



Economy dominates crackerbarrel session

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— Property tax caps, unemployment and stimulus money were on the minds of citizens participating in Saturday morning's crackerbarrel session.

Rep. Bruce Borders, R-Jasonville, stood against opposition alone as he defended placing property tax caps in the state's constitution.

"Absolutely," he said when asked after the meeting if he thinks the caps are a good thing. "There's no question about it."

Borders joked toward the end of the two-hour forum at the Vigo County Public Library that he'd been asked "to bring the fireworks," noting most in attendance opposed the caps and the financial consequences they're accused of bringing some areas of government.

But the caps themselves are not the problem and are, in fact, beneficial when real numbers are used, he said, offering to debate anyone in public on the matter.

The economy itself is a major problem, he said, as all legislators in attendance acknowledged what Borders termed a "huge unemployment issue."

Illinois might raise its state income tax as much as 50 percent and California's finances are beyond repair, he said.

A man from Otter Creek commented that while property tax caps might fix the rate charged, they don't guarantee that the property's assessment won't just be wiggled up to match needs. This would, in effect, still raise property taxes, he said.

Bianca Gambill of the League of Women Voters and a former township official agreed, stating "this whole cap system is a Trojan Horse."

Assessments can go up regardless of the rate, still impacting property owners. "Capping is unconstitutional and it doesn't protect the taxpayers," she said.

Rep. Nancy Michael, D-Greencastle, said the full fiscal impact of the caps still haven't been felt. More local pain is on the way this year and next, she said.

Nancy Dowell, director of the Vigo County Public Library, stood at a podium in what could wind up being the last branch and said their organization has taken measures early to prevent financial disaster, but cities and counties will face similar problems in 2010 and beyond, she said.

Sen. Tim Skinner, D-Terre Haute, said the entire Kernan-Shepherd Report "took a worst-case scenario and applied it to the whole state" when it assumed counties were bungling funds and operations.

And Donna Wilson of the Vigo County School Corp. warned that smaller schools are already laying off teachers with more reductions on the way.

Rep. Clyde Kersey, D-Terre Haute, said parks, schools and libraries are high on the list of priorities for companies looking to expand, and one of the big items needed in Indiana right now is economic development.

By cutting those "quality of life" areas through lack of taxes, the state puts itself down the ladder as a candidate for expansion, he said.

Borders, however, noted two opposing concerns expressed in that some people are afraid their property assessments could go up, therefore leading to higher taxes. Meanwhile, others claim the government won't generate enough money to operate.

“Both of those can’t be true,” he said, stating that according to a recent poll he conducted, 80 percent of his constituents like the security provided by the caps.

Kersey said people can’t have it both ways.

“Everybody wants to lower taxes, but those taxes go to pay for services,” he said, noting many municipalities are going to end up closing parks and schools and reducing emergency personnel as a result.

Meanwhile, unemployment numbers continue to haunt the state.

Skinner called it the “skull on the table” as Indiana now owes the federal government about \$470 million as it struggles to pay the unemployed.

Borders said this problem has been looming since 1997 when Indiana began increasing the amount paid to those not working. The current maximum benefit is \$390 per week, but “we’re collecting the same amount of taxes,” he said, noting the fund has been heading toward a negative since 2000.

“Whether it will be impacting the benefit levels or the tax level, I don’t know,” he said, noting one of the two will have to give way.

Kersey said the federal stimulus money slated for Indiana is between \$4 and \$5 billion, but he fears “the bulk of that money is going to go to Marion and Lake counties.”

Proponents for road projects such as I-69 and other public works are already lining up at the trough, but Kersey said “we want that to be distributed evenly throughout Indiana’s 92 counties.”

Whether or not the stimulus money can be used to offset unemployment costs was questioned, but according to Rep. Dale Grubb, D-Terre Haute, and Skinner, there are five stipulations the federal government has placed on that money which will hamper the process of using it in that manner.

Other concerns included those expressed by Steve Hunter of the bricklayers’ union, who spoke of “rumored” legislation that would classify construction workers as “seasonal labor” in an effort to change their unemployment payouts.

Hunter said non-union contractors are abusing “worker misclassification” by paying laborers through a 1099 instead of a W2, thereby avoiding income taxes and workers’ compensation costs.

Meanwhile, the union contractors pay into the unemployment fund as well as the income tax system, he said. “Worker misclassification is costing this state millions,” he said, stating there are numerous local, non-union contractors working on “big projects” doing this.

Skinner said the legislature is still in the middle of fighting out the unemployment issue and that nobody’s going to be completely happy with how it all works out, but Kersey said the state is “unlikely” to term construction workers “seasonal.”

The next session is scheduled from 10 a.m. to noon April 11 at the Vigo County Public Library’s main branch.

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