indianapolis*

The week began with the O’Bannon-Kernan administration teetering on the brink of irrelevancy had yet another of its top legislative priorities -- tax restructuring -- bitten the dust. It’s ending with virtual abdication of House Democratic leadership, a possible vacuum enveloping a power struggle.

House Speaker John Gregg’s stunning announcement Tuesday that he would retire at the end of this term came after an emotional House vote on tax restructuring the day before. As with the budget and tax restructuring, there is an inter-relationship as to what happened this week and what could happen in the future. Here is our analysis.

Saving tax restructuring

Just hours before his tearful announcement, Gregg told *HPR* that the tax restructuring plan didn’t have the votes last Thursday. “I knew by Monday we’d have the votes,” Gregg said. “People needed to go home and hear from their constituents.”

Yet, Gregg seemed unnerved by the closeness of a 51-47 vote to approve the plan. It was old rival B. Patrick Bauer who helped get wavering Rep. Gary Cook, D-Plymouth, into the fold, providing data that his district would greatly benefit from restructured property taxes. Over the weekend, Cook had described the plan as a “pillaging of the taxpayers” that was being “railroaded” through. After the vote, he told the *South Bend Tribune*’s Martin DeAgostino, “homeowners and businesses in House District 17 should be treated very well” under the bill. It was Rep. Markt Lytle who Gregg credited with bringing around the “tobacco road” representatives

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TICKER T A P E

BAYH PRESSES FOR STEEL: U.S. Sen. Evan Bayh today called upon President Bush to preserve funding for the Emergency Steel Loan Guarantee Board. In response to the President's submission of his FY03 budget proposal that included significant cuts in the emergency loan program, Bayh and several other senators from steel-producing states sent a letter to President Bush today to urge him to maintain funding for this critical program. The emergency loan program assists American steel companies that have been hurt by the steel import crisis. Bush's proposed budget cuts would significantly limit the possibility for future emergency loans as well as adversely affect loan applications that are currently pending. "For many companies, these emergency loans represent a last chance for survival in an industry that has suffered severely because of illegal imports," Bayh said. "We are committed to helping the industry become viable again and we have told President Bush that these loans are essential in order to restructure and modernize steel companies and the entire industry."

CLARK PUSHES SPENDING CAP: State Sen. Murray Clark, a 2004 gubernatorial

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Gregg, from page 1

along the Ohio and Wabash rivers. It was Lytle who stood before the Democratic caucus last year and told them it would "be better to go down to defeat doing something rather than win while doing nothing."

Gregg seemed shaken by the closeness of the victory and asked why. *HPR* placed it in historic context: The majority party rarely gets many cross-overs on historic tax bills. Lt. Govs. Dick Ristine and Bob Orr broke ties in the Senate in 1963 and 1973. There were few cross-overs for Orr's A-Plus plan in 1987. In 1973, Gov. Doc Bowen enticed Democratic Sens. James Plaskett and Robert Mahowald to cross over with promises to help on district projects Bowen already had declared support for. Gov. Frank O'Bannon's office insisted there was no quid pro quo for wooing Young, Cook or any of the tobacco Democrats.

In cases like this, the majority party has to stand tall and be the impetus for change, or risk defanging their own governor, and in this case, Lt. Gov. Joe Kernan too.

"I suppose you're right," Gregg

pleasantly said, betraying no inkling of the stunning announcement that would come five hours later.

Gregg probably has discovered what other Speakers have: The first couple of terms are fantastic excursions of virile power. In later years, it becomes a pressure-filled grind. Throw in a couple of cute, young sons and the desire to lead a normal family life with evenings on the baseball diamond, and the decision wasn't really that hard. Evan Bayh went that route; now Gregg has done so twice.

While some are writing Gregg off for the 2004 ticket, several influential Democrats warned otherwise, saying that the speaker could very well stay in the mix. When it came to the Kernan tax plan, Gregg ultimately delivered a plan out of the House. And he told *HPR* late Wednesday, "I didn't say going home to practice law for two years, but for a few years!"

Rep. Dean Young

It was State Rep. Dean Young, R-Hartford City, who gave Gregg one lonely vote of the desired bipartisan support. "Hoosiers want tax reform, and it is in

their best interest to continue the debate," Young told the *Muncie Star Press*. "In my view, what this bill does is shoot a message across the bow of the Senate that we believe in continuing the debate on tax reform, on tax restructuring" (Lesley Stedman, *Louisville Courier-Journal*). Young said it felt like "being in a large room packed to the rafters and feeling alone" (Shannon Lohrmann, *Lafayette Journal and Courier*).

While his courageous vote kept tax reform alive, it essentially gave Democrat State Rep. Dale Sturtz, D-LaGrange, the chance to vote "no" before going home to his 60 percent Republican district.

House Minority Leader Brian Bosma was not pleased. "I'm very disappointed that Dean chose to support a package that in his heart he believed was not good," Bosma said. "I generally cast my votes for what would be good law, not to shoot a shot across the bow on the most important issue in decades. Under that theory, you should vote for every awful piece of legislation knowing the Senate will clean it up. The House Republicans had put together a credible alternative. That's where most of us drew the line in the sand."

Gregg would acknowledge that the House Republicans "helped make it a better bill."

The ol' Dog Doctor

While Bosma, Rep. Jeff Espich and 46 House Republicans adhered to the "skirmish line" of capping spending, holding the line of income tax and scuttling the inventory tax while maintaining revenue neutrality, everyone -- *everyone* -- knew that Senate Finance Chairman Larry Borst was going to do what the comic team Monty Python might characterize as, "And now for something completely different."

HPR has learned from several reliable sources that Borst will work to create a payroll tax, end the inventory and per-

sonal property taxes, and take school funding completely off the property tax rolls. Borst told the *Indianapolis Star* that he would "focus first on economic development and second on mitigating the effects of the court-ordered reassessment."

The budget crisis, Borst will say, can be fixed by tapping an array of backwater accounts. The bottom priority, he said, will be fixing the budget. "You have to raise some in order to lower others," Borst said. "That's the whole idea. (Restructuring) can't be done without a tax increase. You may have tax reduction for half the people and a tax increase for the other half."

Speaker succession

The jaws were barely rebounding off the House floor when the jockeying for position began for who will be the next Democratic caucus leader. The retirements of Gregg and Rep. Mark Krusan, the fact that Majority Caucus Chair Dale Grubb has been seeking a job; and that Speaker Pro Tempore Chet Dobis has bought a home in Florida and may retire after the next election creates a potentially wide-open scenario.

Republicans are increasingly emboldened at the prospects of retaking the House, given the current tailwind of President Bush's popularity. There has even been some whispering that some hard-line conservatives may challenge Bosma, now that his school buddy Gregg will be departing.

Bosma said that while it was "very appropriate" for Gregg to announce his decision not to run before the Feb. 22 filing deadline, "It does create a number of internal problems for the session."

Among them: Democrats may be put off by the fact that Gregg won't be standing and running with them after voting for HB 1004. That could be a complication on any final vote on tax restructuring.

TICKER

T A P E

candidate, pushed his state spending cap as a "common sense approach" to working out of the budget crisis. Clark said the Senate passed a spending cap based on the rate of inflation plus 1 percent twice. Clark said that with Indiana families having to tighten their belts, "We ought to be doing the same thing."

McINTOSH, HORNING PRESS FOR SPENDING CUTS: 2000 gubernatorial candidates Republican David McIntosh and Libertarian Andy Horning endorsed a state spending cut plan devised by Ball State University economics Prof. Cecil Bohanon. "By holding the growth of spending and using other resources the state can save over \$1.3 billion next year," the McIntosh/Horning release said. "All we need is \$675 million in savings to replace the O'Bannon/Kernan tax increases. There is a better way to solve our fiscal problems. A better way that does not cost us jobs or raise taxes in a recession."

KITTLE ZEROES IN ON CONSULTING FEES: Paying an out-of-state consultant nearly \$400 per hour at a time when Indiana's budget is nearing record deficits is wrong, according to Indiana Republican Chairman Jim Kittle Jr. Because pleas

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from GOP legislators to cut spending rather than enact tax hikes have gone unanswered, Kittle responded to the challenge from House Democrats to show them where spending could be cut and spotlighted one specific example of outrageous spending during tough financial times. Today's spotlight is on the governor for the decision to hire a consultant (Thayer Consulting) of Los Angeles who works in Indiana at a rate of \$372 per hour, according to records from the Indiana State Police and the State Auditor's Office. "This is just one example where spending cuts can be made by the governor and his administration to help balance the state's budget rather than raising more taxes from hardworking Hoosiers," said Kittle. According to the Indiana secretary of state's website, Thayer's firm was formed in California in July 2000, the same month it received its first no-bid contract with the state of Indiana for \$951,000. The contract was later amended for another \$951,000 to run through June 30, 2002. "Identifying just 5 percent in savings among the \$1 billion-plus billion consulting contracts would yield \$65 million," Kittle said. "That, alone, is enough to save the jobs of 1,000 teachers. Or, it would easily be enough to give hard-working state employees a 2 percent raise."

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Kittle prepares for fun and battle

- INDIANAPOLIS - Indiana Republican Chairman Jim Kittle had just unveiled his "Golden Drain" award to be presented to the O'Bannon-Kernan administration over \$951,000 in consulting contracts for the new Indiana State Police communications system Tuesday. HPR's Brian Howey sat down with Kittle in the Statehouse to learn where he planned to take the Grand Old Party.

HPR: Are we going to see a lot of the "Golden Drain" kind of stuff? Did today set the tone?

Kittle: We're going to have fun. We're not going to take ourselves too seriously. But we do have some serious problems with the state budget crisis and a lowered credit watch rating. Somebody is responsible. So while I refuse to personally attack anyone - I learned a lot about that -- I still think the people steering the ship need to be held accountable and somebody needs to be looking at what is happening and reporting it to Hoosiers. Probably the place for that to happen is the Republican Party.

HPR: In March 1993, Al Hubbard heard the Senate was about to pass one of Gov. Bayh's proposed tax increases and he marched over there and got them to drop it. Do you see yourself working in that same style?

Kittle: My involvement will be much more behind the scenes. I've got my hands 100 percent full. The leadership of the Senate has a pretty good hand on what they're doing and when they call for my advice, I will be happy to give it to them and when they call for help, I'll be happy to give that to them.

HPR: Did Rep. Dean Young's vote in favor of tax restructuring cause you concern?

Kittle: I'd have to side with the leadership. On the other hand, I thought what Dean Young said -- the chance of that bill getting into law was the same as he becoming the king of England -- was

credible. One, House Republicans tried to change it and when they couldn't they tried to block it. But now we pass the bill over to what I call adult supervision and I think Larry (Borst), Bob (Meeks) and Steve Johnson will give it that.

HPR: Is it important that tax restructuring happen before the November election?

Kittle: Everyone wants good government and good economic policy that will bring businesses to the state, maintain businesses in the state, create jobs. We've lost 40,000 to 50,000 jobs this last year in manufacturing and there's reasons for that. We need to have a state government with a tax system and an economic development system that keeps jobs and brings jobs. We don't have that right now and the sooner we get it, the better.

HPR: What are we going to see out of your chairmanship in the coming months?

Kittle: We're going to create a platform that will encourage candidates, whether they be for the House or statewide or governor that encourages best of class candidates to run. By that I mean we'll have a party with infrastructure to provide a communication vehicle, a voter ID vehicle, a grassroots vehicle to do all the basic block and tackle things a party has to perform to win elections.

HPR: Rep. Mahern said during redistricting there wouldn't be any more than 10 or 12 competitive House seats. Do you see the party challenging more than that, given President Bush's historic approval rating and the state issues?

HPR: Actually since no incumbent got beat last time, I'd be surprised if there are even 10 to 12. It's more like seven, eight or nine that are truly competitive.

HPR

INTERVIEW

Our objective will be to take those races that are winnable and to play in those races.

HPR: Are you concerned about meeting your fundraising goals?

Kittle: No. Everybody else is worried about me. I can understand why the Dems will be worried about me meeting my fundraising goals because that would not be the happiest day of their lives.

HPR: Will you move headquarters?

Kittle: I hope so; I'm getting tired of seeing that Hooters sign flash on and off at night.

HPR: Well, just as long as that's all you see flashing...

Kittle: (laughs).

HPR: Keep it downtown?

Kittle: Everybody says we have to keep it downtown.

HPR: What else can we expect out of Indiana Republicans?

Kittle: We're going to be a communications vehicle. We're not going to depend on that show (*Indiana Week in Review*) on Friday afternoons to be our communications vehicle. Not that it's not funny and interesting, but quite frankly the people who watch it are die-hard Rs and diehard Ds who want to laugh and they will never change their minds. We're going to have a multi-level communications plan to get to all Hoosiers.

HPR: How much work is there to get the party where it needs to be technologically?

Kittle: There's opportunity for improvement. The good news here is all you have to do is buy Microsoft 2002 and you're ahead of the Dems. So while we have a way to go, it's not really that hard to get there. This is really a very simple CRM program - customer relationship management. All we have is four and a half million customers here, which is not really that large of a data base. It sounds like it is. Citibank has 90 million on the American Advantage card. We don't really have to reinvent the wheel.

HPR: You said you want more out of your state committee.

Kittle: The state committee has said to me in no uncertain terms they expect a lot from me. They want the chairman -- the CEO as I call it - to have a lot of accountability, responsibility and will be expected to perform. I agree with that but the next thing we needed to do was write the position chart. We're all going to buy into this; we're all going to have accountability. It goes both ways.

HPR: How important is it going to be to cull the 2004 gubernatorial field and get behind one candidate? Or will you let them slug it out and become the new 21st Century Switzerland?

Kittle: I don't think that's best for our party. There will be a winnowing out. The fact that we've got four in the field now; if no one else enters the field, one or more of those will move ahead. I would hope there would be some way to work out who would be our best candidate so we can have our best chance. Switzerland may have never lost a war, but they've never won one, either.

HPR: At the Phoenix headquarters, you had this space reserved for a gubernatorial campaign. Will the next campaign be headquartered at the GOP?

Kittle: Phoenix will fold in above Hooters until we move. There will be the space to run a gubernatorial campaign. There will be a home for our mayors. I love your analysis of what Robin Winston did with the Democrats.

HPR: You challenged the party, the administration. Have the news media dropped the ball on stories such as these state contracts?

Kittle: If they did the same amount of investigation as they did on the dog shelter, it would be interesting to see what they would find. There's a lot to do. I don't necessarily think the Indiana press has been aggressive at all. And I'm not saying they used to be aggressive with Indiana Republicans. It's kind of powder puff. ❖

TICKER T A P E

**YOUNT SAYS TELEMAR-
KETING CAMPAIGN MISUS-
ES HIS NAME:** State Rep. David Yount, R-Columbus, says telemarketers are using his name to drum up support for the governor's tax increase proposals, but his office is not involved in the calls and he opposes the plan (Columbus Republic).

**GOP OUT-RAISES NATION-
AL DEMOCRATS:** AP reported on Tuesday, "The Republican National Committee and the GOP Senate and House campaign committees took in about \$204 million, compared with about \$118 million for the Democratic National Committee and the Democratic Senate and House committees." President Bush was the lone seven-figure donor for the GOP, donating his left-over Texas gubernatorial campaign funds to his party on New Year's Eve. Democrats got \$1 million checks in the last half of 2001 from the plumbers' union, a government workers' union and Chicago businessman Fred Eychaner, new fund-raising reports show. Other big GOP donors included cigarette maker Philip Morris (\$280,000), drug maker Eli Lilly (\$125,000) and communications giant Verizon (\$135,000)."

BUDAK RUNNING AGAIN:

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Rep. Mary Kay Budak, R-LaPorte, who has held her seat since 1980, has announced for a new term in the new District 20 (Jeff Tucker, Michigan City News-Dispatch). Budak said she wants to continue working on legislation addressing agribusiness and rural interests, child care regulations and quality of life issues for seniors and the disabled.

ECONOMY IMPROVING, EXPERTS SAY AT ISU CONFERENCE: The state and local economies are about to see the light at the end of the recession tunnel -- a tunnel that has been shorter and less scary than expected, according to economist Robert Guell (Lori Henson, Terre Haute Tribune-Star). Consumer debt and terrorist attacks are the primary threats to economic recovery by this fall, Guell told a breakfast crowd of about 50 business people at Indiana State University. Guell, ISU professor of economics, and PSI Energy president Doug Esamann gave their views on the national, state and local economies early Friday at the Groundhog Day Economic Forecast at ISU's Hulman Memorial Student Union. Guell focused on broad economic trends while Esamann gave some clues to the state's changing energy market. The pending recovery is being hastened by purged inventories and lowered

Indiana 2002 Racing Form

Secretary of State 2002: Republican: Kent Benson, Mike Delph, Deputy Secretary of State Todd Rokita, Richard Mourdock, Dr. John McGoff. Democrat: Bloomington Mayor John Fernandez. Libertarian: Paul Hager. **1994 Results:** Gilroy (R) 902,100, Jeffers (D) 542,539, Dillon (L) 32,483, Knight (A) 13,948. **1998 Results:** Gilroy 828,557, Little (D) 652,565, Dillon (L) 51,775. **2002 Forecast:** Long-time Indianapolis activist Mary Moses Cochran joins the Benson campaign. **Status:** Toss-up.

HORSE R A C E

Congressional District 2:

Republican: Chris Chocola. **Democrat:** Jill Long Thompson, Mark Meissner, State Sen. William Alexa, Kathy Cekanski Farrand. **Geography:** South Bend, Michigan City, Mishawaka, Elkhart, Kokomo, Plymouth, Logansport; LaPorte, St. Joseph, Starke, Marshall, Pulaski, Fulton, Cass, Carroll and parts of Howard, Porter, Elkhart and White counties. **Media Market:** South Bend-Elkhart, Indianapolis, Lafayette, Chicago. **2000 Result:** Roemer (D) 107,076, Chocola (R) 98,367. **2002 Forecast:** FEC reports show Chocola with \$200,909 raised and \$193,621 cash and \$530,111 in debt. Long Thompson raised \$189,435 and has \$121,230 cash. Alexa raised \$73,344 and has \$36,483 cash. A year-end FEC report was not available on Meissner. The *Frontrunner* reports the National Republican Congressional Committee yesterday released the results of a poll where Chocola "claimed frontrunner status in the open seat race for Indiana's newly drawn 2nd CD, according to a new Mahoney, Strimple, Goncharenko (MSG) poll." Chocola, "also the district's top fundraiser, holds at least a 17-point advantage over each Democrat opponent based on the survey findings." The poll of 300 likely 2nd CD voters, conducted on January 17 (+/- 5.65%), shows: 41.3% would vote for the generic Republican candidate; 34% would vote for the Democratic candidate; 77.7% have a favorable opinion of George W. Bush; 13% have an unfavorable opinion; 9.3% have no opinion; The poll revealed that in the Democratic primary 16.8% would vote for Jill Long Thompson; 7.1% would vote for William Alexa; 7.1% would vote for Mark Meissner; 6.2% would vote for Kathy Cekanski Ferrand; 62.8% were undecided. **Long Thompson** "'officially' announced her candidacy, staking a claim as a moderate problem-solver prepared to take on a Republican "motivated by ideology." Long Thompson said she "was not predicting the type of campaign Chocola will wage, but she added that it "very possibly" will be motivated by Republican ideology rather than desire for bipartisan solutions. In "three terms in Congress as a representative from the district for which Fort Wayne is the population center, Long Thompson said, she never voted for a tax increase." Long Thompson announced the endorsements of South Bend Mayor Steve Luecke, Michigan City Mayor Sheila Brillson, Plymouth Mayor James Yeazel, U.S. Rep. Julia Carson, LaPorte County attorney Shaw Friedman, Marshall County Chairman Michelle Livinghouse, and former DNC Chair Joe Andrew. **Alexa** has endorsements from 2nd CD legislators State Reps. Scott Pelath, Gary Cook, Craig Fry, Ron Herrell and former state Sen. Cleo Washington. **Primary Status:** *Leans JLT.*

Congressional District 3: Republican: U.S. Rep. Mark Souder, Nick Metel.

Democrat: Rodney Scott, Jay Rigdon. **Geography:** Fort Wayne, Goshen; Kosciusko, Whitley, LaGrange, Steuben, DeKalb and parts of Elkhart and Allen counties. **Media Market:** South Bend-Elkhart, Fort Wayne. **2000 results:** Souder (R) 131,051, Foster (D) 74,492. **2002 Forecast:** Helmke is still pondering a challenge to Souder. He told the *Fort Wayne Journal Gazette's* Sylvia Smith people were encouraging him to run, saying every time Souder did or said something controversial, the encouragement increased. "If I ran it would be because I think I'd do a better job," Helmke said. Souder acknowledged that Helmke would be a formidable candidate, not only in their home of Allen County but the two Republican-rich counties of Elkhart and Kosciusko where Helmke has been on the ballot before and Souder has not. Souder does not have a commanding money lead. According to FEC reports, Souder raised \$73,601 and has \$42,222 cash on hand. Nick Metel, 28, is challenging Souder in the primary (Trevor Wendzonka, *Elkhart Truth*). Metel said he advocates a universal health care plan and believes Sen. Hillary Clinton, D-New York, had some good ideas in her approach to Congress in the

early 1990s. He also favors increasing the minimum wage to \$8 an hour and ending capital punishment. On the Democratic side, Rigdon raised \$15,886 and has \$11,613 cash. Scott raised \$8,671 and has a debt of \$1,256. **Primary Status:** *LEANS SOUDER*.

Congressional District 4: Republican: U.S. Rep. Steve Buyer, U.S. Rep. Brian Kerns, State Sen. Mike Young. **Democrat:** Open. **Geography:** Tippecanoe, Clinton, Boone, Montgomery, Hendricks, Morgan, Lawrence and parts of Marion, Johnson, Monroe, Fountain and White counties. **Media Market:** Lafayette, Indianapolis, Terre Haute, Evansville, Louisville. **2000 Results: Old 5th CD:** Buyer (R) 132,035, Goodnight (D) 81,423; **Old 7th CD:** Kerns 131,562, Graf (D) 65,174. **2002 Forecast:** The *National Journal* reported on Monday: Traditionally, the freshmen were at the top of every handicapper's "watch" list, as the first re-Selection bid is usually the toughest. However, in redistricting, most freshmen were actually strengthened, making freshmen one of the safest caucuses in the nation. Highlights: IN 04: Rep. Kerns (R-IN 07) most vulnerable frosh thanks to member v. member matchup; Buyer (R-IN 05) has \$325K to \$71K lead. Young tells HPR to watch upcoming Lincoln Day dinner in Johnson County for "fireworks." **Primary Status:** *LIKELY BUYER*.

Congressional District 6: Republican: U.S. Rep. Mike Pence. **Democrat:** Melina Ann Fox. **Geography:** Anderson, Muncie, Richmond; Wells, Adams, Blackford, Jay, Madison, Delaware, Randolph, Henry, Wayne, Rush, Fayette, Union, Decatur, Franklin, and parts of Bartholomew, Shelby, Johnson and Allen counties. **Media Market:** Indianapolis, Fort Wayne, Dayton, Cincinnati. **2000 results:** Pence (R) 106,023, Rock (D) 80,885, Frazier (I) 19,070. **2002 Forecast:** FEC reports show Pence raised \$554,793 with \$332,979 cash. Fox raised \$121,249 with \$94,625 cash. Fox told Jay County farmers they should form a co-op and produce ethanol from corn in their own plant (*Muncie Star Press*). "It's a win-win situation," Fox said at a meeting of the Jay County Development Corp.'s board of directors. "It would stimulate the local economy, and it is environmentally safe. We have some of the best agriculture in America, so let's use it." Fox, a Greensburg farmer, said that building an ethanol plant in the area would create a new market for area farmers, and bring "sorely needed new jobs to the 6th District. Farmers would be in charge of their own destiny," she said. **Status:** *Leans R*.

Congressional District 7: Republican: Brose McVey. **Democrat:** U.S. Rep. Julia Carson. **Geography:** Indianapolis. **Media Market:** Indianapolis. **2000 Results:** Carson (D) 91,300, Scott (R) 61,818, Ali (L) 2,513. **2002 Forecast:** McVey raised \$121,543 with \$46,764 cash. Carson raised \$193,009 and has \$312,545 cash. **Status:** *Leans Carson*.

Congressional District 8: Republican: U.S. Rep. John Hostettler. **Democrat:** Bryan Hartke, Frank McCloskey. **Geography:** Evansville, Terre Haute, Greencastle; Posey, Vanderburgh, Warrick, Gibson, Pike, Martin, Daviess, Knox, Sullivan, Greene, Owen, Clay, Vigo, Vermillion, Parke, Putnam, Warren and part of Fountain counties. **Media Market:** Evansville, Terre Haute, Indianapolis. Lafayette. **1994 results:** Hostettler (R) 93,529, McCloskey (D) 84,857. **1996 Results:** Hostettler (R) 109,582, Weinzapfel (D) 106,134, Hager (L) 3,799. **1998 Results:** Hostettler (R) 92,227, Riecken (D) 81,381, Hager (L) 3,395. **2000 Results:** Hostettler 116,860, Perry (D) 100,461. **2002 Forecast:** Vice President Cheney stumps for Hostettler tonight, where WTHR-TV says he expects to raise about \$100,000. Hostettler reported \$178,597 raised and \$143,113 cash. There is no FEC report available on Hartke. **Status:** *Likely Hostettler*.

Congressional District 9: Republican: Mike Sodrel, Jeff Ellington. **Democrat:** U.S. Rep. Baron Hill. **Geography:** Bloomington, Columbus, Lawrenceburg, Rising Sun, New Albany Jeffersonville, Madison, Nashville; Spencer, DuBois, Orange, Crawford, Perry, Harrison, Washington, Jackson, Brown, Jennings, Scott, Floyd, Clark, Jefferson, Switzerland, Ripley, Ohio, and parts of Dearborn and Monroe counties. **Media Market:** Evansville, Indianapolis, Louisville, Dayton, Cincinnati. **1994 results:** Hamilton 91,459 (D), Leising (R) 84,315. **1996 Results:** Hamilton (D) 128,885, Leising (R) 97,747, Feeney (L) 2,315. **1998 Results:** Hill (D) 92,477, Leising (R) 87,278, Feeney (L) 2,397. **2000 Results:** Hill 125,978, Bailey (R) 101,790, Chambers (L) 4,634. **2002 Forecast:** FEC reports show Sodrel raised \$180,434 with \$157,966 cash and \$150,000 in debt. Hill raised \$376,317 and has \$347,957 cash. There was no report available from Ellington. **Status:** *Leans D*. ❖

TICKER

T A P E

interest rates, which sparked a car-buying and home-refinancing spree post-Sept. 11. So the good news for manufacturers, Guell said, is that empty warehouses need filling.

INDIANA NEXT TO LAST IN HIGHWAY FUND RETURN: Indiana's share of federal funding for pet transportation projects put it next to last in the nation on a per-capita basis, according to an Associated Press review of federal data. Indiana received \$39.1 million, or \$6.44 for each of the state's 6.08 million residents, from a pot of highway money used for projects dear to lawmakers' hearts. Only Ohio received less per capita. "We would have liked to see Indiana receive additional dollars," said Rep. Brian Kerns of central Indiana's 7th District. "We can now see the importance of not having someone on that committee." No Indiana lawmaker sat on the House-Senate Appropriations conference committee, a 29-member panel which increased funding for local projects requested by individual lawmakers. Figures for Indiana's other neighbors: Kentucky, \$35.84 per person; Illinois, \$13.46 per person; Michigan, \$7.80 per person.

LAWLER RAPS POLICE PROBE: Anderson's Mayor

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TICKER T A P E

Mark Lawler says Prosecutor Rodney Cummings' investigation of the police department is "grandstanding" and he stands behind the department (Ken de la Bastide, *Anderson Herald Bulletin*). Cummings opened the probe last week into allegations that a criminal investigation was impaired by the Democratic Party's political connections with some juveniles involved in a bombing incident. The *Herald Bulletin* reported two are sons of Democrat Terri Austin, running for state representative; one is a son of Tom Broderick Jr., a Democrat and member of the County Council; and another is a son of Democrat Ron McNabney, who filed Thursday to run for Madison County prosecutor against Republican Cummings. Cummings is seeking a third term. Lawler is a Democrat. "Some of the information we've heard is disturbing," Cummings said. "I cannot imagine a case where you have a confession in a case of this magnitude in November and that nothing's been sent to my office. I don't know how this happened."

800 SHOW UP FOR ADVANCE AMERICA RALLY: More than 800 people jammed into the Indiana Statehouse in Indianapolis on Thursday to lobby for wider property tax exemptions for churches and charities. "Not one person came and asked me to talk," said Rep. Tom Saunders, R-

COLUMNISTS ON INDIANA

Lesley Stedman, *Louisville Courier-Journal* - Going into the weekend, House Democrats appeared close to finding the 51 votes needed to pass a plan that would increase cigarette, casino, income and sales taxes to pay for a cut in property taxes and to balance the budget. Gov. Frank O'Bannon acknowledged Friday that several of his fellow Democrats in the House remained opposed to House Bill 1004, which is based loosely on his proposals for dealing with a budget shortfall and tax restructuring. Two of the reluctant lawmakers -- Reps. Craig Fry, D-Mishawaka, and Mike Dvorak, D-Granger -- had not talked with the governor. "They haven't been able to make their appointments with me," the governor said. O'Bannon said only one Republican -- Rep. Dean Young of Hartford City -- has committed to a yes vote on the bill, despite several meetings with members of the GOP. The governor plans to continue those meetings this week, hoping not just to find enough votes for passage but to develop bipartisan support. In fact, O'Bannon said he will be "talking to anyone over the weekend that makes a difference in what we can do" by tomorrow or Tuesday, the deadline for House passage of HB 1004. So far, the governor said he hasn't offered anyone any "deals" in exchange for their vote. If Democrats can't find the votes and the bill dies, O'Bannon is pessimistic about its chances for resurrection. "It would be severely wounded and it could be dead," he said. ❖

Mike Leonard, *Bloomington Herald-Times* - The widespread interest generated by reports of an Unidentified Walking Object in southern Monroe County should be noted by Indiana University Athletics Director Michael McNeely. McNeely wants IU to have a mascot to pump up fan support and capture the fancy of children who attend athletic events. The Thing —

whatever it is — would be a natural. It appeared right when the athletics director began ruminating, publicly, about creating a mascot for the Hoosiers. It seems to be at home in the rugged hills and hollers of Monroe County, giving it a local and organic origin. And it has everyone talking, which is exactly what a new mascot should do. Bigfoot? Ape? Bear? Sloth? Emu? All would make for interesting sideline antics. The Indiana Ape would represent superhuman strength. The Indiana Emu would be distinctive. And the Indiana Sloth ... could hang from the crossbeams above Assembly Hall. ❖

Gary Gerard, *Warsaw Times-Union* - What's a self-respecting Democrat to do these days? W is cruising along with an approval rating above 80 percent. The Afghanistan thing is going pretty well, all things considered, and the recession seems to have bottomed out. Why, just this week came the news that gross domestic product in the fourth quarter of 2001 grew by a 0.2 percent annual rate. Despite the fact that 0.2 percent is very modest, it was still far better than most economists anticipated. The general view among the experts was that the GDP fell at an annual rate of 1 percent in the fourth quarter. The Fed this week even decided against cutting interest rates again. I guess they figure the 11 rate cuts they put in place last year will be enough to initiate a sustained bounce in the economy. In fact, with the unemployment report Friday showing an end to the bleeding in that statistic, some economists — including the National Bureau of Economic Research — are poised to say that the recession ended in December. The NBER says the recession started in March. That means it lasted about nine months, which would be two months shorter than average recessions since World War II. That would make it one of the shortest and mildest recessions in post-war history. ❖

Gregg, from page 3

Then there will be the power struggle. There was some talk on Wednesday that Democrats might want to get their house in order in the next couple of weeks so caucus members have a feel for who will be running the show during the elections. It's unclear how that will work since Gregg will serve out his entire term. There could also very well be a special session, and how Gregg's looming departure will play into that is anybody's guess.

Handicapping Democrats

Ways and Means Chairman B. Patrick Bauer, who lost a November 1998 battle with Gregg for the speakership, and Speaker Pro Tempore Chet Dobis of Merrillville have the most seniority. But being Ways and Means chairman brings as many enemies as friends, and many believe Bauer's quest for speaker will be an uphill, if not impossible, battle. Others wonder if Dobis will seriously pursue the job.

It was Moses and Kruzan who sped to Indianapolis on election night when it became clear that then House Speaker Michael K. Phillips would lose his 1994 re-election bid. They helped Gregg line up support for House Minority Leader before the sun rose the next day while Bauer tried to collect caucus votes as he drove down U.S. 31 the following morning. Moses, the former two-term Fort Wayne mayor and Citizens Action Coalition activist, is seen as a behind-the-scenes strategist who quickly moved up the House Democratic ranks following his 1992 political comeback. How his misdemeanor campaign violations in the mid-1980s may come back as an issue when he seeks a higher profile position remains to be seen. His recent scuffle with the *Indianapolis Star* over the Build Indiana Fund may actually help him inside the caucus.

Another aspect is that recent Democratic caucus leaders have come

from Southern Indiana (Gregg and Phillips), where they are ideologically conservative. It would be easy to envision a scenario where the tobacco road Democrats team up with the Black Caucus to choose the next speaker, and we're not sure how that scenario would play out for Moses.

Others to watch include Rep. Lytle of Madison, another skillful strategist that Gregg has increasingly relied on, and Deputy Speaker Pro Tempore Susan Crosby of Roachdale, who will be seen as a potential lieutenant governor candidate in 2004, particularly if Gregg fades from the scene. Crosby's problem might be that if she jockeys for the LG nomination, she could only run one more term. That might complicate her with the caucus. She might be forced to prioritize her next career move.

Lytle is increasingly seen as a caucus rising star, an expert legislative tactician whose legislation often survives late into the proceedings.

Epilogue

The confluence of events and personalities going into this incredible week had already set the stage for a volatile homestretch of this legislative session. Wily veterans of the process such as Pat Kiely and Sen. Vi Simpson could hardly envision the end game.

That end game just entered a Rubik's Cube stage of complexity. ❖

The
Howey
Political
Report



TICKER T A P E

Lewisville, who filed a bill to lift the exemption churches have on income-producing properties (Rick Yencer, Muncie Star Press). Advance America, a non-profit, tax-exempt group, led the rally in support of a Senate bill that would allow churches to obtain a 150-acre property tax exemption, like that afforded educational institutions. "Efforts by local government to tax churches, charities and educational institutions to balance their budget shortfalls is unacceptable," said Eric Miller, executive of Advance America.

EAST CHICAGO COURT SURVIVES: In January, the East Chicago City Court appeared to be a victim of the city's financial problems, but it apparently has survived (Michael Puente, Gary Post-Tribune). The city needed to cut its budget by about \$2 million and the court's \$885,000 budget appeared to be a logical target. Public pressure on the city administration apparently played a part in the decision to keep it. The decision isn't final yet, but apparently hinges on Judge Lonnie Randolph trimming his budget 15 percent by June.

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