



# HOWEY

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## Capitulation Week, Part 1:

### *Daniels to sign unbalanced budget*

By BRIAN A. HOWEY in Indianapolis

In the beginning, it was Gov. Mitch Daniels who established the standard of an absolutely balanced budget *in year one*. He didn't do it on the advice of Speaker Bosma or President Garton. There weren't protesters calling for a balanced budget. It was Daniels alone who set that marker.

"I ask the most fortunate among us, those citizens earning over \$100,000 per year, for one year, to pay an additional one percent on the income they receive," Daniels said in his Jan. 18 State of the State address. "With this money, we will achieve a balanced budget not two years from now but in the year immediately ahead, and bring our savings account to a level near the minimum standard of prudence."

And throughout the winter and spring, Daniels, who as candidate repeatedly said he would "never compromise a core principle," articulated that theme. He talked about accepting his "constitutional duty" with his hand on a Bible. At a Feb. 18 press briefing in his office, Gov. Daniels reacted to the House Republican budget by saying, "I am absolutely committed to balancing the budget now."

Asked by a reporter if he would veto the GOP plan, Daniels answered, "I don't know how I can say what I said any more plainly. I'm convinced we will get there. I've got the one plan that will get us there and I think it is a reasonable one. And apparently so do four out of five Hoosiers."

But note that the word "veto" never escaped his lips. He meticulously avoided the V-word. It was purposeful obfuscation.

In the April 7 edition of *HPR*, Daniels explained, "I think in the beginning, I said in the State of the State we had to balance the budget, we've got to do it this year. We have to get to the back bills we owe our schools. This budget is a very long step in that direction. I think it needs some revenue at least in the first year to do that duty."



Gov. Daniels found the need to compromise on a core principle. (HPR Photo)



**"There was zero interest and zero votes on their side."**

— Gov. Mitch Daniels, on Democrats at the biennial budget

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*Covering a Decade of Indiana Politics*



Earlier this month, Gov. Daniels began a statewide radio advertising campaign that seemed to stress the line in the sand: "We're out to deliver an honestly balanced state budget, the first one in years," Daniels says in the ad. "We can't do this and keep everyone completely happy. But saying yes to everybody is how the state went broke in the first place. One thing I learned fast in this job: Absolutely everyone has a lobbyist in Indianapolis except the taxpayer."

But on Wednesday, Gov. Daniels in concert with House and Senate Republicans, compromised. "I said all year that Indiana ought to have a budget that is honestly balanced now," Daniels said. "They have produced a budget that is balanced and is honest, just not now. This is the best budget in 10 years ... and I'm going to say good enough."

As state Rep. Luke Messer explained, there are no gimmicks or borrowing from other dedicated funds to balance the budget. This plan provides a 2.4 percent increase in 2006 and a 2.6 percent increase in 2007 for education funding. In addition, the budget increases Medicaid funding by 5.2 percent in both 2006 and 2007. Finally, the budget pays off the \$550 million structural deficit that was created from past administrations' overspending.

### ***Surprising scenario***

It was a surprising penultimate crescendo, capping a two-week period when power took on surprising new variations from Gary to the Statehouse.

And it left a number of questions.

In the future, when Daniels lays down a line in the sand, there will be plenty of people, from the press to legislators, who will remember his stepping over this budget line. His credibility is now subject to speculation.

Going into this session, Gov. Daniels appeared to be the alpha dog at the Statehouse. But after ignoring Garton and Bosma on the notion of tax hikes before Jan. 18, it appears that this budget process was ultimately driven by the Republican-dominated Senate and the tax-fearing House.



President Garton and Speaker Bosma escape with no new taxes, but did these Statehouse alpha dogs pass the buck to locals? (House Republican Photo)

With an Indiana population that grows older each day, can Medicaid spending that is forecast to go up 10 percent annually really be reined in at 5.2 percent?

House Democratic fiscal analysts believe the pending biennial budget could add as much as \$847 million in local property taxes (\$237.4 million for schools; \$232.3 for K-12; \$276.6 million with the PTRC; and \$100.8 million for juvenile justice).

Sen. Vi Simpson, D-Bloomington, said 142 of the state's 294 school districts would lose money under the budget if they chose not to raise the optional local property taxes, which are listed as outside provisions (*Fort Wayne Journal Gazette*). "There's quite a shell game going on with this new designation of outside provisions,"

Simpson said. "It is a broken promise to taxpayers and a broken promise to the children of this state."

But Rep. Jeff Espich, R-Uniondale, said four out of five school districts, with 95 percent of Indiana's students, would see funding increases if they took full advantage of the optional tax increases. "A lot is dependent upon the choices made by local schools," said Espich, chairman of the budget-writing House Ways and Means Committee.

Rep. William Crawford called the proposal the worst budget in state history for education. "It's going to mean increased class sizes and teacher layoffs," Crawford said.

### ***Press keys on schools, local taxes***

The *Fort Wayne Journal Gazette* reported, "The two-year plan spends about \$100 million more than the state collects in the first year but rids the state of a deficit by mid-2007. Daniels insisted in his inaugural speech that the budget be balanced in the first year but backed off on Wednesday."

Press reports from around the state keyed on the new stresses that have been piled on school corporations around the state. Leading into the final week, numerous published stories centered on the pink-slipping of some 500 teachers around the state, the *Post-Tribune* reported this morning: The property tax increases also vary, with slow-growing suburban districts seeing large increases in property taxes, Valparaiso Community schools will lose 2 percent of its state support in



2007 and increase its property tax rate by at least 7.1 percent the same year, under the budget. Duneland School Corp. in Chesterton would receive 9.6 percent less in state money in 2007 but will raise its property tax rate at least 6.3 percent by the state formula. All of the Porter County school systems will receive less state support and make it up in property tax increases under the budget. Some Lake County schools do better. Fast-growing Crown Point receives 6.8 percent increase in state funding next year, with at least a 5.7 percent increase in property taxes. Hammond does even better, with a 7.9 percent increase in state funding next year and a 5.8 percent drop in its property tax rate.

The *Evansville Courier & Press* reported in today's editions, "Vanderburgh County taxpayers could see a \$5.7 million jump in local property taxes next year for school funding under details of a two-year budget proposal Republican leaders released Wednesday."

Evansville-Vanderburgh School Corporation, Bob Yeager, assistant superintendent for personnel and finance, said he doesn't foresee the corporation having much choice but attempting to maximize the new property tax levy authority the bill would give it (*Courier & Press*). "You're deciding whether or not local taxpayers want to support their schools," Yeager said. "The unfortunate part is that the shift is coming from what was a state responsibility to a local responsibility. For schools to survive and to have operating money, your choices become pretty few."



Will the biennial budget eventually be seen as a burden on the backs of Indiana schools? Daniels signs an autograph in Franklin last October. (HPR Photo)

The *Louisville Courier-Journal* explained, "The budget also would cap property tax replacement payments at 2005 levels. That means that as local governments spend more money, property tax bills will increase more than they would have under past budgets."

Essentially, it sets up a new battleground between school corporations, which have already been on the receiving end of Daniels' acid wit, and state government. Or as Sen. Luke Kenley told the *Indianapolis Star*, "A lot of it's dependent on decisions made by the local schools."

Republican legislators can go home and say they didn't raise taxes. But their colleagues on city and county councils and school board won't be so lucky. The intriguing political question is whether that will create a political burden. Will it occur by the time voters go to the polls in November 2006? And, with the extra pressure on local and school governments, will it prompt some of those officials to challenge buck-passing legislators (See page 6).

### Capitulation logic

So, why did Gov. Daniels cave on what he defined and then consistently maintained was a core principle?

The second-floor thinking had to go along these lines:

**1. If Daniels had vetoed the budget**, it would have taken just 51/26 votes to override. In addition to being an embarrassment for the party that controls the entire Statehouse, this could have put the GOP at war with itself between the executive and legislative branches.

**2. With a sustained veto**, Gov. Daniels would have then had to jump on RV1 and actively campaign for tax hikes. That would have played right into House Minority Leader B. Patrick Bauer's 2006 game plan.

**3. A special session would have opened the gates** for schools and Medicaid constituencies to seek other revenue, most likely gaming. As one source explained, "That money would have inevitably gone to increase the spending base, which would have been a killer in out-year budgets and Mitch Daniels' plans for fiscal prudence." The "special interests" were counting on a special session. In fact, the governor's team fueled that speculation. Surprise!

**4. Daniels believes that the tax amnesty** program could help close the funding/spending gap. His new administration is also looking internally for more spending efficiencies. "There are all sorts of ways we can close that," Daniels said.

**5. Finally, there was the "leadership vacuum"** where legislative sessions over the past decade have ended in chaotic and spoil-driven fashion. Gov. Daniels appears to have preferred a more orderly end to the process.

### A swift kick on the ass

With the Republicans prepared to leave the Statehouse without raising state taxes or increasing gaming, something most observers thought was impossible, Gov. Daniels unleashed a stinger on Democrats, saying, "There was zero interest and zero votes on their side" (*Indianapolis Star*). Bauer, the "throwback, car bomb" politician, would say, "This process has been secret and its been unilaterally done by one party." ❖





## Capitulation Week Part 2: Peterson's stunning stadium concessions a reality in power

*"The Pope! How many divisions has he got?"*

- Josef Stalin

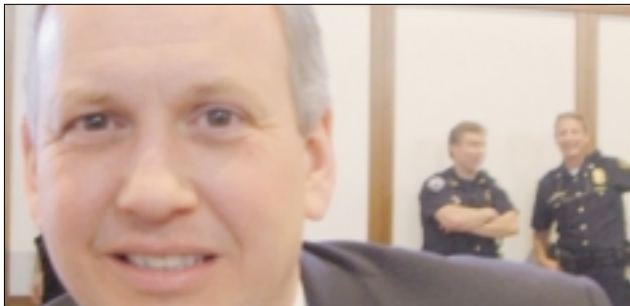
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By BRIAN A. HOWEY

The brutal reality for Indianapolis Mayor Bart Peterson in the Indiana General Assembly in 2005 was this: he controlled no votes.

And that was the driving force behind one of the most extraordinary power concessions in Hoosier history when last Friday Mayor Peterson ceded control of the new Colts stadium to the Republican-dominated state government.

"The Governor's proposal to take control of the stadium construction was a bolt out of the blue," Mayor Peterson said. "It didn't make much sense to me then, and I still don't agree with it now. But this project, and the thousands of jobs and the \$2.25 billion of economic benefit to Indianapolis, is too important to Indianapolis to let the project remain at a standstill. I need to set aside my preferences and do what's best for this project and what's right for our city."



Capital Improvement Board President Fred Glass called the mayor's "capitulation" a bitter pill, but one that he ultimately felt was necessary in order to keep the "Indianapolis" in front of the Colts.

The die began to be cast on April 6, when State Sen. Vi Simpson was preparing an amendment to HB1120 that would have changed out the governor's financing package with that of Peterson's.

"I said, 'Vi, that wouldn't really be helpful,'" Glass said. "With the rhetoric on the floor it would create an atmosphere that would make it harder."

"Are you talking to them, Fred?" Simpson asked.

Glass hadn't. The principal players were Glass, Indianapolis Controller Bob Clifford, Gov. Daniels' Chief of Staff Harry Gonso and State Sen. Luke Kenley, but the dialogue had been sparse.

Sources tell HPR that Kenley and House Speaker Brian Bosma concluded that Mayor Peterson had inflated annual tax intake needed (\$70 million instead of \$54 million) due to a Goldman Sachs study provided by OMB Director

Chuck Schalliol. Bosma had already killed the slots option in a bill carried by State Rep. Luke Messer.

Glass said he called Chief of Staff Harry Gonso and talks began. "We had a variety of conversations," Glass said. By Sunday April 17, Glass determined that the mayor's CIB option would never pass.

"I was disappointed," Glass said, and "it subsequently became clear to me they would never agree to anything that the state didn't totally control."

Glass said he spent six hours charting shared state and city responsibilities. "Try as I might on that, responsibility has to follow authority, whether it was with city or state. So what I concluded is the state would never agree to anything, and the project would die. They needed to have it all. That was my personal conclusion on Monday night."

Glass said he went to Mayor Peterson and "laid this out."

"In light of political realities -- elections matter -- if we want to have the project get done, even though I thought it was wrong, bad public policy and unfair, I am a product of my Jesuit education and I knew it would be good for the community. I told the mayor the state had to have control. After he and others got done

throwing up and let it sink in, the mayor concluded that was right."

Glass compared the situation to "playing euchre without any bowers or aces, just nines and tens."

And he took exception to the Goldman Sachs report that Kenley and Bosma were using. "We had the premier stadium financier, UBS, working on the hedge funds and locking in interest rates," Glass said. "We were working on everything to drive down costs. If the interest rates spike, that difference could still poof away. To say they found savings and we were too stupid, well that's a total red herring used to justify taking over this project."

Glass said that since the mayor "capitulated," the administration is unwilling to take part in the kind of labor agreements that Republican Mayor Stephen Goldsmith signed off on Conseco Fieldhouse. He is also worried about the CIB "going bankrupt."

"It's all in the hands of the legislature," Glass said.

In the end, Gov. Daniels now has a stadium to build, while Mayor Peterson comes off as a magnanimous leader who compromised for the good of the city.

### **Indy Works and divisions**

After his stunning concessions, Glass witnessed a



meeting between Mayor Peterson and Democratic City-County Council president Steve Talley. "The mayor spent considerable personal and political capital to tell Steve Talley how the city should cede control and how he should go along," Glass said. "He sold them on it."

### ***No quid pro quo***

But there was no quid pro quo between Peterson's willingness to cede the stadium and getting his Indianapolis Works consolidation plan through the legislature. "There was no linkage," Peterson told HPR after a Monday speech at Butler University to press Marion County Republican legislators for the Indy Works plan.

In that speech, Peterson said, "The time for walking on eggshells about accountability is over. Republicans run the legislature. Their constituents, including so many in their own party, want them to act now. Republican legislators from Marion County must step up now or Indianapolis Works is finished. They must step up now or they will owe an explanation to history for putting partisanship over progress for our city."

Peterson said Republicans appeared to be more interested in protecting "63 township politicians" that cost taxpayers "\$100,000 a day." He said the consolidation will save Marion County taxpayers \$35 million a year by eliminating townships and combining county, city and township police and fire departments. And he noted that township fire tax rates are already exploding, noting that Wayne Township's fire tax rate went up 177 percent this year.

Peterson, who complained he didn't even have a legislative Republican to negotiate with, said that without the plan, "layoffs, service cuts and tax increases will become sad statistics justifying the addition of Indianapolis" to the "list of troubled cities." By Wednesday,

### ***Rejecting Republicans***

If Mayor Peterson thought he would find a more hospitable climate for Indianapolis Works following the stadium concession, he was wrong.

The mayor's chief antagonist, State Rep. Phil Hinkle, responded to the mayor's speech by telling the *Indianapolis Star*, "I don't know what the mayor is smoking. You don't just say, 'Here's my plan. Do it.' He doesn't communicate."

Meanwhile, freshman Republican State Rep. Billy Bright was quoted in the *Madison Courier* complaining about the time spent on Indianapolis Works. "There's not a con-

stituent in District 69 who cares about Bart Peterson or Indy Works.... If I brought the problems of the North Vernon City Council (to the House) I would be laughed out of the room."

Peterson has tried to get the changes through the legislature so that the appropriate body, the City-County Council, can deal with the problems.

Testifying at the Statehouse Tuesday, Mayor Peterson said his Indianapolis Works legislation is the "evolution" to the "Unigov revolution" (*WTHR-TV*). Peterson said, "Hold me accountable. People are going to blame me if it doesn't work."

Bright's comments that nobody in North Vernon cares about Indianapolis, which is, incidentally, the state's most prolific economic engine (as well as its capital city) is another example of majority hubris. It was akin to freshman State Rep. Bruce Borders grilling Peterson earlier in the session on where Indianapolis fire stations would be located.

Essentially, the House majority caucus has been enlisted to protect the Republican township foot soldiers of the decrepit Marion County GOP.

Peterson says that without Indianapolis Works, he will begin slashing budgets, closing parks and laying off cops and firefighters. One Indianapolis Department head told HPR he is working on budget-cutting scenarios of 5, 10 and 20 percent.

And while Mayor Peterson has worked to bring along Democrats such as Council President Steve Talley, Gov. Mitch Daniels hasn't been able to do the same with legislative Republicans. Daniels has been consistent in his observation that Peterson should be given the chance to consolidate Indianapolis government.

Glass observed, "The mayor is bringing people along in his party. The governor's role as head of his political party should be the same."

And by taking control of the Colts stadium and potentially stuffing Mayor Peterson on Indianapolis Works, Republicans have created a scenario where Gov. Daniels could have a top tier challenger, as opposed to an easy re-elect.

That would be Mayor Peterson, who could be fresh off a lay-off and budget clever binge.

Like the Pope, Peterson didn't have any divisions in the legislature in 2005.

But wasn't it Pope John Paul II who became the catalytic factors behind the Velvet Revolution scenarios that defeated Stalin's communist predecessors? ❖





## Bruce Wissel lines up as 2006 credible primary challenger to Sen. Paul

*Remember Jeff Drozda and Brent Waltz?*

By BRIAN A. HOWEY

INDIANAPOLIS -- Two years ago, utter the name Brent Waltz and you would have gotten blank stares at the Indiana Statehouse.

Ditto 2002 if you had uttered the name "Jeff Drozda."

The two are now freshman Republican senators. They upset two entrenched incumbents -- Steve Johnson and Larry Borst -- in Republican primaries. That second one, where Waltz stunned Borst, ranks as one of the most shocking primary elections in Indiana General Assembly history.

So when Richmond City Council President Bruce Wissel announced he was challenging State Sen. Alan Paul, it registered with seismic political force on the HPR Political Richter Scale.

As we pointed out about Brent Waltz in the summer of 2003, Wissel is a "challenger with assets."

Wissel is a three-term member of the Richmond City Council. He is a field manager for Indiana Farmers Mutual Insurance. He has been active in business, school, neighborhood and civic organizations. Most importantly, he was the Wayne County Republican campaign coordinator in 2004. Gov. Mitch Daniels carried Wayne County, 53-45 percent. President Bush carried Wayne County 60-39 percent.

It's a safe bet that Wissel probably has a fist full of business cards and an address book full of e-mail addresses that could be used in his upcoming 2006 primary race.

Wissel told the Muncie Star Press, "I have been concerned about the direction the Legislature is going."

The *Star Press* went on to report, "The 2002 tax restructuring bill hit some taxpayers and local government hard, and more changes are needed, said Wissel, who is undertaking a grassroots campaign to unseat the popular incumbent."

And Wissel voiced his support for daylight-saving time, while Sen. Paul is an opponent. "I know it is not popular," said Wissel, about daylight time in eastern Indiana.

Imagine that, a politician taking an unpopular stand on the issue because he thinks it might be good for economic development in his state.



Wissel

Since 1998, Sen. Paul hasn't had an opponent, and he told the *Star Press*, "I feel kind of funny that a Republican would be challenging me. I have not missed a vote in 20 years."

That's an amazing statement. Sen. Paul has been there for 20 years. For the last 10 of those, the Senate Republicans in concert with Democratic governors have been pumping out unbalanced budgets. He has voted through the erosion of Indiana's banking industry and watched the state's manufacturing base go into a historic tailspin.

This past week, Sen. Paul tried to have it both ways. He was the crucial vote in a 6-5 showdown in the Senate Rules Committee that allowed daylight-saving time to escape to the Senate floor for a vote. "My vote simply affords the governor the opportunity to publicly make his case to all senators, rather than a few," Paul said. But he planned to vote against it.

Wissel has to be counting on Sen. Paul's Janus act to confuse voters. He might use scenes like that empty Carpenter Bus plant on Interstate 70 as a monument to Sen. Paul's 20 years of never missing a Senate vote.

And challenger Wissel may not be alone.

With the defeats of Sens. Johnson and Borst, the most frightening scenario for an incumbent Hoosier state senator (other than losing health benefits for life) is a primary challenge.

There might be others.

Sen. Joseph Harrison, a member of the Senate since 1966, is one.

Then there's Senate President Pro Tempore Robert Garton, who found himself explaining things before a large, frustrated Third House session Monday at the Columbus Commons. Pushed on Medicaid's swift 10 percent annual growth, Garton said it was due to people finding loopholes in Medicaid requirements and "letting your neighbors pay" (*Columbus Republic*). Later, when asked about changes to Medicaid criteria by Lorealee Moore, of Aging and Community Services, Garton spoke out against criticism of Medicaid decisions in the Statehouse. "We're as frustrated as you are," he said. "We've got seven members of the House of Representatives who won't vote for any tax increase. As long as you keep coming at us and try to destroy what we've created in the delicate balance, you're heading someplace worse."

Interesting.

Wait until local officials such as President Wissel figure out that the new biennial budget contains, by some estimates, up to \$1 billion in increased local property taxes as the state backs away from Property Tax Replacement Credits. ❖





## Hubris in time with the new crew

By BRIAN A. HOWEY

INDIANAPOLIS - As I write this, things are fluid at the Indiana Statehouse.

The House just voted 49-48 against Daylight saving time. It's not fully dead, as the pauper in Monty Python's "Holy Grail" might insist to the undertaker ("I feel happy!") but Democratic support eroded after Gov. Mitch Daniels added insult to budget injury by saying they had "zero interest" and "zero votes" in the budget.



Oops.

Daniels tried to salvage the vote by calling in that throwback politician, House Minority Leader B. Patrick Bauer, who summed up the comment as a "rookie mistake."

There was a letter he wrote to House Democrats and posted on the *Indianapolis Star* website: "I'm completely mystified, as will anyone be who was actually present at this evening's news conference," Daniels wrote. "I was crystal clear in my praise of the bi-partisan cooperation we had just seen on daylight-saving time."

Daniels was referring to the Senate vote Wednesday evening, in which the daylight-saving time bill passed 28-22. "When asked about the united Democratic opposition to the budget, I said that the requirement to devise a package that every Republican (House member) would vote for prevented us from achieving even greater deficit reduction," Daniels wrote. "That was a true and non-judgmental statement of fact. I honestly do not know how these remarks could be misinterpreted, but I sincerely regret if anyone did so and took offense."

There was talk that the Colt stadium deal was unraveling. Our sources tell us that OMB Director Chuck Schalliol and Chief of Staff Harry Gonso are the point people on the stadium.

When I called Indianapolis Deputy Mayor Steve Campbell late this morning to get an update, his response was stunning. "We're out of the stadium deal. We don't have anything to do with that. When the mayor gave up control, that's now totally in their court," Campbell said.

Now our historical bearings on stadium deals goes

back to 1997, when Gov. Frank O'Bannon and his vanquished 1996 opponent, Republican Indianapolis Mayor Stephen Goldsmith, worked the halls in a special session and found a compromise via workers compensation that allowed for the construction of Conseco Fieldhouse.



The important difference is that in 1997, Democrats controlled the House, so it was divided government. This year, it's an entire Republican game. And they're acting like it. There's a big bully in the pulpit. While it's impossible at this point to say how things are going to turn out, if there are any Democratic votes needed in the House, they are going to be tough to mine.

According to the mayor's people, Gov. Daniels has not asked for any type of assistance from Mayor Peterson. "We haven't even seen the language," Campbell said.

And Indianapolis Works?

Campbell didn't have a much hope for the conference committee report. "But it's not dead," he said. There are other things in the works.

### *Stating the obvious*

Perhaps it's worth stating the obvious, but if the stadium deal goes down to defeat, there will be hell to pay. That would be a political disaster.

With Indianapolis Works, we still think that GOP defense of their township street soldiers at the expense of allowing leaner, more efficient government with less taxes (which used to be a Republican mantra) is going to create a political price, particularly when the House Republican caucus fans out into the business community to fund their 2006 defensive efforts.

While there was talk about things winding up by tonight, that is looking doubtful at this point. Unless, of course, there is some reaching out.

Or, if people just heed the advice of King.

I'm not talking about Dr. Martin Luther King. I'm talking about Rodney King.

"Can't we all just get along?" ❖



**Rich James, *Post-Tribune*** - For the first time in at least 50 years, the political universe wouldn't revolve around East Chicago. Since 1960, it's been Walter Jeorse, John Krupa, Pastrick and Stiglich. Yeah, it would be easy to assume this was the final rinse, a fresh start for a strong organization that has had to labor under the leadership of a morally bankrupt city. Easy, but wrong. This wasn't a cleansing. It was a coup. Clay, a Gary resident, may be the party chair, but the control still rests in East Chicago. It's not Pastrick who is in charge. Even though he gave a sanctimonious speech nominating Clay, he was simply following marching orders. It would have been fitting had this happened on the Ides of March. Pastrick turned on Stiglich, who had backed him in the special election against now-Mayor George Pabey. This wasn't about a new direction. It was about money. Because Clay couldn't have pulled this off himself, the takeover clearly has the fingerprints of Tom Cappas, East Chicago's "Midnight Mayor," all over it. Cappas and Mike Pannos control the Second Century agency that receives millions in casino revenues each year. And they aren't terribly happy with the efforts of Pabey and the City Council to open the books and take control of the secretive operation. Because Stiglich has now sided with Pabey, he became the victim. So, why Clay? Despite his protestations to the contrary, it's widely known in county politics that Clay and Cappas are close. So, how did Cappas and Pannos sway the state committee away from the wishes of the county's party leaders? They had help. Sen. Evan Bayh heads the state Democratic Party and you have to figure that something as serious as the ouster of a county chair doesn't happen without his blessing. And, it was Bayh who named Pannos state party chair when he was governor. So, the man who many believe helped engineer a boycott that prevented a quorum that would have elected Stiglich, is now chairman. ❖

**Jack Colwell, *South Bend Tribune*** - Gov. Mitch Daniels' goal of a balanced budget for Indiana could be stymied by a Washington insider, a guy described by the governor as having a name that conjures up for Hoosiers an image of a fuzzy creature on "*Sesame Street*." If a balanced budget is to be passed in the closing days of this Indiana General Assembly session without harmful slashes in education and other programs, some additional revenue will be needed. The governor knows that. In his State of the State address, Daniels called for a one-time 1 percent surtax on the income tax of Hoosiers earning more than \$100,000 a year. Purpose? Not some new spending scheme or grandiose program. But rather to "achieve a balanced budget not two years from now but in the year immediately ahead and bring our savings account to a level near the minimum standard of pru-

dence." Sound, sensible conservative policy? Many Hoosiers thought so. Polls showed public support for Daniels' proposal. Alas, the Washington insider sent out a missive contending that Daniels, with his wild-eyed tax scheme, would be "closing Indiana for business." Although Daniels' proposal didn't get a good reception in either the Senate or House, though both are controlled by his own Republican Party, the leaders and most GOP members of those two chambers have concluded that some extra revenue is needed. They look to a cigarette tax increase and perhaps some other so-called "sin" taxes to obtain more revenue to balance the budget and meet needs. But the Washington insider wants to keep the slim Republican majority in the House from voting for any of this. The insider? Grover Norquist. When asked while in Washington about this opposition, Daniels told Washington Post columnist David S. Broder: "The only Grover they know in Indiana is the fuzzy creature on '*Sesame Street*.'" Daniels was by no means putting down his fellow Hoosiers as dumb. He was citing a fact. Few in Indiana know that this Grover Norquist is president of an organization called Americans for Tax Reform or that he is a powerful figure among the most conservative of conservatives in Washington. One of Indiana's most popular governors, Otis R. "Doc" Bowen of Bremen, never would have been popular if he had signed and followed a no-new-taxes pledge. His popularity zoomed because of a monumental property tax relief plan -- some of which still lowers property taxes today. The relief was funded by revenue from raising some other taxes. It's important for Daniels and Republican leaders to obtain backing for their balanced budget from all House Republicans, if possible. ❖

**Dennis Cauchon, *USA Today*** - Ask why this town has a funny name, and you get a simple answer: Settlers picked it on Christmas Eve in 1842. Ask what time it is, and you're looking for trouble, because that's one thing Santa Claus can't agree on. The grocery store operates on Central Time — or "slow time," as locals call it. The hardware store next door runs on Eastern Time — or "fast time." The doctor, newspaper and nearby monastery are on fast time. The schools, churches and post office are on slow time. The American Legion hall has two clocks as a compromise. "We're always late or early, but we're never on time," says Tom Shelton, who runs an excavating company in Santa Claus, a town of about 2,000. This week, for the first time in 22 years, the Legislature will seriously consider simplifying how time is told in Indiana when it votes on whether to adopt Eastern Daylight Time for 77 of Indiana's 92 counties. The Senate votes today and, if the measure is approved, the House later in the week. ❖





## Daniels tabs Bopp as GOP treasurer

INDIANAPOLIS - Terre Haute attorney James Bopp Jr. is now part of the Indiana Republican Party's leadership team, serving as treasurer for the political party (*Terre Haute Tribune-Star*). Bopp, 57, is also general counsel for the state Republican party, a position he will continue. "Basically, the governor asked me if I would consider being state party treasurer. He felt my experience and expertise was directly applicable to the duties of treasurer and wanted me to be part of the leadership team of the state party," Bopp said Monday. Gov. Mitch Daniels endorsed Bopp before last week's party election in letters sent to the 18 state party committee members - two party representatives from each of the state's nine congressional districts - who selected new party leadership.



## Lugar predicts Bolton approval

INDIANAPOLIS - The Senate Foreign Relations Committee will approve John R. Bolton's nomination to be ambassador to the United Nations when it votes next month, the committee's chairman predicted Wednesday (*Associated Press*). The assessment by Sen. Richard Lugar, whose committee abruptly postponed a vote on the troubled nomination last week, came as the White House took a new tack in its battle to get Bolton confirmed.

## 911 Commission to hold hearings

WASHINGTON - Congress and President Bush aren't moving fast

enough to protect the nation from terrorist attacks, the leaders of the commission that investigated 9/11 said Tuesday (*USA Today*). Former commission chairman Thomas Kean and co-chairman Lee Hamilton said they are planning a half-dozen hearings in June and July to assess the government's progress in responding to the commission's 567-page report, released last summer. Commission members will issue a "report card" in July.

## Daniels to sign voter ID bill

INDIANAPOLIS - Gov. Mitch Daniels said he would sign into law Wednesday night a bill requiring most voters in Indiana to show a photo ID before voting (*Indianapolis Star*). Senate Enrolled Act 483 gives Indiana the strictest voter identification requirements in the country. The law takes effect July 1, but most voters won't face the new requirement until the primary election in May 2006.

## Daniels scolds Sen. Young over meth bill

INDIANAPOLIS - Gov. Mitch Daniels called on a key Republican senator yesterday to stop blocking legislation that would strictly limit access to most cold medicines to keep them out of the hands of methamphetamine dealers (*Louisville Courier-Journal*). Daniels didn't mention Sen. Mike Young by name. But it was clear his message was intended for the Indianapolis Republican, who has refused to go along with proposals to keep cold medicines containing pseudoephedrine behind a pharmacy or store counter or in a locked storage case. Daniels said it's "unconscionable" that lawmakers could adjourn without passing those provisions. "It's a life-and-death issue," the governor said. "We can't afford to leave here without a bill."

## Pabey lacks evidence in garbage contractor case

EAST CHICAGO - East Chicago Mayor George Pabey took the witness stand Wednesday and admitted he did not have direct evidence to support many of the harsh claims he's made about a city garbage contractor (*Times of Northwest Indiana*). Pabey's attorney, Ned Ruff, tried unsuccessfully to convince a Lake County judge to admit as evidence a sworn affidavit from a man who says the garbage contractor got the job because the company agreed to pay bribes to two government officials.

## Brown County Commissioner convicted of DUI

NASHVILLE - Brown County Commissioner Amy Couch was found guilty Wednesday of driving under the influence of alcohol and marijuana and not having a valid driver's license (*Columbus Republic*).

## State apologizes for tax letter

WALKERTON - The Indiana Department of Revenue has verbally apologized to Walkerton resident Tim Madlem for sending a threatening pay-up-or-else letter after Madlem paid his state income taxes on time. "I've never heard of that either, them apologizing," Madlem said in response to the state action (*South Bend Tribune*). As a long-time musician, Madlem said, he has always been careful to report his earnings and pay his taxes. Department of Revenue spokeswoman Cathy Henninger said she called Madlem to apologize after being made aware of the situation. Henninger said a formal letter of apology also will be sent. ❖