



STATE OF INDIANA  
OFFICE OF THE GOVERNOR  
State House, Second Floor  
Indianapolis, Indiana 46204

Eric J. Holcomb  
Governor

June 15, 2018

**VIA ELECTRONIC MAIL ONLY**

Jake Harper  
Health Reporter  
WFYI  
[JHarper@WFYI.org](mailto:JHarper@WFYI.org)

**Re: Public Records Request**

Dear Mr. Harper,

The Office of Governor Eric J. Holcomb (the “Governor’s Office”) is in receipt of your request for public records that was sent on July 6, 2017, pursuant to Indiana’s Access to Public Records Act (“APRA”). Specifically, you submitted a request for:

*Any emails sent to or received from an email address associated with Alkermes (“@alkermes.com”), from Jan. 1, 2014 to present, including any attachments from those emails.*

On July 13, 2017, you amended your request to ask for the following:

*Only e-mails sent to or received from an email address associated with Alkermes (“@alkermes.com”) and any of the following individuals: Eric Holcomb; Mike Pence (to also include the [mpence1314@aol.com](mailto:mpence1314@aol.com) email address); John Hill; Jim McClelland; Luke Bosso; Paula Barnett; Chris Creighton; Jeff Espich; Earl Goode; Rebecca Holwerda; Douglas Huntsinger; Allison Karns; Jim Atterholt; Sean Keefer; Brady Brookes; Tyler McGuffee; and Nicholas Goodwin*

*The request was amended to include e-mails that included the following search terms regardless of capitalization or pluralization (If a term is captured as part of a series of emails, I’d like to receive the whole thread): addiction, mental health, mental illness, SMI, Vivitrol, Alkermes, opioid, opiate, heroin, harm reduction, MAT, medication-assisted treatment, buprenorphine, methadone, Suboxone, Subutex, Probuphine, naltrexone, bridge, needle, SEP, SSP, syringe, SUD, injection, IDU, HIV, hepatitis, PWID, epidemic.*

On August 28, 2017, you requested clarification from the Governor's Office, and on September 10, 2017, you submitted eight revised APRA requests as follows:

Time Periods: *January 1, 2014 to June 30, 2014; July 1, 2014 to December 31, 2014; January 1, 2015 to June 30, 2015; July 1, 2015 to December 31, 2015; January 1, 2016 to June 30, 2016; July 1, 2016 to December 31, 2016; January 1, 2017 to June 30, 2017; July 1, 2017 to December 31, 2017.*

Subject Matter: *any emails (including attachments) from the list of senders/recipients below that contain the following search terms, regardless of capitalization: alkermes, vivitrol, mhai, mental health america, i-h-s, ihs, innovative health solutions, thethirdhouse, the third house.*

Senders/Recipients:

*Eric Holcomb*

*Mike Pence (to also include the mpence1314@aol.com email address)*

*John Hill*

*Jim McClelland*

*Luke Bosso*

*Paula Barnett*

*Chris Creighton*

*Jeff Espich*

*Earl Goode*

*Rebecca Holwerda*

*Douglas Huntsinger*

*Allison Karns*

*Jim Atterholt*

*Sean Keefer*

*Brady Brookes*

*Tyler McGuffee*

*Nicholas Goodwin.*

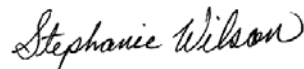
In response to your eight revised requests, the Governor's Office is providing the attached documents. As a courtesy, we are providing responsive records to your request to you free of charge. In connection with your request, we have searched the emails produced electronically by the former governor from his email accounts for documents during each of the eight requested time periods to/from: Eric Holcomb, Mike Pence; John Hill; Jim McClelland; Luke Bosso; Paula Barnett; Chris Creighton; Jeff Espich; Earl Goode; Rebecca Holwerda; Douglas Huntsinger; Allison Karns; Jim Atterholt; Sean Keefer; Brady Brookes; Tyler McGuffee; and Nicholas Goodwin, that contain the words alkermes, vivitrol, mhai, mental health america, i-h-s, ihs, innovative health solutions, thethirdhouse, or the third house.

We have also searched the official state email accounts of Eric Holcomb, Mike Pence; John Hill; Jim McClelland; Luke Bosso; Paula Barnett; Chris Creighton; Jeff Espich; Earl Goode; Rebecca Holwerda; Douglas Huntsinger; Allison Karns; Jim Atterholt; Sean Keefer; Brady Brookes; Tyler McGuffee; and Nicholas Goodwin for documents during each of the eight requested time periods to/from: Eric Holcomb, Mike Pence; John Hill; Jim McClelland; Luke Bosso; Paula Barnett; Chris Creighton; Jeff Espich; Earl Goode; Rebecca Holwerda; Douglas Huntsinger; Allison Karns; Jim Atterholt; Sean Keefer; Brady Brookes; Tyler McGuffee; and Nicholas Goodwin that contain the words alkermes, vivitrol, mhai, mental health america, i-h-s, ihs, innovative health solutions, thethirdhouse, or the third house.

Certain records and/or portions of records have been withheld from disclosure and are not being produced in this response, in accordance with and as permitted by the laws of the State of Indiana, as follows: (i) Indiana Code § 5-14-3-4(b)(6), *records that are advisory or deliberative material*; (ii) Indiana Code § 5-14-3-4(a)(8), *records declared confidential under rules adopted by the Indiana Supreme Court, e.g. attorney-client privilege documents pursuant to Indiana Trial Rule 26(B)(1) and Indiana Rule of Professional Conduct 1.6(a)*; and/or (iii) Indiana Code § 5-14-3-4(b)(2), *the work product of an attorney*. The person responsible for withholding the records, or portions thereof, as referenced in this paragraph is Joseph R. Heerens, General Counsel.

In light of the above and the records enclosed herewith, we have completed our response to your public records request and are closing our file on this request at this time. We will continue to provide responses and documents responsive to your outstanding requests in the coming weeks.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Wilson".

Stephanie Wilson  
Press Secretary  
Office of Governor Eric J. Holcomb

**Scott.A.Milkey**

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**From:** Quyle, Lindsay  
**Sent:** Friday, May 16, 2014 4:23 PM  
**To:** Quyle, Lindsay;Cleveland, Bridget;Keefer, Sean (GOV);Springer, Marilee J;'Smith, William A';Kossack, Andrew;Atkins, Chris;Espich, Jeff;Neale, Brian S;Streeter, Ryan T;Denault, Christina;McKinney, Ted;Bausman, David;smith@sextonscreek.com  
**Subject:** [GovClips] Legislative Insight  
**Attachments:** 5-16-14\_Legislative Insight.pdf

Thank you,

Lindsay Quyle, *Staff Assistant*  
**Office of Governor Mike Pence**  
[lquyle@gov.in.gov](mailto:lquyle@gov.in.gov)  
Phone: (317) 232-4567  
Fax: (317) 234-3854



## Utility found in new chief of staff

*Atterholt choice seems to make sense on every level Guv needs*

No doubt a lot of people are kicking themselves for not having seen this coming: Jim Atterholt leaves his post as chair of the Indiana Utility Regulatory Commission to become chief of staff for Governor Mike Pence (R).

Because Atterholt was not a Pence intimate from days gone by nor a prominent older leader of the business community, his name was not banded about in discussions of who might succeed Bill Smith when the chief of staff joined at the hip to the Governor stepped down to head into the political and public policy consulting world on a full-time basis (with the Guv's campaign committee as his blue chip client).

Atterholt checks all of the other boxes, however.

He has conservative Republican credentials, losing his House seat after four years of service to David Orentlicher (D) in a tough race of marked contrasts. Yet like most of his Indianapolis GOP colleagues, he was able to work well across the aisle during his legislative tenure, building both professional relationships and personal friendships that serve him well through today. He also seemed to be a boundary spanner of sorts who could move easily within different philosophical circles of his caucus and bridge some of those islands with more moderate GOP House leadership.

In his 2002 re-election campaign (in a new district that extended up into Hamilton County), he avoided negative responses – even after a barrage of television spots portrayed anti-gun control votes he cast as allowing “extremists” to use automatic weapons in schools (yeah, it was a different world a dozen years ago!). We noted his “classy” reaction back in 2002 in eschewing a recount after a wacky election night turn of events, and this likely appealed as well to the Governor, who has sworn off negative campaigning and touts himself as a conservative . . . who is not “angry” about it. And he understands the intersection of government, politics, and business.

Atterholt worked for Bill Smith for many years on the staff of then-U.S. Rep. Dan Burton (R), for whom Atterholt served as district director and as chief of staff. Indeed, Smith gave Atterholt his first job fresh out of college. He's been chief of staff of a political office, and his D.C. experience with Congress will allow him to relate to his new boss when the Governor breaks out congressional analogies, or when Atterholt needs a frame of reference to bring out the better angels within the boss.

As state insurance commissioner, Atterholt initiated and oversaw the investigation that exposed the fraud in the complicated Indiana State Teachers Association health care plan Ponzi-like scheme that defrauded Hoosier school districts out of almost \$30 million in retirement funds for teachers. When tapped as IURC leader, he led a change in ethical climate in a 75-person agency that impacted energy policy and politics (as recently as this month, when the State Ethics Commission relied on his agency policy to deny a revolving-door waiver to an IURC attorney). Smith posted on his Facebook page that “Rarely in the political world do we find someone with the strong convictions, humility, servant's heart and integrity possessed by Jim. He is a worthy leader of an amazing staff of public servants.”

*For more, please see the following page . . .*

## Governor's HIP BFD

*HIP 2.0 could be good policy and politics*

Governor Mike Pence (R) unveils a new two-tiered consumer-driven “safety-net” health care coverage program expanding on the successful Healthy Indiana Plan, but stopping well short of expanding eligibility for what he labels as the “bureaucratic and fiscal monstrosity” that is the “traditional Medicaid .... entitlement.”

HIP 2.0, which has been largely well-received in most circles – even many Democrats are grudgingly approving, although they continue to push for traditional Medicaid expansion – is a means by which the Governor can continue to press the U.S. Department of Health and Human Services to approve the state's long-lingering request for a waiver from the Affordable Care Act health insurance exchanges.

And make no mistake about it: this is a high-stakes policy and political battle for the Governor, one which he appears to have won back home, and which he may be on the way to winning in Washington D.C., which could mean good things for low-income Hoosiers and for Gov. Pence's own national political prospects in 2016 – with the potential demise of Medicaid in favor of state-run patient choice programs with health savings accounts like HIP 2.0 mirroring what you see nationally in public education in shifts to charter schools and parental choice via vouchers.

HIP 2.0 is designed for low-income adults, and would replace traditional Medicaid for all non-disabled adults. The program would retain the popular choice-based component of HIP, while offering new incentives for participating Hoosiers (who will contribute between \$3 and \$25 each month to their account covering expenses under \$2,500) to take personal responsibility for their health. Those who don't fund the health savings accounts would receive only minimal coverage (not including vision and dental) and would be subject to co-pays. The program would cover an additional 350,000 uninsured Hoosiers (tapping billions in federal cash to help), and offer them linkages to employment services, as well as rewarding individuals for securing employment and moving off public assistance. At the same time, enrollment caps for HIP would be eliminated.

*For more, please see “IN State Circles,” p. 5*

The Governor told his cabinet members that one reason he chose Atterholt was that “he shares our commitment to servant leadership and will be a strong, principled leader.”

You can look for Atterholt to be more collaborative in his approach than recent chiefs of staff, and, as a legislative creature like his new boss, he understands the role of the Third Floor in the process, and will be comfortable in reaching out upstairs – to members of both parties (we counted 14 Republicans and 10 Democrats still serving from Atterholt’s last House term, but most are key members of leadership now; eliminating those who are retiring, a maximum of 13 senators from those days could return).

Atterholt spent a year as director of government affairs at AT&T Indiana (in the burdensome pre-deregulated market days) so he has a feel for the lobby (and regulatory burdens).

He’s quick at picking up on broad aspects of new policy initiatives, and won’t look for personal attention (he made sure that an elected officer – the secretary of state – got the bulk of the credit in the ISTA probe); and will be substantively well-suited to advancing one of the Guv’s major 2014-15 policy goals, a comprehensive new state energy plan, using his own knowledge and good will with lawmakers, utility executives and association officials, local government leaders, state agency leaders, and lawmakers.

Like Smith, Atterholt doesn’t have direct ties to the state-supported colleges and universities (he’s a proud University of Wisconsin alumnus!), and the Fort Wayne native moved his children from private schools to public schools in the Washington Township schools several years ago, allowing him “street cred” with those on both sides of the major education issues currently being debated.

While it may not seem particularly important today, one key asset that Atterholt hits the ground with running is a knowledge base on current state agency leaders, and understands what it takes to run a state agency under different gubernatorial leadership types.

Bear in mind that as the Pence Administration nears the midpoint of its first term, there are a number of hold-over Daniels Administration appointees who remain in place (some were retained because they were doing a good job and the Guv saw no need to replace them; others may have been allowed to stay because Team Pence realized that some problems that had developed during the Daniels Administration were ready to emerge, and keeping the responsible players in place deflected blame from the new administration). Many of those who served under the Daniels Administration are also ready to fully vest in the state pension system and are looking to move on, and the final two years of any administration is typically rife with people looking to move up, on, or who need to be given a push because they just aren’t the right fit for an agency.

Atterholt is well-suited for handling the sensitive issue of appointments (including his IURC successor as a Pence energy plan is released), reassignments, and referring inter-agency disputes that may come to the fore in the next year or so.

## IN Politics

### *Federal Office Races . . .*

- We’re hearing that U.S. Rep. Marlin Stutzman (R) may soon be making an announcement about a change in his CD 03 campaign leadership team as campaign manager Joe Knepper leaves his post to handle outreach activities for the Catholic church.

### *State Office Races . . .*

- With former U.S. Sen. Richard Lugar (R) weighing in on behalf of Marion Mayor Wayne Seybold (R) in the race for state treasurer, Christy Stutzman uses her well-watched Facebook page in CD 03 to endorse Kelly Mitchell (R), an “amazing woman who is offering her service to our state. She is well-qualified, has a spotless record, and has worked in the State Treasurer’s office for quite a while. She is a person of integrity and character who will represent us well with competence and consistency. She has a great vision for what she wants to do as State Treasurer and I love the fact that it involves financial education for our kids.” The Stutzman backing could further split tea party support, which had largely been expected to line up behind Don Bates, Jr. (R). Watch to see how many open delegate spots can still be filled by which county party chairs.

### *Other Political News . . .*

- Hammond Mayor Tom McDermott, Jr. (D) reveals Friday morning he is resigning as Lake County Democratic Party chair. In an announcement on WJOB 1230-AM in Hammond, He cites the time commitment, stress, and an inability to defend corrupt officials among the reasons why he is stepping down after what he considers to be a successful tenure. He expresses concern that his performance in the role is not as good as when he took over, and feels the time is right to turn over the reins. “Nobody’s fighting right now,” he says, in contrast to the county’s history of high-profile Demo political feuds. Mayor McDermott acknowledges that Democratic Party “people downstate are going to be upset with me” because he had been “holding the party together up here,” but says that he is simply “burned out,” and needs more family time. He says he has become I “stressed and sort of irritable and snappy. That’s not me,” adding “I’ve just got too much stress and I need to de-stress or I’m going to end up being in a casket before I’m 50.” He says his successor must be a good leader, have the respect of local officials, be able to raise heaps of money, and have the time to deal with issues on a daily basis.

- Given Republican primary results and ceaseless post-primary spin from all quarters, could we be setting up for a serious floor fight over prospective GOPlatform language?

- U.S. Rep. Todd Young (R) was one of 14 members who helped deliver the Weekly Republican Address on May 10, focusing on bills promoting job creation and moving the economy forward passed by the House but not acted on by the Senate or President. Rep. Young, who delivered the address solo in July and November, spoke on his H.R. 2575, the “Save American Workers Act,” that the House passed last month.

- In our last issue, we told you that Governor Mike Pence (R) had endorsed J. Peter Ricketts (R-NE), president of the Platte Institute for Economic Research and the former COO of Ameritrade. The Pence campaign has benefited from the billionaire Ricketts family contributions, and he joined U.S. Sen. Ted Cruz (R-TX), Wisconsin Gov. Scott Walker (R-WI), and U.S. Rep. Paul Ryan (R-WI) in backing the son of the owner of the Chicago Cubs. Ricketts ended up winning by fewer than 2,200 votes statewide, taking 26.5% of the vote.

□ USA Super PAC, the entity founded and directed by Jim Bopp, the former Indiana Republican National Committeeman, ran negative spots against principal Ricketts opponent Jon Bruning (R-NE), the veteran incumbent Nebraska attorney general, who was endorsed by the man he hopes to succeed, outgoing Nebraska Gov. Dave Heineman (R-NE). The *Omaha World-Herald* reports that "In western Nebraska, the group USA Super Pac spent \$200,000 on a hard-hitting commercial against Bruning, accusing him of having a 'craving for cash.' The group says Bruning has invested in numerous companies while in office and that he purchased a lake home with two top executives of a company that he regulated as attorney general."

## IN Brief

### *IN Federal Circles . . .*

- U.S. Sen. Dan Coats (R) says that he decided to vote against moving forward Monday on the Shaheen-Portman energy bill after U.S. Senate Majority Leader Harry Reid (D-NV) refused to allow debate and votes on Republican energy proposals, continuing the Coats pattern of voting against such procedural votes when Senate Democrats have shut out the opportunity for Republican contributions to measures being debated. "Republicans asked the Majority Leader for a vote on five energy-related amendments to this energy bill, yet he refused to allow consideration of a single one of our proposals," Sen. Coats explained. "Over the past 10 months, the Majority Leader has allowed just nine roll call votes on Republican amendments. Hoosiers sent me to Washington to be their voice, and right now that voice is being shut down. It is time to get serious and have a real conversation about energy solutions with bipartisan support, like constructing the Keystone Pipeline." Among the proposals blocked by Leader Reid was an amendment offered by Sen. Coats that would prevent the Office of Surface Mining from vastly expanding the scope of the current stream buffer zone rule (the "Stream Protection Rule") that prohibits mining within 100 feet of a stream, unless the activity "will not adversely affect the water quantity or quality." After an extensive five-year process that included 40,000 public comments, two proposed rules and 5,000 pages of environmental analysis from five agencies, the rule was updated in 2008. He says that the Obama Administration's "attempt at a sweeping rewrite of this rule will cost the jobs of hardworking Americans in Indiana and other states," noting that "A sensible compromise was put in place that

strikes the right balance between protecting streams and producing an important energy resource" . . . Sen. Coats, a veteran, says about the ongoing allegations of abuse and neglect by the Department of Veterans Affairs that "While resignations from top leadership may be necessary, the real problem facing the VA is a culture of mismanagement and indifference to the needs of veterans. The VA must refocus and reorganize to ensure that America's veterans are receiving the care and support they deserve" . . . Sen. Coats chose May 15, the filing deadline for tax-exempt organizations, to introduce legislation that would require the Internal Revenue Service to notify nonprofit organizations before their tax-exempt status is automatically revoked for failure to file annual information returns for three consecutive years. The measure would also allow retroactive reinstatement of tax-exempt status if the charity did not receive this notice and subsequently filed an information return. Since 2010, Sen. Coats found that 11,600 Hoosier charities and nonprofits lost their tax-exempt status without adequate IRS notification . . . Sen. Coats teams with U.S. Sens. John Cornyn (R-TX) and Richard Blumenthal (D-CT) to introduce the "Russian Weapons Embargo Act of 2014," bipartisan legislation that would forbid direct or indirect use of American tax dollars to enter contracts or sign agreements with Rosoboronexport, the sole state agency for export of Russian weapons systems and defense-related goods - which he describes in National Review Online as "Putin's arms dealer." "Our proposal would immediately terminate existing contracts and agreements with Putin's agency [and] prohibit contracts with any domestic or foreign company that cooperates with Rosoboronexport to design, manufacture, or sell military equipment."

- U.S. Sen. Joe Donnelly (D) addressed the Medical Device Manufacturers Association, outlining his frustration over the battle to repeal the Affordable Care Act medical device tax. He will be leading a new bipartisan Senate effort to repeal the tax, but appears willing to settle for a two-year moratorium . . . Sen. Donnelly is one of six Senate Democrats who held a joint press conference to demand that the U.S. Environmental Protection Agency abandon plans to rollback the Renewable Fuel Standard requirement for biodiesel and to extend the \$1 per gallon tax credit for biodiesel producers.

- The entire Indiana congressional delegation teams up on a letter to the commissioner of the Internal Revenue Service seeking a federal investigation into reports - brought to their attention by the Indiana State Medical Association - that hundreds of Indiana doctors and health care professionals have been victimized by identity theft, which the delegation labels a "grave situation." Lawmakers in New Hampshire last month also asked the IRS to investigate identity theft and tax fraud issues involving 100+ physicians and health care providers there. The members of the Indiana delegation note that identities of Hoosier medical professionals have been used to fraudulently obtain federal and state tax refunds, and while acknowledging that the IRS Criminal Investigation Division has been engaged on the issue, "we believe that all levels of the IRS responsible for detecting, investigating, prosecuting and preventing patterns of fraud like this."



□ The Hoosier delegation also wants details from the IRS commissioner on any “safeguards your agency plans to implement to prevent further victimization of taxpayers.”

● When the 2011 session of Congress opened, Indiana Republicans began at the virtual bottom of the clout totem pole. U.S. Rep. Marlin Stutzman (R), who had taken office eight weeks before the other new Hoosier Republican House members by virtue of his special election win to fill a vacancy, was awarded a subcommittee chair on a non-prestigious committee, and U.S. Rep. Todd Rokita (R) was named to a freshman spot on the Republican Steering Committee. But fast-forward to Spring 2014: three of the seven Republican members from Indiana are now serving on “A” committees. U.S. Rep. Todd Young (R) is a member of the Committee on Ways and Means. Rep. Stutzman and U.S. Rep. Luke Messer (R) (who is also the GOP freshman class president) are members of the Committee on Financial Institutions (a great place from which to raise campaign cash). Rep. Rokita chairs the prominent K-12 subcommittee of the Committee on Education and the Workforce; U.S. Rep. Susan Brooks (R) won an increasingly important subcommittee chair on the Committee on Homeland Security, and as a freshman, the former prosecutor has a chance to raise her profile on the House select committee investigating the Benghazi tragedy. U.S. Rep. Larry Bucshon (R) chairs an important research subcommittee of the Committee on Science, Space, and Technology Subcommittee, and may be poised to move to the Committee on Energy and Commerce, another “A” committee, in 2015.

● The House passed renewal of the controversial Overseas Private Investment Corporation as part of the “Electrify Africa Act,” but it took Democratic votes to put it over the top. Both of Indiana’s Democratic House members joined five of the seven Hoosier Republicans in approving the measure. In the Indiana delegation, only U.S. Reps. Marlin Stutzman (R) and Jackie Walorski (R) joined the 116-Republican caucus majority opposing the measure renewing the agency that uses taxpayer backing to finance and insure American companies opening overseas operations (106 Republicans voted for it).

● U.S. Rep. Todd Rokita (R) sees the House on May 9 pass H.R. 10, the “Success and Opportunity through Quality Charter Schools Act,” legislation co-authored by Rep. Rokita with bipartisan support which would reauthorize federal charter school programs (and was included in Rep. Rokita’s 2013 “Student Success Act,” which passed the House in July). “Charter schools empower parents in their active role in their child’s education,” he said on the House floor. “It opens doors for teachers to pioneer fresh teaching methods. Charter schools encourage state and local innovation and helps students escape underperforming schools.”

● U.S. Rep. Luke Messer (R) sees the House pass the “Success and Opportunity through Quality Charter Schools Act,” H.R. 10, which includes an amendment he introduced that would encourage states to prioritize the opening of charter high schools or secondary schools.

● U.S. Rep. Jackie Walorski (R), a member of the House Committee on Veterans’ Affairs, honchoed a letter Monday signed by 15 fellow House members (including U.S. Reps. Todd Rokita (R) and Susan Brooks (R)), sent to the President, urging accountability at the troubled U.S. Department of Veterans Affairs, and requesting the resignations of the Secretary and two senior administration officials within the VA. She asserts that “There is no excuse for the botched care of America’s 23 million veterans. Now, our veterans are dying because of mismanagement at the VA under Secretary Eric Shinseki, Under Secretary Robert Petzel, and Under Secretary Allison Hickey. Nowhere else in the country would this lack of accountability and transparency be allowed,” adding that “This kind of action should not be tolerated, and we must hold those involved responsible, including Secretary Shinseki. It’s a disgrace to allow this kind of treatment for the men and women who swore to protect this country, yet we refuse to protect them in return.” In the letter, the lawmakers tell the President, “Enough is enough. We expect more from the public servants assigned to oversee the care of our veterans. It is unconscionable that our nation’s heroes have lost their lives due to negligence within the agency tasked with serving and protecting them. Our veterans deserve better .... We must send a clear message to the American people that failure to protect our veterans will not be tolerated.”

● U.S. Rep. Susan Brooks (R), whom we told you was being considered for such a post, is selected to serve on the Select Committee on the Events Surrounding the 2012 Terrorist Attack in Benghazi. The former federal prosecutor says “Serving on this select committee is a solemn responsibility. Four Americans were killed in the tragic ... terrorist attack on our embassy in Benghazi, Libya. Many questions about the events that took place before, during and in the aftermath of the attack still exist. We have a duty to the families of the victims and the American people to unveil the whole truth of this tragic incident and seek appropriate accountability.”

● U.S. Rep. Todd Young (R), a member of the House Committee on Ways and Means, “helps write the nation’s tax laws, but back home in Indiana he violated state tax law, claiming a property tax deduction for a house he didn’t live in. In 2012, Young ... claimed a house in Bloomington was his primary residence and deducted more than \$200,000 from his property taxes – saving himself almost \$5,000. Turns out, Young was renting the property, not living in it, according to documents obtained by CNN. Last month, the county auditor notified the second-term congressman that he owed about \$5,300 in back taxes and penalties, which Young paid April 14, records show. It’s not the first time Young has had tax problems. CNN reported last month that Young paid \$1,500 in penalties for late payments for his property taxes between 2007 and 2011. In both cases, Young took responsibility. ‘I accept full responsibility for these embarrassing oversights and have paid all the taxes and fees I owed. I regret the errors and offer no excuses,’ Young said in a statement to CNN. His spokesman said Young had been eligible for the so-called homestead deduction in prior years, but did not stop claiming it when he moved out in late 2011.” He was cited as one of eight members of the panel with tax problems.



● U.S. Rep. Larry Bucshon (R) attracted overseas attention in *The Guardian* with comments on space junk at a hearing this month of the House Committee on Science, Space, and Technology Subcommittee on Space examining "Space Traffic Management: How to Prevent a Real Life *Gravity*." Rep. Bucshon, a subcommittee member, suggested at the hearing that "Fifty years from now we might not be able to fly in space at all ... because we won't be able to get out of the way."

### *IN State Circles . . .*

➔ *Cont. from page one . . .*

A third option would provide state assistance with premiums for workers who can't afford their work-based health care plans (Indiana would be the first state to do so).

On the provider side, reimbursement would be at 100% of the higher Medicare rates (ensuring provider participation and leading to greater access to services), while HIP 2.0 adds maternity benefits and removes annual and lifetime limits. Indiana hospitals signed on after marathon May 9 negotiations to contributing \$50 million in an annual Hospital Assessment Fee beginning in 2017 toward the expanded coverage.

Since the program would require federal approval (he'll submit it by June 30, but there is no deadline by which HHS must decide on it), the Guv can shift the blame to the Obama Administration for the lack of coverage or the death of a popular proposal if the feds ultimately fail to sign on . . . but he's also submitting a waiver request to continue a more limited HIP should the feds reject HIP 2.0 expansion, even though the incoming HHS secretary is less vested in Indiana opposition than her predecessor, a former governor.

And just as Kentucky Gov. Steve Beshear (D-KY) next door became a hero among Democrats for making Obamacare work via a state exchange, Gov. Pence could turn his Obamacare intransigence and "Hoosier common sense alternative" with a conservative twist into a rallying point for the GOP (and even some unlikely Demos already warming to the proposed plan the health care industry quickly embraced).

The Vice President wasn't asked to comment, but we suspect that he would agree that HIP 2.0 and its related components is, so to speak, a "BFD" - across several elements.

● Technical correction day will be held on June 17, the first time laws will actually be overhauled through a suspension of the rules for passage of a bipartisan "technical corrections" bill in a one day. Laws that will be subject of the corrections will be sentencing and criminal reforms from HEA 1006-2014 and alternative fuel tax matters from HEA 1180-2014, and drafts of the specific corrections to be voted upon should be available the week before lawmakers reconvene.

● Assuming that the Governor is able to appoint a new chair of the Indiana Utility Regulatory Commission this Spring or Summer, it will mean that a majority of the commissioners will have less than six months of service on the panel. The Governor made two new appointments to the Commission in early March. Both of veteran panel members are Democrats.

● We were first to tell you a few years ago that Judicial Watch and True the Vote were suing the State of Indiana alleging that the State had failed to maintain clean voter registration lists as required by the National Voter Registration Act (NVRA). Judge William T. Lawrence of the U.S. District Court for the Southern District of Indiana ruled last week on cross motions for summary judgment in *Judicial Watch v. King*, No.1:12-cv-00800.

□ Intriguingly, Judge Lawrence finds the State is entitled to summary judgment - but on grounds not squarely raised by its attorneys. The judge issues notice of his intent to enter summary judgment against Judicial Watch and True the Vote, absent a showing by them within 21 days that such a ruling would not be in accordance with the applicable law. "It seems that the Plaintiffs are, at this point, asking this Court to redress alleged past failures by Indiana, all but ignoring the fact that the relevant statutory landscape has changed considerably and the fact that Indiana has made records available during the course of this lawsuit," the judge writes in his four-page ruling. "In the absence of evidence of an ongoing violation of federal law by the state, the Plaintiffs are no longer seeking relief that this Court can give them."

□ In its October motion for summary judgment, Judicial Watch and True the Vote had presented the court with the following new evidence gathered against the State of Indiana over the preceding 15 months of litigation, including that the co-directors of the Indiana Election Division "frequently disagreed... concerning voter list maintenance, preventing Indiana from initiating numerous voter list maintenance programs." The filing contended that "Indiana has taken a mostly passive approach to voter list maintenance, even though states are required to actively lead, direct, and oversee a list maintenance program under the NVRA," and blamed the Indiana Department of Health for having failed to comply with Indiana law .... to obtain out-of-state death information from other states for purposes of assisting the Election Division to maintain the voter registration rolls" for several years. Rich James has been writing about state and local government and politics for more than 30 years, used his *Times of Northwest Indiana* column Wednesday to debunk the assumption there are about 350,000 registered voters in Lake County. "I'd say there are no more than 300,000 registered voters in the county. I'd also say 250,000 is a better guess," says the expert on politics in The Region.

□ Hoosier voters can expect the mailing of the first flight of voter list refreshment post cards to start landing via snail mail in their mailboxes this week. Anyone whose card comes back to the Election Division as "undeliverable" will then be sent a first class mailing (forwarding service requested) containing a prepaid postcard that can be used to update a voter's address/registration.

□ And, in case you're wondering, we checked, and the 4.5 million address confirmation post cards - presorted, packed in mail trays and palletized - stuffs two fully packed 18-wheeler tractor-trailers. Even at the most heavily discounted rates, it will still cost the State almost \$1 million to mail those "Return Service Requested" post cards.

- Some might suggest that with the Indiana Toll Road lease, Louisville Twin Bridges project, and the Illiana Tollway, the cart has preceded the horse, but Indiana Department of Transportation releases a Request for Proposals for a “Study of Transportation Infrastructure Funding Mechanisms.” INDOT says it is issuing this RFP to “study and identify revenue mechanisms that will fund the state’s highway and road infrastructure.” The contractor will prepare two major deliverables: (1) a report that identifies revenue mechanisms to fulfill the requirements of P.L. 208-2014 (HEA 1104); and (2) a decision making tool for the executive and legislative branch that identifies the priorities, risks, and opportunities for each of the revenue mechanisms identified in the report.

- Recall that HEA 1104-2014, authored by Rep. Ed Soliday (R) and sponsored in the Senate by Sens. Tom Wyss (R), Jim Banks (R), and Jim Arnold (D), required INDOT to contract with a third party for a study of alternative funding mechanisms for the maintenance of Indiana’s transportation infrastructure.

- The new IN.gov website look that we previewed for you here is in effect. The website attracts 3.8 million unique visitors per month, and you might be surprised to learn that 40% of site visitors are mobile users. More than 300 million page views were generated from May 2013 to May 2014, and the site handles an average of 81,000 searches per day. IN.gov is comprised of more than 55,000 webpages and more than 250 websites, and more than 200 online services are offered. These services saw 9.8 million online transactions during 2013, and 1.6 million users have signed up for some aspect of subscriptions.IN.gov.

- The Indiana Court of Appeals schedules oral argument for June 25 at Purdue University in *Citizens Action Coalition v. Duke Energy Indiana, Inc.*, No. 93A02-1305-EX-00394, an appeal from an Indiana Utility Regulatory Commission order in 43111 IGCC-9. Citizens Action Coalition appeals an IURC determination in the Duke Energy Edwardsport Integrated Gasification Combined Cycle Generating Facility (IGCC Project) approving IGCC Project costs incurred through March 31, 2012 (up to the Hard Cost Cap plus an allowance for funds used during construction (AFUDC)), as reasonable.

- Almost one year after we first warned you that “use of the Bitcoin virtual ‘currency’ is a growing international trend that concerns law enforcement and tax officials because of the private nature of the transactions and the ability to elude money laundering and tax scrutiny,” and that it was unregulated in Indiana, slipping between federal and state cracks, state officials speak out for the first time about potential hazards associated with dealing in bitcoin. Secretary of State Connie Lawson (R), whose office oversees securities regulation, issued a statement about Bitcoin and its crypto-currency progeny, such as Ripple or Litecoin. explaining to Hoosiers, “Unlike traditional currency, these alternatives typically are not backed by tangible assets, are not issued by a governmental authority and are subject to little or no regulation. The value of virtual currencies is highly volatile, and the concept behind the currency is difficult to understand even for sophisticated financial experts.”

- Indiana Securities Commissioner Carol Mihalik cautions investors that “investments that incorporate virtual currency present very real risks.” But despite these warnings, the State of Indiana has taken no steps to regulate such transactions under more traditional umbrellas, a situation unchanged from last June when we told you that Indiana “has yet to take any formal steps toward bringing Bitcoin under state oversight.”

- Indiana receives a near-failing D+ grade – placing 40th nationally – in the American College of Emergency Physicians’ (ACEP) state-by-state report card on America’s emergency care environment. The rank, which is unchanged since 2009, finds Indiana lacking in state-level planning and coordination to improve disaster preparedness and the quality and patient safety environment. The state received a failing grade in the category of Disaster Preparedness, ranking it 42nd in the nation. Indiana is said to face many challenges due to the lack of written procedures for emergency response coordination and a fractured emergency response system. Still, the state has posted significant gains since 2009 in the categories of Access to Emergency Care and Medical Liability Environment. The state has implemented reforms seen as important to ACEP, including apology inadmissibility laws, mandatory pretrial screening panels and a medical liability cap on total damages. Indiana also has the second-lowest average malpractice award payment in the nation. In addition, Indiana is seen as having adequate medical facilities with a very low hospital occupancy rate (60.6 per 100 staffed beds) and better-than-average emergency department wait times (239 minutes), staffed inpatient beds and psychiatric care beds. Indiana also has some of the lowest rates of adults and children with no health insurance (14.2 and 5.6 percent respectively).

- *State Integrity Investigation*, a first-of-its-kind, data-driven assessment of transparency, accountability and anti-corruption mechanisms in all 50 states, finds Indiana ranked at mid-pack among the states, and 23rd overall on government integrity according to the project, a collaboration of the Center for Public Integrity, Global Integrity, and Public Radio International. Indiana earns its sole A grade in state pension fund management, but receives F grades in ethics enforcement agencies, political financing, public access to information, and redistricting. A less than desirable D- grade is assigned to legislative accountability.

- The National Governors Association selects Indiana and six other states that NGA will work with to help develop and implement statewide plans for the health care workforce in each state. Participating states receive guidance and technical assistance from NGA staff and faculty experts as well as consultants from the private sector, research organizations and academia. The plans will address the structure of the health workforce; data collection and analysis; recruitment and retention; stakeholder engagement and building consensus; scope of practice and licensing; new types of professionals; reimbursement and payment; and education and training.

□ We're just speculating here, but look for Indiana's team on this effort to include staffers from the Governor's Office, the Department of Workforce Development, the Indiana State Department of Health, the Family and Social Services Administration, and the Indiana Professional Licensing Agency. The team will also likely include public representation from the Indiana University School of Medicine, Ivy Tech Community College, on Mental Health. Rounding out the team should be members with expertise from the private sector, including the Indiana Hospital Association and Indiana State Medical Association, and perhaps Mental Health America Indiana and the Indiana State Nurses Association.

- Demographer Wendell Cox analyzes the change in the number of holders of bachelor's degrees and above between 2007 and 2012 in the top 51 metropolitan statistical areas, and newgeography.com serves up the rankings. Ranking fifth in improvement (with a 16.2% increase) in educational attainment over the five-year period is the Louisville metro area (which includes some of Indiana's southeastern counties, and may come as a surprise after a University of Kentucky basketball player asked what the word "attainment" meant at a news conference earlier this month). The Indianapolis metro rose by 11.7%, ranking 24th among the 51.

- The Department of Workforce Development enters into a three-month, \$51,000 contract with Thomas P. Miller & Associates to develop a training curriculum for training DWD business consultants. The overall goal of the contract is to enhance the WorkOne system's ability to more effectively market WorkOne services to businesses; promote the WorkOne brand; gather and compile business intelligence to better understand the needs of businesses and potential workforce development solutions; and work with economic development and industry professionals in business retention, expansion, and attraction activities.

□ Training will be both in-person and via webinars, and modules will include "conveying mission/vision, clarification of roles and responsibilities, developing and aligning business services with demand, marketing and out reach [sic] strategies, and demand[-]driven workforce development."

- New data from the Indiana Business Research Center's STATS Indiana show that 249,000 Indiana workers were members of a union in 2013 (9.3% of the state's labor force), a drop of 24% since 2003, when 327,000 Hoosiers were union members.

- The Statewide 9-1-1 Board unveils "text to 911" capabilities for citizens and visitors across most of Indiana, limited right now to Verizon Wireless customers in 66 counties . . . but AT&T, T-Mobile, and Sprint are expected to be linked up by mid-year.

- The Port of Indiana-Burns Harbor plans a major hydraulic dredging project, looking to remove approximately 15,000 cubic yards (more than 4.85 million square feet) of material inside the harbor.

- With CalPERS portfolio managers cutting the nation's largest defined benefit pension plan's \$5.3 billion hedge fund allocation by half, keep an eye on whether the Indiana Public Retirement System makes a similar shift away from that controversial asset class.

- The 2014 Mid-America Regulatory Conference Annual Meeting convenes June 1-4 at the Hyatt Regency in Indianapolis, hosted by the Indiana Utility Regulatory Commission. IURC Commissioner Carolene Mays will chair the confab as MARC president, and if you peruse the agenda, you'll find that many of the social events come at additional cost to registrants after she had her hand slapped when she sought approval to solicit utilities for conference support.

□ MARC will be bringing a wide variety of state and federal regulators, utility executives, consumer advocates, and subject-matter experts together. The mayor of Indianapolis; U.S. Rep. Susan Brooks (R); Federal Energy Regulatory Commission Commissioner Tony Clark; U.S. Environmental protection Agency Assistant Administrator for Office of Air and Radiation Janet McCabe; and the chair of the national association representing state utility regulators will be among the speakers.

- The Lieutenant Governor's Office of Community and Rural Affairs offers \$340,000 in funding from the Rural Economic Development Fund to Ball State University for the Community Readiness Index, a project designed to improve local economic performance "by aligning community leaders and members of the local public-at-large with quantitative data to aid in selection of development policies grounded in data and analysis."

## IN the Economy

- Indiana collected \$1.788 billion in General Fund tax revenue during April, topping the budget forecast issued in December by \$13.8 million (0.8%) . . . but with only two months to go in Fiscal Year 2014, General Fund revenues remain \$61.2 million (- 0.5%) below the December forecast. April was the fourth month out of the 10 months of FY 2014 in which total revenue has been north of the forecasted amount. At the current pace, the State would rake in less revenue than it did in the prior year for the first time since 2010.

□ Even if May and June top the forecast by one percent (the average of the past two months), Indiana will end the fiscal year below the most recent target. Both May and June would have to beat the forecast by greater than 2.0% for the state to finish ahead of the year-end estimate (a two percent increment was achieved in September and December).

□ April General Fund revenue plummeted from last year by \$141.9 million (- 7.4%), which is the largest percentage loss so far this fiscal year. Compared to the same 10 months last year, year-to-date revenues are down by \$94.6 million (- 0.8%).

□ Sales tax collections for April surpassed expectations for the first time in four months, as the total of \$605.8 million beat the forecast by \$6.0 million (1.0%) while also improving from April 2013 by \$17.7 million (3.0%). Through the 10 months of FY 2014, general fund sales tax collections have grown by \$83.4 million (1.5%), but have underperformed the fiscal year-to-date forecast by \$27.4 million (- 0.5%), perhaps due to lower-than-expected local Amazon.com sales taxes as Hoosier sales taper off with sales taxes now being charged, as national studies show. Recall as well that the redirection of one percent of sales tax revenues to the motor vehicle highway fund has meant that some \$58 million has been diverted from the General Fund so far during the current fiscal year.

□ Individual income tax collections simply continue to disappoint, coming in at \$825.2 million for April, lagging the most recent estimate by \$23.6 million (- 2.8%), and declining on a year-over-year basis by \$142.5 million (- 14.7%). Some decline over prior-year levels had been predicted due to the additional Friday of payroll withholding collections in April 2013, but the forecast had called for a 1.6% increase in individual income tax collections over April 2013 levels. Still, the category is trending down, as seven of the first 10 months of the fiscal year have experienced year-over-year declines, even as the unemployment rate continues to tumble (the unemployment rate for April 2014 was 2.8 percentage points lower than the rate in April 2013). Through the first 10 months of FY 2014, individual income tax revenue has fallen from the same July - April period in FY 2013 by \$91.3 million (- 2.2%). This category has underperformed expectations for the fiscal year-to-date by a cumulative \$121.1 million (- 2.9%).

□ Corporate income tax collections have managed to outperform expectations for the third consecutive month, as the \$223.1 million total for April exceeded the forecast by a robust \$24.8 million (12.5%). At the same time, the category has grown over prior-year levels for a third straight month, as collections rose from April 2013 by \$23.3 million (11.7%). On a fiscal year-to-date basis, despite rate reductions, corporate income tax revenue has exceeded the December revised forecast by \$96.6 million (14.5%), and has jumped from the same 10 months in FY 2013 by \$73.6 million (10.7%). This renders corporate income taxes the strongest performer out of all the revenue categories. However, numbers compiled by the Nelson A. Rockefeller Institute of Government, the Public Policy Research Arm of the State University of New York, found that for the third quarter of FY 2014, no state experienced a larger quarter-to-quarter *decline* in corporate income tax revenue than did Indiana. Indiana's January - March 2014 corporate income tax collections fell by 1000% compared to the same January - March quarter in 2013.

□ All three categories of gaming tax dollars - riverboat wagering tax revenue, racino wagering revenue, and riverboat admission taxes - slipped below the forecast during April. Riverboat wagering tax revenue lagged the monthly estimate for the fourth month in a row, as the April tax take of \$42.6

million fell short of the forecast by \$1.2 million (- 2.8%). With two months yet to go in Fiscal Year 2014, riverboat wagering taxes trail the forecast by \$21.5 million (- 7.1%), a marginally smaller percentage difference than at the end of the first quarter. Compared to April 2013, riverboat wagering taxes dipped by \$9.1 million (- 17.6%). On a fiscal year-to-date basis, the category has slipped from the same 10 months in FY 2013 by \$73.8 million (- 20.8%).

□ The two racinos accounted for \$10.7 million in slot wagering revenue during April, topping the monthly estimate by some \$200,000 (2.1%). This becomes the first time since December that racino wagering taxes have managed to exceed the forecast. The category also improved from April 2013 by about \$300,000 (2.7%), marking the third successive month of year-over-year growth. Fiscal year-to-date slot wagering revenue through April lags the forecast by \$1.7 million (- 1.9%) . . . but on the bright side, the category has grown over the same 10-month period in the prior fiscal year by \$1.5 million (1.7%), the only category of gaming-related taxes to show any improvement over FY 2013.

□ Riverboat admission taxes have fallen by a double-digit percentage over prior-year levels in each collection period this fiscal year. Collections of \$12.4 million through April lagged the December forecast 10-month amount of \$13.0 million by some \$600,000 (- 4.8%). The April collections also fell by \$2.0 million (- 14.2%) from the same July - April period in FY 2013.

● Conning & Company, which oversees almost \$10 billion in municipal debt for insurance companies, releases its latest semi-annual ranking of state economic health, and Indiana places 25th, down from 20th place in October 2013. While we rank higher than any of our neighbors, Ohio improved five places, Illinois also improved, and Kentucky and Michigan didn't see declines as large as Indiana's. In fact, only five states nationally took a larger plunge from their placements in the last report.

● Sen. Jim Tomes (R) sends an article by freelance writer David Coker of Evansville to his 2nd Amendment Patriots e-mail list in which Sen. Tomes and others take the Governor and the Indiana Economic Development to task for not having pursued "recruitment efforts of small arms manufacturers" after "two resolutions that passed the Senate Rules & Legislative Procedures Committee and the full House of Representatives on the same day [in the 2013 session] specifically asked the IEDC to begin recruitment ...." Coker writes that when the National Rifle Association held its national convention in Indianapolis with more than 70,000 participants and firearm-related exhibitors, Governor Mike Pence (R) spoke at the convention, but "the state of Indiana - and more specifically the Indiana Economic Development Corp. (IEDC) - seems to have missed a splendid opportunity to potentially recruit firearms manufacturers and the high-value-added employment they would bring to underemployed Hoosiers."

□ Coker recounts Sen. Tomes' efforts in "recruiting firearms manufacturers to Indiana. In 2005, he first approached officials at Crane Naval Warfare Center, which is involved in weapons design and testing, to discuss the possibilities of recruiting gun manufacturers to Southern Indiana. While being warmly received by Crane officials so many years ago, state officials for some reason have been much less receptive." The article notes that gun manufacturers have spurned Indiana for other pro-gun states during relocations in the last year, and "Tomes correctly predicts that as more anti-gun legislation and grass roots harassment occurs across the country - and, more specifically within Illinois - more relocations will occur." Coker concludes in the Tomes-circulated piece: "With firearms and related manufacturers amounting to over \$80 billion in annual sales, many state legislators and business interests would dearly love to recruit some of these firms to Indiana. Unfortunately, the IEDC does not seem very interested, as their absence at the NRA convention suggests."

● The Governor made an overnight trip to New York City early last week on what the Governor's Office described as "an economic development mission for Indiana" - an appearance at an annual reception hosted by the Indiana Economic Development Corporation at Yankee Stadium - the first time we can recall such a disclosure being made in his 16 months in office . . . but that may have also been a defensive move given the other quasi-political stop we told you in our last issue that he was scheduled to make in the Big Apple, one that included an event organized by the Franklin Center for Public Integrity, and scheduled stops on Fox News' *Fox & Friends* (to visit with Steve Doocy), the *Wall Street Journal* editorial board (where he discussed Indiana's consumer-driven Obamacare alternative with Mary Kissel), and other news outlets.

● A May 8 Indiana Utility Regulatory Commission hearing on Vectren's filing seeking recovery of capital investments for gas utilities under SEA 560 and SEA 251 found testimony filed by the other parties and the proceeding itself generally supportive of the utility's investment plan and the related recovery mechanism - and there were no questions of Vectren's witnesses during the hearing. Vectren estimates its total infrastructure investment will total \$865 million from 2014 through 2020, and expects to receive an order during the third quarter of this year with an outcome "generally consistent with our filing."

● A new fact sheet released Tuesday by the Office of the Comptroller of the Currency (OCC supervises 41 banks in Indiana with assets of \$19.3 billion) serves up some positive news. "The condition of Indiana's banks is healthy and improving, with nearly 90 percent of OCC-supervised institutions assigned a composite rating of 1 or 2," (more than 85% of 491 community national banks and thrifts located in OCC's Central District are top-rated, 1 or 2, on the five-point scale, a level not seen since early 2009), while "The number of lower rated institutions has dropped considerably in recent years, falling 45 percent in 2013, and nearly 60 percent since the 2010 peak."

□ Hoosier "Capitalization levels are healthy as a result of moderating asset growth, but even as "Asset quality ratings are satisfactory or better at nearly 70 percent of Indiana institutions," OCC finds that "Credit risk remains a primary concern, with one-fourth of the banks rated as high, or moderate and increasing, in this area, and "Earnings performance continues to trail that of the Central District as a whole; however, nearly four in five banks have been assigned an earnings rating of 1 or 2." OCC adds that Matters Requiring Attention cited in 2013 were "comparable in number to the prior year. Credit risk management, compliance, and operational risks were among the issues cited most often."

● Rolls-Royce Corporation of Indianapolis is being awarded an \$8,021,387 modification to a previously awarded Naval Air Systems Command contract for Mission Care™ support for the CV-22 AE1107C engine, including lower power engine removals. Work will be performed in Oakland (70%) and Indianapolis (30%), and is expected to be completed in February 2015 . . . ALCOA Automotive - Indiana Assembly and Fabricating in Auburn is awarded a \$39,359,234 Army Contracting Command contract for 800 firing platforms to support M119A3 howitzer modernization. Funding and performance location will be determined with each order, and the estimated completion date is May 7, 2019. Three bids were received.

● ABC Companies will be permanently closing its bus refurbishing plant in Nappanee by September 15, putting as many as 160 employees out of work . . . the *Times of Northwest Indiana* reports that "Lake County officials will close the sheriff's work-release program and lay off its 28 county employees to find the money to hire new corrections officers and mental health professionals to serve jail inmates" . . . Greensburg Community Schools cancels five teacher contracts . . . South Adams Schools in Berne trims four teaching jobs . . . Howe Military Academy's board of trustees may decide June 2 whether the LaGrange County school should continue operations.

● Valero Renewable Fuels Company, LLC plans to expand ethanol production through the purchase, renovation, and equipping of the former Aventine Renewable Energy facility at the Port of Indiana-Mount Vernon (closed for the past two years), expecting to create more than 60 new jobs by 2015. Valero purchased the plant, with an annual production capacity of 110 million gallons, from Aventine in mid-March. The plant uses Delta-T technology, similar to the process already in use at a Valero Renewables' ethanol plant in Wisconsin. The Indiana Economic Development Corporation offers Valero up to \$600,000 in performance-based tax credits, and Posey County approved additional incentives . . . while Toyota will end production of its Camry model at the Fuji Heavy Industries, Ltd. plant in Lafayette, shifting production of some 100,000 vehicle annually to Kentucky during the second half of 2016, Fuji is looking to Lafayette for potential production of a new large SUV that would replace the Tribeca, for which production recently ended . . . Online Tech acquires a 44,000 square-foot data center in Indianapolis, its fifth, and first outside Michigan. The purchase, planned upgrades, and cloud represents an investment of \$10 million+, and is expected to create up to 25 permanent jobs for IT, sales, and data center professionals locally by the third quarter . . . INTAT Precision, Inc., a supplier of brake, chassis, and power train components to automotive original equipment manufacturers, plans to invest \$22.7 million to renovate and equip its 375,000 square-foot Rushville production facility to produce structural steel parts for the automotive industry, expecting to create up to 40 new jobs by 2016. Within the next two years, INTAT plans to construct a new 50,000 square-foot facility to house the expanded operations. IEDC offers

INTAT Precision up to \$400,000 in performance-based tax credits, and the City of Rushville will consider additional incentives . . . Nello Corporation, Inc., a designer and fabricator of galvanized steel towers and poles, plans to relocate its Fort Worth operations to its South Bend headquarters campus, expecting to create almost 640 new jobs by 2023. Nello plans to invest some \$60 million to move its Texas operations to a 200,000 square-foot facility in South Bend, expected to be constructed by the early part of next year. The relocation will also include the construction of an additional 250,000 square-foot facility in South Bend at the same location of the initial expansion, expected to be constructed in the next five years. Nello anticipates additional expansion of its downtown South Bend corporate HQ and expects relocation to be complete in 18 months. IEDC offers Nello up to \$2.9 million in performance-based tax credits, and up to \$75,000 in training grants. In lieu of a tax abatement, the City of South Bend will purchase \$9 million worth of equipment and lease it to Nello for a nominal fee.

## **IN Transition**

- The Legislative Council establishes the Legislative Council Audit and Financial Reporting Subcommittee, the legislative oversight panel (with executive branch participation) that will help facilitate the independence of the State Board of Accounts under SEA 338-2014, legislation that we told you about earlier this year and that we plan to highlight going forward because it should mean a major cultural change in state and local government integrity. Rep. Matt Lehman (R) will chair the panel, which will include Speaker Pro Tem Eric Turner (R) and House Democratic Leader Scott Pelath (D), and Senate Majority Floor Leader Brandt Herselman (R) and Senate Democratic Caucus Chair Jim Arnold (D).

- Phil Johnson is taking leave through the Fall from his job as a press secretary for the Senate Democrats to handle communications for Senate Democratic campaigns.

- Expect to learn that John R. Hammond IV, deputy chief of staff, legislative director, and legislative counsel to U.S. Rep. Marlin Stutzman (R), will become Rep. Stutzman's new chief of staff.

- T.J. Brink (R) resigns his seat on the Vincennes City Council to accept the post of safety director for the Indiana Department of Transportation's Vincennes District. He has represented CD 09 on the State Student Assistance Commission of Indiana.

- Erin Reece leaves her post as a spokesperson and public information officer for the Office of the Attorney General to join the Indiana Republican Party as the GOP's new communications director. Reece, who focused on consumer protection issues for OAG, also spent 2007 - 2011 as a press secretary for the Senate Majority Caucus.

- Charla Ouertatani, who earned her Master's of Public Affairs degree from Indiana University's School of Public and Environmental Affairs, is promoted from deputy staff director for Democrats on the U.S. House Committee on Financial Services to the minority staff director post.

## **IN the Lobby**

- While we suspect that the former governor and senator would disagree with the newspaper's characterization of "Lobbying" (or this item being placed in this silo in your favorite newsletter, the *New York Times* reports that "The nuclear industry has started a new lobbying effort, hiring three former senators - Evan Bayh, an Indiana Democrat; Judd Gregg, a New Hampshire Republican; and Spencer Abraham, a Michigan Republican and a former energy secretary - and William M. Daley, a former chief of staff to Mr. Obama. The group, called Nuclear Matters, has begun an advertising campaign in major newspapers. So far, the group does not appear to have a strategy beyond raising awareness, or, as Mr. Bayh said in an interview, 'starting a national conversation.' "

- In our last issue, we told you that Sue Swayze was leaving her position as communications director for the Indiana Professional Licensing Agency, and now we can tell you that the longtime pro-life advocate will return to the policy arena as the national women's Pro-life Caucus coordinator for the Susan B. Anthony List and as vice president of public affairs for Indiana Right to Life.

- In her newly created position at the Susan B. Anthony List, Swayze will be responsible for implementing the program's mission of advancing women lawmakers who are dedicated to ending abortion and protecting women's health through legislation.

- In her second stint at Indiana Right to Life, Swayze will assist in pursuing public policy and organizational development strategies. She will also serve as the organization's primary spokesperson and assist in lobbying efforts, but (despite what you may have heard elsewhere) former Rep. Cindy Noe (R) and former Sen. Dick Thompson (R) will remain IRTL's chief lobbyists at the State House.

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**Sent:** Thursday, April 10, 2014 10:54 AM  
**To:** Mike;KSPence1314@[REDACTED]  
**Cc:** Denault, Christina;Brooks, Kara D;Ahearn, Mark;Espich, Jeff;Smith, William A;Simcox, Stephen;Crabtree, Chris;Atkins, Chris;Springer, Marilee J;Streeter, Ryan T;Gibson, Ashley;Pitcock, Josh;Keefer, Sean (GOV);Kossack, Andrew  
**Subject:** [Clip] Howey - Pence reboots '16 White House option

## **Pence reboots '16 White House option**

Governor says he's just 'listening' to national figures 'reaching out'

By **BRIAN A. HOWEY**

INDIANAPOLIS – The swirl of 2016 national ticket talk surrounding Gov. Mike Pence has intensified over the past few weeks. We know it's a scenario the first-term Republican hasn't spent so much as a minute pondering, though he is now acknowledging to Howey Politics Indiana that national figures are "reaching out" to him.

So when Howey Politics Indiana sat down with Gov. Pence on Tuesday morning, just as the Weekly Standard's Bill Kristol was anointing Pence and Wisconsin Gov. Scott Walker as presidential timber on MSNBC's "Morning Joe," and 24 hours before Chief of Staff Bill Smith turned in his resignation, two questions were asked. First, does Pence believe he's ready for national office?

And what would be the scenario he sees where it might happen?

The most obvious path, though it involves lightning-strike statistical odds, is that a Chris Christie, Jeb Bush or Ted Cruz wins the nomination and needs a social conservative with gubernatorial and Midwestern resume postings to balance a ticket. This has played out quadrennially in Indiana since 1972 with Dick Lugar, Birch and Evan Bayh, Lee Hamilton, Dan Quayle, and Steve Goldsmith posited on various veepstakes speculation lists.

The second potential scenario is the kind of void that created Bill Clinton in 1992 and John McCain in 2008.

That's when the biggest names – the Cuomos, Rockefellers, Bushes, Bradleys or Kennedys – either take a pass or through scandal or personal circumstance, beg off. The names in the second or third tiers then move up. In the 2016 scenario, all eyes are on former Florida Gov. Jeb Bush, who told the Washington Post earlier this week that he would make his decision by the end of the year.

"In my case, that means can one do it joyfully without being tied to all the convention of the here and now," Bush explained in what was called a rambling stream of consciousness.

**In that time line**, the 2016 Republican presidential race doesn't really begin to sort out until November or December. Without Jeb Bush, there is no clear frontrunner.

The question to Gov. Pence was asked by HPI like this: "I know you haven't spent a minute thinking about a national ticket run. But do you believe you're ready for a national ticket? And under what scenario might that come about?"

"Well, what I can tell you is I really haven't spent any time thinking about any other job than serving the people of Indiana as governor," Pence said in his Statehouse office, foiling the writer's attempt to move him beyond the wellworn talking point.

Then Pence made it interesting.

"But we've had people talking about that with us," the governor said. "With regard to the other aspects to your question, I would just say, our decision on making any kind of decision on reelection will come sometime in the next calendar year."

Late last year, senior Pence administration officials suggested the classic "follow the money" on Indiana campaign and Federal Election Commission reports. In the Feb. 6 edition of HPI, we reported Pence's Indiana campaign finance filing was \$1,354,038.63 in



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Does Pence believe he is ready for national office?

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**"The last year and a half** has been an extraordinary learning experience for me," said Pence, who had been urged by supporters to build up his executive resume after a brief presidential flirtation in 2010-11. "I have enjoyed and benefitted. I do enjoy it, I really do. The opportunity to serve in leadership in the executive branch of government is a fundamentally different thing than the legislative branch. I have great respect for people serving in the legislative branch. Some think I am a little too differential. I think we've got the best legislature in America, immensely talented men and women. I relish the legislative procedures."

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**The Pence political apparatus** is doing what Mitch Daniels did five or six years ago. It is seeding the Indiana story to national pundits and figures who pay scant attention to the growing pains those in the Statehouse gripe about. The details of the journey are less interesting than the post sine die headlines.

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*Bridget Cleveland*  
Deputy Press Secretary  
Office of Governor Mike Pence



**Scott.A.Milkey**

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**From:** Quyle, Lindsay  
**Sent:** Thursday, April 10, 2014 10:42 AM  
**To:** Quyle, Lindsay;Cleveland, Bridget;Ahearn, Mark;Atkins, Chris;Bailey, Brian (OMB);Bauer, Zachary C;Berry, Adam (GOV);Brooks, Kara D;Brown, Hannah;Marshall, Sara (Cardwell);Joyner Burroughs (Cissel), Jackie;Crabtree, Chris;Craig, Lindsey M;Czarniecki, Cary (Lani);Denault, Christina;Espich, Jeff;Fritz, Pam (GOV);Gibson, Ashley;Jarmula, Ryan L;Kane, Kristen;Kossack, Andrew;Morales, Cesar (Diego);Myers, Janille;Neale, Brian S;Pavlik, Jennifer L;Pitcock, Josh;Price, Kendra;Schilb, Veronica J;Schmidt, Daniel W;Simcox, Stephen;Smith, William A;Spahr, Suzi;Springer, Marilee J;Streeter, Ryan T;Trexler, Christina;Fernandez, Marilyn;Hodgin, Stephanie;Hosier, Alexis (Lexie);Cardwell, Jeffery;Perdew, Abby J;Dowd, Jaclyn (CECI);Keefer, Sean (GOV);Norton, Erin (Ladd);Johnson, Matt;Heater, Ryan;Fiddian-Green, Claire (CECI);Rosebrough, Dennis;Spencer, Kyle;Mantravadi, Adarsh V;Rosebrough, Dennis (LG);Workman, James D;Crumb, Matthew;McKinney, Ted;Bausman, David  
**Subject:** [GovClips] Howey Weekly  
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Thank you,

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# Pence reboots '16 White House option

Governor says he's just 'listening' to national figures 'reaching out'

By **BRIAN A. HOWEY**

INDIANAPOLIS – The swirl of 2016 national ticket talk surrounding Gov. Mike Pence has intensified over the past few weeks. We know it's a scenario the first-term Republican hasn't spent so much as a minute pondering, though he is now acknowledging to Howey Politics Indiana that national figures are "reaching out" to him.

So when Howey Politics Indiana sat down with Gov. Pence on Tuesday morning, just as the Weekly Standard's Bill Kristol was anointing Pence and Wisconsin Gov. Scott Walker as presidential timber on MSNBC's "Morning Joe," and 24 hours before Chief of Staff Bill Smith turned in his resignation, two questions were asked. First, does Pence believe he's ready for national office?



And what would be the scenario he sees where it might happen?

The most obvious path, though it involves lightning-strike statistical odds, is that a Chris Christie, Jeb Bush or Ted Cruz wins the nomination and needs a social conservative with gubernatorial and Midwestern resume postings to balance a ticket. This has played out quadrennially in Indiana since 1972 with Dick

Lugar, Birch and Evan Bayh, Lee Hamilton, Dan Quayle, and Steve Goldsmith posited on various veepstakes speculation lists.

The second potential scenario is the kind of void that created Bill Clinton in 1992 and John McCain in 2008.

**Continued on page 3**

## Hogsett tackles graft

By **MAUREEN HAYDEN**  
**CNHI Statehouse Bureau**

INDIANAPOLIS – Joe Hogsett was being vetted for the job of U.S. attorney four years ago when he asked a federal judge for advice.



That judge observed that there hadn't been a high-profile public corruption case in the southern district of Indiana since the early 1990s, when federal investigators separately brought down a bribe-taking state court judge and a well-connected union president caught skimming dues.

The judge cited two possibilities for the dearth of corruption cases, Hogsett recounted recently: "One, we have the most



**"My job is to protect the integrity of the institution."**

*- House Ethics Chairman Greg Steuerwald, on the probe of State Rep. Eric Turner. A hearing set for today had been cancelled and has not been rescheduled*



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honest, ethical, above-the-board public officials in the entire land. Or, two, somebody is asleep at the switch." Hogsett bet it was the latter.

**Hogsett has** raised his profile by ramping up prosecutions of gang members and corrupt politicians, arguing that both undermine the public's sense of safety, since he became top federal prosecutor in a district that covers two-thirds of the state.

He created a multi-agency Public Corruption Working Group, a team of federal and state investigators in 2012. Since then his office has charged 30 public officials with various crimes – three times the cases charged in the previous two years.

Last month, Hogsett reaffirmed his commitment to rooting out corruption as he traveled the state to announce a trio of indictments of public officials – including a rare perjury charge against a county child-welfare director accused of lying to investigators about a sex-abuse case.

Hogsett revealed that FBI officials in Indiana are beefing up their resources, creating a stand-alone team of agents tasked with investigating public wrongdoing, which mirrors a national priority by the FBI to expand investigations of public corruption.

"Our message has been consistent, but bears repeating," Hogsett told reporters. "It doesn't matter what your politics are or who you know. If you violate the public trust, this working group will find you and investigate you, and the U.S. Attorney's office will then prosecute you to the fullest extent of the law."

**Only later did Hogsett** admit how tough that threat is to carry out.

"The plain fact is," he said, "cases of public integrity and corruption are often very difficult to make and to prove."

Last fall, for example, Hogsett reluctantly shut down a high-profile

probe of former Marion County prosecutor Carl Brizzi. A three-year investigation failed to yield sufficient evidence that the top cop in the state's capital had accepted bribes while in office.

The corruption task force had nailed two of Brizzi's associates, including a former deputy prosecutor. But Hogsett had to tell investigators their mostly circumstantial case against Brizzi wouldn't hold up in front a jury.

**A few weeks later**, that convicted deputy prosecutor, whom Hogsett wanted to be sent to prison, was sentenced to probation.

The results were discouraging, but Hogsett was undeterred.

"Those kinds of prosecutions,



in the final analysis, are worth doing, even if the result isn't what you hoped it would be," he said during a recent interview. "It sends a very important message to everybody up and down the government chain that somebody is out there watching what they're doing."

Public officials caught under Hogsett's tenure have included city councilmen with dirty money, township officials who embezzled public funds, IRS employees convicted of unemployment fraud, and a wealthy financier who spent stolen money on campaign contributions to prominent state politicians. The caseload has also included a police chief who used town money to buy himself a cache of guns and a deputy sheriff accused of brutalizing suspects in his custody.



Robert Jones, the FBI's special-agent-in-charge Indiana, said the range of cases is telling: "There is no acceptable level of public corruption," he said.

Hogsett hasn't been without critics. His early decision to crack down on corruption raised questions about his political ambitions.

**Hogsett, 57, a father of three** and Rushville native, launched himself into state politics more than 25 years ago. He was a top aide to former Democrat Gov. Evan Bayh, elected as secretary of state in 1990, and later served as chairman of the Indiana Democratic Party.

But, earlier this year, Hogsett killed rumors he'd be leaving the U.S. Attorney's office to run for Indianapolis mayor. In committing to stay in office until his term is up in January 2017, the Obama appointee effectively ruled out a 2016 run for governor or Congress.

"I cannot in good faith walk away from the responsibility that I have," he said at the time.

His commitment to the job has earned him the "Mr. Clean" award from the Indiana chapter of Common Cause, the government watchdog group. The group honored him last summer for his decision to prioritize prosecution of public corruption.

But it was also a recognition of his history as a good-government advocate, said Common Cause Indiana director Julia Vaughn.

Back when he was secretary of state, Hogsett, a Democrat, worked with the state's then-attorney general, a Republican, to get a strict interpretation of lobbying disclosure laws. Both men, said Vaughn, drew the ire of party leaders and legislators who later rewrote the laws to make them more lax.

**"He's not a Johnny-come-lately** to the idea that public service should be about public service and not about private gain," Vaughn said.

Hogsett appreciated the award but sees the praise as fleeting. "If you decide to go after public corruption, you don't make many friends," he said. "Usually just enemies." ❖

**Maureen Hayden covers the Statehouse for the CNHI newspapers in Indiana. She can be reached at [maureen.hayden@indianastatehousebureau.com](mailto:maureen.hayden@indianastatehousebureau.com). Follow her on Twitter @MaureenHayden**

## Pence, from page 1

That's when the biggest names – the Cuomos, Rockefellers, Bushes, Bradleys or Kennedys – either take a pass or through scandal or personal circumstance, beg off. The names in the second or third tiers then move up. In the 2016 scenario, all eyes are on former Florida Gov. Jeb Bush, who told the Washington Post earlier this week that he would make his decision by the end of the year. "In my case, that means can one do it joyfully without being tied to all the convention of the here and now," Bush explained in what was called a rambling stream of consciousness.

**In that time line,** the 2016 Republican presidential race doesn't really begin to sort out until November or December. Without Jeb Bush, there is no clear frontrunner.

The question to Gov. Pence was asked by HPI like this: "I know you haven't spent a minute thinking about a national ticket run. But do you believe you're ready for a national ticket? And under what scenario might that come about?"

"Well, what I can tell you is I really haven't spent any time thinking about any other job than serving the people of Indiana as governor," Pence said in his Statehouse office, foiling the writer's attempt to move him beyond the wellworn talking point.

Then Pence made it interesting.

"But we've had people talking about that with us," the governor said. "With regard to the other aspects to your question, I would just say, our decision on making any kind of decision on reelection will come sometime in the next calendar year."

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Gov. Pence’s office includes the portraits of Vice Presidents Hendricks and Marshall, and Presidents Lincoln and the two Harrisons.

# What does the Smith resignation mean?

By **BRIAN A. HOWEY**

INDIANAPOLIS – What should we read into the resignation of Pence Chief of Staff Bill Smith?

This move appears to be the preparatory shift from a footing of governance to that of political options for a governor who acknowledges that national Republicans are reaching out to him in the context of the 2016 presidential race.

Smith told HPI this morning that he will be forming a public affairs, communications and consulting group. "My first client is the governor and his political activities," Smith said. "My focus is going to be on Indiana, but that doesn't mean he's hasn't been approached by a lot of people nationally. He will certainly listen to anyone. But the focus will be on the Indiana side."

Smith said he will do an exit interview before the Indiana Ethics Commission in early May, which is standard for an official of his stature leaving an administration who will engage in business and politics afterwards.

Smith is one of the longest serving Pence associates, having gotten on board in 2000 when Pence won a Congressional seat on his third try. Over the next 12 years, Smith alternated from Pence's congressional office chief of staff, to running his district office and campaigns. Smith was at the helm of the governor's 2012 gubernatorial campaign.

In accepting his resignation on Wednesday, Pence said, "Bill Smith's contributions since the outset of our administration have been incalculable and I will always be grateful for his tireless service to the state of Indiana. His integrity and strong leadership as director of our transition team and then as my chief of staff contributed significantly to our success. Bill Smith made a difference for the people of Indiana.. We wish him well in his new endeavor and look forward to working with him often in his new capacity."

**Smith's legacy as an** operative is marked by an undefeated record politically, but where he experienced an edgy transition from a congressional office to that of governor. He certainly had the confidence and trust of the congressman and governor. On the campaign front, after

losing two races to U.S. Rep. Phil Sharp in 1988 and 1990, Pence won what was then the 2nd CD with 51% of the vote over Democrat Robert Rock and independent Republican Bill Frazier who carried 9% with Smith at the helm. After that, Pence won five successive elections with landslide margins with 64% in 2002 in what became the 6th CD, 67% in 2004, 60% in 2006, 64% in 2008 and 66% in 2010.

**Pence's 2012 gubernatorial** campaign found the future governor winning with just 49% of the vote, the first governor in 50 years not to carry a majority of the vote. The path for Pence was cleared after he opted out of a 2012 presidential run that put him on a potential collision course with Gov. Mitch Daniels, who was being urged to run by much of the Bush family political establishment. Pence was encouraged to seek the presidency by evangelical conservatives, skeptical of the "truce" on

social issues that Daniels had called for in 2010. Multiple GOP sources have told HPI that Daniels helped clear the way for Pence to exit the presidential speculation and win the gubernatorial nomination after Lt. Gov. Becky Skillman abruptly dropped her fledgling gubernatorial campaign citing a "minor health issue."

**The irony is that several** months later, Daniels would bow out of the presidential race himself, citing opposition from his family's "female caucus."

Despite his own career in media as a radio talk show host, and his efforts in Congress to sponsor journalistic shield laws, the Pence gubernatorial campaign sought to communicate directly to voters and largely bypass

the press. The announcement of his candidacy came with a video on the Internet to supporters. There were only a handful a press conferences where Pence unveiled his six key objectives on his campaign "Roadmap." His accessibility to the media was limited as the campaign attempted to shift emphasis on Pence's longstanding activism on social issues to that as an economic conservative.

The Pence candidacy was bookended by what became a \$51 million U.S. Senate race where Indiana Treasurer Richard Mourdock defeated Sen. Dick Lugar in the Republican primary, often obscuring the gubernatorial race. The Indiana Republican congressional delegation sat passively on the sidelines, as the state's most prolific Republican vote getter in history was defeated despite the Howe/DePauw Indiana Battleground Polls that showed a potential fall matchup between Mourdock and Democrat Joe Donnelly to be a tossup.

Mourdock would go on to implode in the home-stretch of the campaign with his "God intends rape" abortion remarks at the New Albany debate with Donnelly.





Pence initially called on Mourdock to apologize for the rape/abortion remarks, then rallied to his side. It almost cost Pence the governorship, as Democrat John Gregg closed in on the final days, losing by only 2.3% of the vote as female and moderate "Lugar Republicans" scratched, or voted for Libertarian Rupert Boneham or Gregg.

**Instead of a landslide** many expected, coming in a state Republican presidential nominee Mitt Romney carried with 56%, Pence barely escaped with a win. On election night, the Pence campaign victory party was set in the cavernous Lucas Oil Stadium, an outsized venue that made the crowd seem much smaller than it was. The campaign had to sweat out the unexpectedly close fight with Gregg, finally declaring victory mid-evening. The perception of the Pence gubernatorial campaign was that of an awkward underachiever.

**The frequent criticism** heard in the Statehouse hallways was that Smith ran the Pence operation much like a Congressional operation, instead of one that managed a \$30 billion biennial budget, a complex legislative operation and thousands of state employees. That's a tough job even for someone with a Statehouse pedigree.

Pence won a series of lopsided bipartisan votes on education-related issues in both sessions, but legislative Republican leaders led the way on much of his tax-oriented legislation. Pence saw both sessions as a coordinated effort by the legislative and executive branches, but many sources HPI has talked with saw a pattern of legislative

Republicans asserting control over the process following eight intense years where Daniels was the alpha figure.

**Much of the Pence modus operandi** comes from Smith and a small leadership coterie that includes the First Lady Karen Pence, the governor's brother, Smith and long-time allies like Van Smith.

The administration says it is looking at both internal and external replacements with Smith. Internally, names cropping up include Policy Director Chris Atkins and Deputy Chief of Staff Marilee Springer.

The governor is just beginning to review a list of external candidates.

Whether Pence decides to seek reelection, or make a run for an open White House, the 2015 budget-writing session of the Indiana General Assembly will be a critical one for the ambitious governor.

The expectation within the Statehouse is that Pence has had two sessions to learn the traps. He now needs to retool with an operative who can build relationships, and prepare a critical legislative package much earlier in the process.

It will be one that that will transcend budget, jobs, education, health care and the methamphetamine scourge afflicting the state.

Success in 2015 has the potential to cement the governor as a heavy favorite for reelection, or possibly propel him into a national trajectory later that year. ❖

## Pence reviews his 2nd session, looks forward

By **MATTHEW BUTLER**  
and **BRIAN A. HOWEY**

INDIANAPOLIS – Tuesday morning Howey Politics Indiana sat down with Gov. Mike Pence in his office to assess the 2014 session and what he feels are the state's priorities in the months to come.

Shortly before he departs on an economic development trip to Germany, Gov. Pence discussed the imperatives of keeping Indiana competitive and attracting investment to the state. He believes the business personal property tax reform and reduction in the corporate tax rate

are integral to a larger effort, which includes workforce development, to attract jobs to Indiana. Gov. Pence sheds light on how he met with GE CEO Jeff Immelt to attract and help close the GE Aviation deal which is slated to create 200 high-paying jobs on the Purdue University campus.

The governor also discussed why he felt it was important to initiate a pre-kindergarten pilot program for disadvantaged children this year and begin studying longterm early childhood education. We also discussed healthcare policy and when the state might expect to hear back from HHS regarding a waiver request to expand the Healthy Indiana Plan under the Affordable Care Act.

**HPI:** Are you satisfied with the direction of Indiana's job numbers and economy?

**Pence:** "I think every Hoosier should be encouraged about the progress our economy is making. When I came into office unemployment was over 8%; it's down to 6.1%. All the fundamentals are strong. We have one of the fastest growing workforce populations in the country. People are coming to Indiana because of opportunities which the evidence suggests. And, according to federal statistics, we saw 50,000 net new jobs created in Indiana last year. I think that represents evidence that the course that we've been on for a number of years and the course that we renewed, through now successive sessions of pro-growth policies and practices, is working. Indiana's economy has great momentum but we're not there yet. We still have nearly 200,000 people out of work. We still have some 200,000 kids that go to school every day in under-performing schools. I just think we need to stay relentless





in our effort to improve and tell Indiana's story, as I did in Chicago a week ago at a conference sponsored by Forbes magazine. We're going to continue to reach out far and wide. It's also about continuous improvement. I believe the progress that we've made in tax reform, in education reform, and our commitment to infrastructure have all contributed in giving confidence to businesses large and small that Indiana is a place to grow and that Indiana is a place to go.

**HPI:** During the months preceding the 2014 session, it seemed all of the discussion by you and others, like the Indiana Chamber, was about eliminating the business personal property tax (BPPT). Yet, after all was said and done, the corporate rate reduction was widely considered the most important tax measure. Why or how did the focus shift?

**Pence:** "I don't think the focus did shift. If you look at my speeches last fall on our economic growth agenda, I said I wanted to find a way to responsibly phase out BPPT but one of the things I specifically cited, in a speech I gave on Dec. 17, was, 'We might allow our local communities to make the decision about the option to eliminate or phase out the tax.' I would say first and foremost that I'm very pleased with the progress that I we made in advancing meaningful reform of the BPPT. I was seated next to Gov. Rick Snyder at the Forbes conference and he touted the fact that Michigan's on track to completely eliminate the BPPT. I think the fact that we arrived at a legislative outcome that included a portfolio of options for communities to phase out the tax on small businesses or individual transactions or county-wide strengthens the hand of local officials and makes our economy strong. In my State of the State Address, if you take note, I not only called for reforming the BPPT, but looking in the direction of legislators, said I welcome other proposals to improve our competitiveness, to improve our tax code that will encourage the kind of investment that will create jobs. I strongly supported, early on in the legislative session, a call to lower our corporate tax rate, which, when it's fully implemented, will be the second lowest corporate tax rate in the nation. Although I'm informed that North Dakota just yesterday voted to lower theirs; we maybe in a jump-ball for second place. From very early on, I signaled a strong support for lowering our corporate tax rate. I'm very pleased that a combination of those ideas came to my desk and was signed into law. I think the combination of those two businesses tax changes will make Indiana more competitive and more attractive to the kind of investment that will create long-term prosperity."

**HPI:** Do you know of any specific counties or major local elected officials who will pursue the local option BPPT cut?



**Pence:** "We've traveled around the state since the session ended, and obviously there is a period of time before they have that legal authority. From my standpoint, this was about making Indiana more competitive and our communities more competitive for investment. From my perspective, I consider it a local option. I'm certainly interested in seeing what counties may elect to do, but I want to make it clear to local communities that's entirely their choice based on their best interest for long-term growth. I

recognize the fact there are some communities that are very dependent on BPPT revenue and there are some communities that are not. I think the way this option is structured will give counties more tools to be able to get jobs they feel are most appropriate."

**HPI:** The GE deal announcing 200 jobs at Purdue-West Lafayette, was that contingent on the corporate tax reduction?

**Pence:** "I met with the chairman and CEO of GE, Jeff Immelt, on a couple of a occasions and last fall when I heard he was going to be on the Purdue campus I met with him there for extensive discussion about the possibility of GE Aviation coming to Indiana. The speech he gave at the National Governor's Association really spoke to importance of competitiveness in the competition for jobs. I recommend his speech to your attention. Actually, you'll find in his speech he alluded pretty clearly, to the GE Aviation deal although he didn't say it by name or state. He talked about the importance of competitiveness, of a competitive tax code, of the right business climate. He talked about the importance of synergy and higher education, the importance of workforce. In regard to the GE Aviation deal, I don't think there was any one factor. Certainly my ambition about tax reform this session of the General Assembly was not tied to any one particular deal. Our commitment to balanced budgets, to workforce, to continuous improvements that create a pro-business climate is certainly at the forefront of all of our discussions."

**HPI:** The fact that the 2014 session was a non-budgetary year was a major impediment to the pilot pre-K proposal. Why didn't you push this initiative hard last year or wait until next year?

**Pence:** "We had a pre-K proposal in the last session. In my first session of the General Assembly our focus was on an honestly balanced budget, income tax reform, and workforce and the like. We had a proposal to encourage private investment and contributions in pre-K programs. But I made a very concerted effort over the summer and fall to visit quality pre-K programs across the state. While I'll always believe that the best pre-K program is a prosperous family that can provide enrichment in the home for the kids, I became convinced over that, the time

had come for Indiana to make an investment in quality Pre-K for disadvantaged kids. Some thought it better to wait a year for a budget session; I felt there was no time like the present to get started. I couldn't be more grateful to the Republican and Democratic leadership in the House and the Senate for their willingness to work through this and arrive at a conclusion that reflects not only the priorities and compassion of the people of Indiana, but that we're doing this the Indiana way. We're doing a five-county pilot program. We're already in the process of beginning to frame out the program and set out the criteria for selecting those five counties. We're going to have the opportunity to study that pilot program even while we're doing a separate long-term study on the value of these kind of quality pre-K programs that will inform any decisions by policy-makers in the years ahead. I'm very pleased that we were able to start, and it would not have been possible without strong bipartisan support in the House and Senate.

**HPI:** Why is the pre-K pilot program under FSSA and not the Department of Education?

**Pence:** "It had to do with the jurisdiction of the FSSA and existing programs. I thought that the way we ought to accomplish this was through a scholarship voucher program, which is in effect what we did. These resources will go directly to parents who may choose public, private, or church-based quality pre-K. I think for practical reasons, the Child Care Development Fund was modeled as an independent program; it is independent of K-12 education.

**HPI:** Starting with Gov. O'Bannon, achieving full-day kindergarten was almost a decade-long process. Was that part of your thought process in getting the pre-K program up and running now?

**Pence:** "I think that politics is the art of the possible. Sometimes it's not possible to bring people around to an idea, and often new ideas have a modest beginning. I think having our state join 41 other states in providing public support for disadvantaged children to attend quality pre-K programs was an enormously important step. But I recognize it was just a step and decisions that policymakers, from this office to the legislature, make after careful study and analysis will really benefit kids. Our office prepared a study that we distributed to the legislature earlier in the year, a very thoughtful research piece on Pre-K education. My sense is that the jury is out on the value of pre-K education for middle class kids and above. But for disadvantaged kids, who are not getting the enrichment in the home, there is evidence that these programs can make a difference so that these children start school ready to learn. As long as I am in office, pursuing this debate, my focus is going to continue to be on learning from our

pilot program and our long-term study, and that the focus remains on disadvantaged kids."

**HPI:** Gallup Healthways recently ranked Indiana 40th in the nation in terms of health and wellbeing. Coming on the heels of that, fellow physicians U.S. Rep. Larry Bucshon and House Ways and Means Chair Tim Brown recently announced a statewide healthcare tour. Will you be following its results and how do you see healthcare policy for the state in the coming year and legislative session?

**Pence:** "I'm grateful for their engagement at the federal and state level. I respect both men and their background on this area. I look forward to their dialogue. We're focusing on infant mortality. We held a summit on infant mortality last fall, we brought together people involved in any way that touches on young families and newborn children, people from a broad range of agencies and institutions. We've committed ourselves to reducing our troubling infant mortality rate. The focus of this administration has been and will be the health and wellbeing of Hoosiers. If you look at our Roadmap for Indiana, that was one of the six goals we articulated. The policies we've been advancing from the renewal of the Healthy Indiana Plan (HIP) to our current negotiations with the federal government over admitting expansion using the framework of HIP. These all have the potential to

encourage wellness in Indiana and improve Hoosiers' health. We're also modeling for the state government; we'll have some announcements this year about wellness with state employees, 95% of whom have health savings accounts. We're the first state to contract to get information for state employees shopping for healthcare services. And Mrs. Pence and I started the 'Mile-With-Mike walks.' As we traveled the state, we'd rally with hundreds of school kids, local citizens, and mayors and show them how good you feel if you walk a mile.

**HPI:** Do you have any idea when you will hear back from HHS on HIP?

**Pence:** "We're working through that right now. In the next few months we expect to be in the position where we can determine the needs and bounds of a waiver request we have yet to submit. I will tell you when I met with Secretary Sebelius after the first of the year, it was a very cordial and constructive meeting. She expressed a willingness to consider the flexibility to allow us the HIP, or a version of it, for expanding coverage for Indiana. I think both sides are working in good faith. As we did a year ago with the existing waiver, I'm convinced we can find a way forward that's consistent with our priorities. I want to be able to do this within a consumer-driven framework and, second, I want to be sure we can do it without burdening Hoosier taxpayers." ❖



# Bopp rewrites U.S. election law

By **BRIAN A. HOWEY**

NASHVILLE, Ind. – As Indiana Treasurer Richard Mourdock kicked off his U.S. Senate campaign in February 2011 at the Artsgarden, the most conspicuous person in the wings was Terre Haute attorney Jim Bopp Jr.



There stood the man who has changed the federal election finance system with a series of U.S. Supreme and district court victories he framed and argued - Citizens United, SpeechNow - and on Wednesday of this past week, McCutcheon v. the Federal Election Commission. Mourdock's Republican primary challenge to U.S. Sen. Dick Lugar, and later, his losing race against Democrat Joe Donnelly, would be the petri dish of how

two of those decisions would impact American and Indiana politics.

That 2012 Indiana Senate race would see \$51 million spent by Mourdock, Lugar and Donnelly, and on their behalf by corporations and Super PACs - the political action committees that bundled donations and spent them, in theory, independent of the candidates. To give you contrast, Hoosier voters had not seen a U.S. Senate race over the \$10 million mark prior.

So here's a primer. Citizens United was decided by the U.S. Supreme Court in 2010 that basically ruled that government has no right to regulate political speech, paving the way for corporate money to flood into political races. In March of 2010, the U.S. Court of Appeals for the District of Columbia issued a unanimous opinion in SpeechNow.org v. FEC, deciding that the FEC could not limit donations to independent political groups that will spend money to support or oppose candidates. This essentially created the Super PACs - affiliated with groups like the National Rifle Association, Club For Growth, Crossroads GPS, Freedomworks, ActRight, Americans For Prosperity - that pumped in millions of dollars on behalf of Mourdock's candidacy in the homestretch of the campaign that fall.

**In the final weeks of** the Mourdock/Donnelly race, Karl Rove's Crossroads GPS spent around \$3 million on behalf of Mourdock. The irony is that Hoosier TV and radio stations, newspapers, advertising agencies and campaign consulting groups saw little of this money. Most was spent on Fox News and to out-of-state direct mail houses. Donnelly received more than \$5.5 million in a similar time frame from Democratic-affiliated advocacy groups.

The McCutcheon ruling ends the existing rules limit of \$74,600 to party committees and PACs, and \$48,600

to all federal candidates. This would allow a rich donor like Sheldon Adelson to contribute the maximum \$5,200 to every Republican (or Democrat if you're George Soros) in the country.

Justice Stephen G. Breyer said in writing the McCutcheon dissent that it essentially opens "the floodgates" for the rich and powerful to spend on campaigns. But Chief Justice John G. Roberts, the Long Beach, Ind., native who wrote the majority opinion, reasoned, "Money in politics may at times seem repugnant to some, but so too does much of what the First Amendment vigorously protects. If the First Amendment protects flag burning, funeral protests and Nazi parades, despite the profound offense such spectacles cause, it surely protects political campaign speech despite popular opposition."

**Bopp explained,** "This is also a great victory for political parties, who have been disadvantaged recently by the rise of super-PACs. Political parties serve vital purposes, such as tempering polarization, and this is a step in the right direction to re-empower them."

Republican National Chairman Reince Priebus added, "Today's decision is an important first step toward restoring the voice of candidates and party committees and a vindication for all those who support robust, transparent political discourse."

Those perspectives depend on your position. Clearly the political parties had lost clout to the Super PACs in recent cycles. In the midst of the 2012 Senate race, Donnelly said, "I think that there are people out there trying to buy Indiana's Senate seat. The Supreme Court decision a few years ago - Citizens United - was a terrible mistake. Even further, what was a mistake was much of this money we don't even know where it comes from." I asked Mourdock after his first debate with Donnelly about the millions of dollars gushing in around his campaign, with the candidate having little control. In the craziness of the 2012 Senate race, the supposedly uncoordinated spending created a hodgepodge of messaging and it nearly obscured the Mike Pence/John Gregg gubernatorial race. "That's a fair question," Mourdock answered. "I want to be very careful here. Some candidates have gotten in trouble - accused of sending a message independent of what they said in the microphone. I'm not doing that. Am I comfortable with the system when so much money comes in?" A few seconds later, he added, "I wish we had a better system."

**I spent hours sifting** through the FEC filings of Super PACs and it was anything but transparent.

Today, the technology exists for complete transparency. In theory, a donor could scan a check into a digital format before sending it on to a candidate, political party or PAC. It could be quickly posted on the FEC website into the candidate, campaign or PAC's account. Citizens should be able to see who is spending what for who. The rich are going to spend money on campaigns and parties. The key is to allow voters to know who is writing the checks and as quickly as possible. ❖



# Pew analysis sees 'dramatic' change in Indiana elections

INDIANAPOLIS – Pew Charitable Trusts reported in a comprehensive national analysis that Indiana has improved its election processes in "dramatic" fashion between the 2008 and 2012 elections.

Indiana had a "dramatic 13-percentage-point improvement in its Election Process Index average between 2008 and 2012, the third-largest increase in the country," the report released Tuesday revealed. Major factors in this jump were a sharp drop in military and overseas ballots unreturned, the addition of online registration, and a decline in average wait time to vote.

In 2008, Indiana had the second-highest rate of unreturned military and overseas ballots, but in 2012, it had the third-lowest rate. In 2008, it transmitted 15,420 military and overseas ballots, with 7,275 unreturned. In 2012, it transmitted only about half as many ballots, 8,194, but only 999 were unreturned. Indiana was also one of 11 states to add online voter registration between the 2008 and 2012 elections, and the state's average wait time to vote fell by nearly 10 minutes, the fifth-largest decrease in the country.

In a section called "Room for Improvement," Pew noted that Indiana did not report complete data on military and overseas ballots rejected in 2008, but in 2012 it had the highest rate in the nation. It rejected 1,481, or 20.6 percent, of the 7,195 military and overseas ballots returned for counting. Improved data collection to provide further detail on why these ballots were rejected could help the state identify the cause of this rate spike.

**The state's** residual vote rate—the discrepancy between the number of ballots cast and the number of votes counted for an office—was third-highest in the country in 2008 and eighth-highest in 2012. Residual vote rate is a good indication of vot-

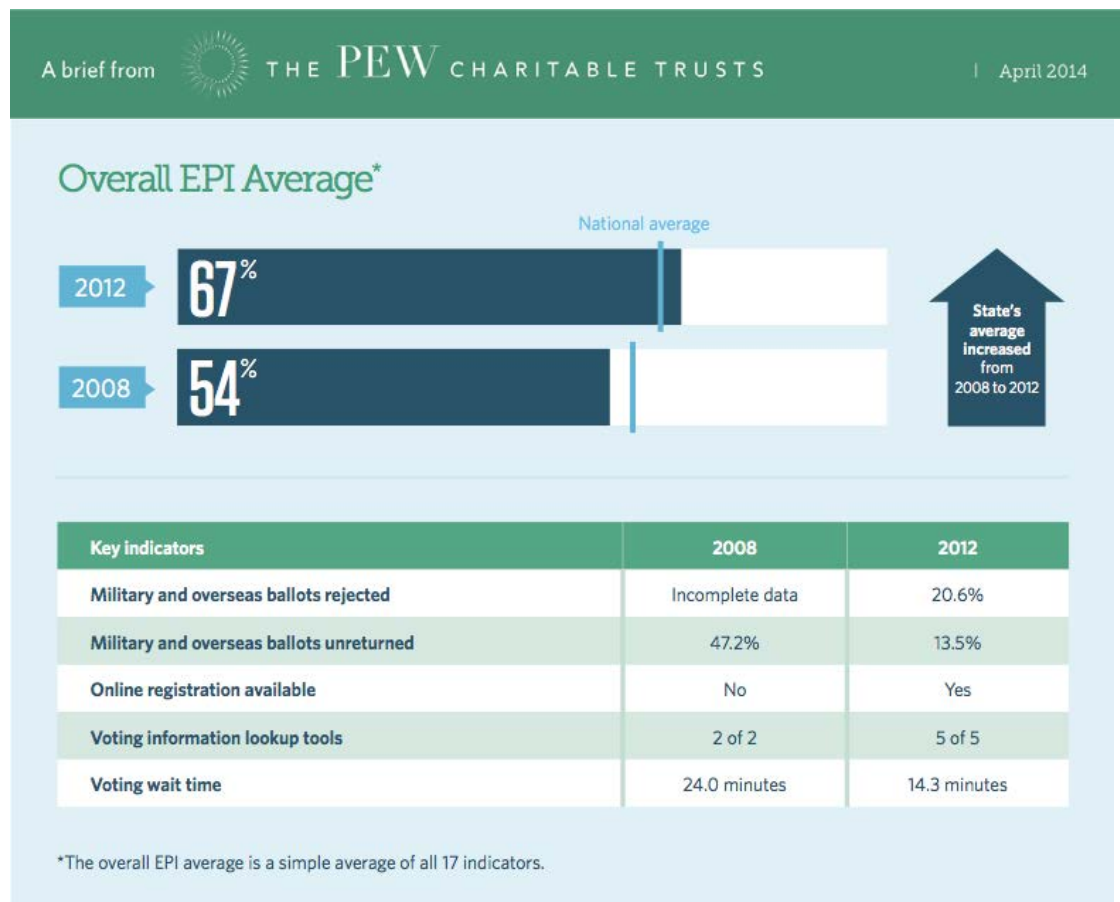
ing technology accuracy, so more research is needed in Indiana to determine if these high rates are a problem with one county or municipality, or a more systemic product of poorly functioning or outdated voting technology.

Finally, Indiana does not require post-election audits of voting equipment, which are recommended by the Presidential Commission on Election Administration. It said that requiring audits would improve the state's election performance and ensure that voting equipment is performing as intended.

**In 2012, The Pew Charitable Trusts** unveiled the Elections Performance Index, or EPI, the first comprehensive assessment of election administration in all 50 states and the District of Columbia. The release introduced the index's 17 indicators of performance and summarized 2008 and 2010 data, giving users a way to evaluate states' election performance side by side.

Pew's next edition of the index adds analysis of the 2012 election and provides the first opportunity to compare a state's performance across similar elections—the 2008 and 2012 presidential contests—as well as with other states, regions, and the nation as a whole. This expanded analysis reveals key features of state elections and presents a rich picture of the U.S. democratic process that will be enhanced as new data are added each year.

Overall, states did better in 2012 than they did in 2008. Although voters turned out at a lower rate in 2012, fewer of those who did not vote said they were deterred



from the polls by illness, disability, or problems with registration or absentee ballots. And more states offered voters the option to register online, which may have contributed to some of this improvement.

Nationally, 12 of the 17 indicators improved, with notable gains in six areas:

- Wait times decreased about 17 percent, or by 3.1 minutes, on average, from 2008 to 2012.
- 13 states had online voter registration in 2012, compared with just two in 2008.
- 18 states and the district reported 100 percent complete data to the Election Assistance Commission in 2012, compared with only seven in 2008.
- Rates of nonvoting due to disability or illness declined nationally by nearly 0.5 percent; rates declined in 27 states and the district.
- Rates of nonvoting due to registration or absentee ballot problems decreased nationally by nearly 0.4 percent; rates declined in 28 states and the district.
- 30 states and the district required postelection audits in 2012, compared with 23 in 2008; audits allow states to ensure that voting equipment is functioning properly and delivering an accurate result.
- The highest-performing states—those in the top 25 percent—were Colorado, Connecticut, Delaware, Maryland, Michigan, Minnesota, Montana, Nevada, North Carolina, North Dakota, Washington, and Wisconsin.
- The lowest performers—those in the bottom 25 percent—were Alabama, Arkansas, California, Hawaii, Idaho, Kansas, Mississippi, New York, Oklahoma, Texas, West Virginia, and the District of Columbia. Six of these—Alabama, California, Mississippi, New York, Oklahoma, and West Virginia—were also ranked at the bottom in 2008 and 2010, and Mississippi was the lowest performer in all three years tracked. ❖

## Pew to study state incentives

INDIANAPOLIS - Indiana has been tapped as one of seven states to participate in a review of economic development incentives.

The Pew Charitable Trusts will conduct the 18-month review of which tax breaks and other incentives are effective in luring business to a state. Gov. Mike Pence said Wednesday the state's inclusion in the review will help Indiana become more competitive.

The Indiana Economic Development Corp. includes penalties in its incentive packages if companies don't produce the number of jobs they promise. The agency also has refused to release job creation numbers to the public.

The other six states included in the study are Louisiana, Maryland, Michigan, Oklahoma, Tennessee, and Virginia. ❖



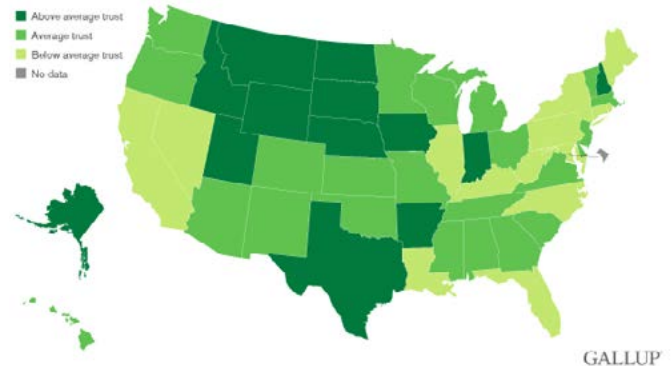
### GALLUP DAILY

Apr 6-8, 2014 – Updates daily at 1 p.m. ET; reflects one-day change

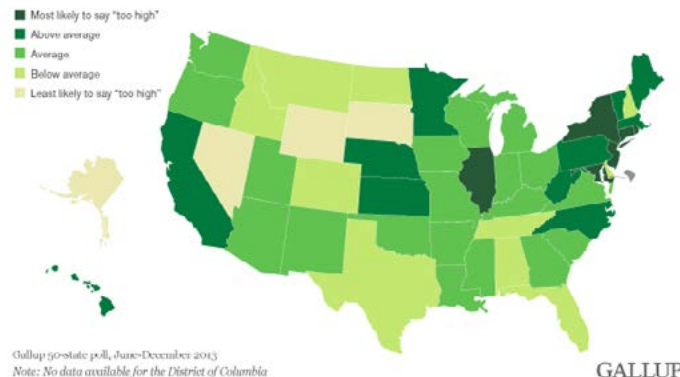
Obama Approval  
44%

Obama Disapproval  
51%

Trust in State Government, by State



View That State Taxes Are Too High, by State

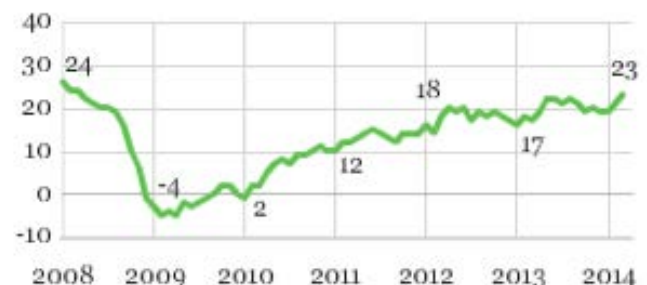


Gallup 50-state poll, June-December 2013  
Note: No data available for the District of Columbia

## U.S. Job Creation Index Reaches Six-Year High in March

April 2, 2014

Job Creation Index Among All U.S. Workers



# Braun, Raatz, Fries pick up key nods

By BRIAN A. HOWEY

INDIANAPOLIS – The Indiana Manufacturers Association and IMPAC, the group's political action committee, have voted to endorse Allen County Sheriff Ken Fries for the Republican nomination for Indiana Senate District 15 in the May 6 primary election (Fort Wayne Journal Gazette). The group also recently endorsed Rep. Bob Morris, R-Fort Wayne, for re-election to the House District 84 seat.

"Sheriff Fries has a unique background as a law enforcement officer, businessman and inventor," said IMA President Pat Kiely. In 1989, Fries invented the Hat-Trap, which he designed to protect the hats of law enforcement officers from accidental crushing, fading and warping. He later sold the business.



Kiely also noted, "Sheriff Fries expressed to us his support for the recent reduction in the state corporate tax rate, personal property tax reform, Right to Work and other pro-manufacturing positions on energy and environmental is-

ssues." Jean Ann Harcourt, president of Harcourt Industries and chairwoman of the IMPAC Board, said, "Sheriff Fries knows Allen County very well as a two-term county sheriff. Additionally, with his prior experience as an inventor and businessman, Sheriff Fries will be a great representative for Allen County manufacturers in the Indiana Senate." Senate District 15 is in Allen County, and the office is being vacated by the retiring Sen. Tom Wyss, R-Fort Wayne, who has represented the district since 1985. Others seeking the Republican nomination are Liz Brown, Darren Vogt and Jeff Snyder. Brown received the Allen County Right to Life endorsement. **Horse Race Status:** Tossup

## SD27: HEQ endorses Raatz

Hoosiers for Quality Education PAC, formally known as Hoosiers for Economic Growth, has endorsed Jeff Raatz for SD27. HQE joins the Indiana Family Institute and Indiana Manufacturers Association in supporting Raatz's campaign. "At HQE, we are optimistic that Indiana can be a leader in the competitive national and international economies if we continue to develop a first-rate education system and a skilled workforce," said HQE Chairman Fred Klipsch. "Thank you for your support of this mission and for your strong stance in favor of educational policies that provide all Hoosier families with quality educational options regardless of their family income, zip code or any other circumstance." Raatz commented that "HQE's endorsement is an honor that I humbly accept. As an educator and a family man, I understand the impact that a quality education can have on any person's success.

My campaign is committed to supporting education by setting high standards that are created by Hoosiers, focusing on STEM-based courses, and retaining control of education at the local level." Raatz began a cable TV ad campaign this week. SD27 is being vacated by retiring State Sen. Allen Paul. Raatz is running in the GOP primary against Eric Atkinson, Doug Williamson and Richmond City Councilman R. Bruce Wissel. **Horse Race Status:** Leans Raatz

## Allen County Right to Life endorsements

In addition to endorsing Liz Brown in SD15, Allen County Right to Life endorsed State Rep. Kathy Heuer and Christopher Judy in HD83, and in HD84 both State Rep. Bob Morris and challenger Michael Barranda.

## HD22: Family group endorses Nisly

The Curt Nisly for State Representative campaign has announce the endorsement of the Indiana Family Action PAC (StaceyPage.com). Ryan McCann, the executive director of the Indiana Family PAC stated in his endorsement letter, "This endorsement is based on a variety of factors including his responses to the 2014 candidate questionnaire." Meanwhile, State Rep. Rebecca Kubacki was awarded the Indiana Adoption Agencies United 2014 Friend of Adoption Award. The award was given by IAAU President Doug Linville at the Statehouse. "I have adoptive children of my own and understand what a gift it is," said Rep. Kubacki. **Horse Race Status:** Leans Kubacki

## HD63: Braun endorsed by Chamber

"Mike Braun is not only a successful business owner, but he's got a real passion for southwest Indiana and public service that will serve the voters of House 63 very well," explains Jeff Brantley, vice president of political affairs for the Indiana Chamber. "Mike is one of those unique people with a real can-do attitude about what needs to be done to make Indiana an economic success story."

Braun said, "As a business owner myself, I'm very pleased to be endorsed by the Indiana Chamber of Commerce for the Indiana House election. I share the Chamber's vision for Indiana to become the best place in the nation to create or expand a job-creating business."

Braun faces Richard Moss in the Republican primary in the seat being vacated by State Rep. Mark Messmer, who is seeking a Senate seat.

Braun is the owner of Meyer Distributing based in Jasper, Indiana. The company began as a truck accessory business and through Braun's leadership has grown into a very successful and rapidly growing national distribution company. Braun is a board member of the Conexus Indiana Logistics Council, a Jasper school board member and is involved in timber conservancy projects in the state. He and his wife Maureen are the parents of four grown children. For more information, visit [www.mikebraunforindiana.com](http://www.mikebraunforindiana.com). **Horse Race Status:** Safe Braun



## HD48: Bujalski promises to listen

Adam Bujalski sees himself as a mediating force among Republicans (Vandenack, Elkhart Truth). "The Republican Party has a major issue with in-fighting, when everybody just wants to have their voice heard," he said. In running for vice chair of the Elkhart County Republican Central Committee (and winning), he sought to bridge the sides — moderates and more conservative Tea Party types. Now, in vying for the District 48 seat in the Indiana House, he thinks that ability to unite will serve him well. He doesn't agree all the time with tea party activists or more mainstream elements of the Republican Party. "But I think that's what makes a good politician," he said. He'll listen to the sides, read up on an issue, "but I'm still going to come to my own decisions as well." Bujalski, a resident of Elkhart and manager of a KeyBank branch in Goshen, is one of three candidates running for the District 48 post, to be vacated by incumbent Rep. Tim Neese, who isn't seeking re-election. No Democrats are running for the seat, which covers northwestern Elkhart County, including northern Elkhart. Thus, the winner of the May 6 primary has the inside track to the post in the Nov. 4 vote.

In announcing his candidacy last August, a day after Neese announced he wouldn't seek re-election, Bujalski touted job growth and economic improvement as two priority issues. He praised the limited business property tax reform measure approved by lawmakers in the recently concluded legislative session. It grants individual counties authority to eliminate the business tax on new business property or on smaller-sized companies, but doesn't completely do away with the tax, as first sought by Gov. Mike Pence.

"I am all for tax reform, I think taxes are too high," said Bujalski. But he's also cognizant of local government officials' concerns about losing too much tax revenue and their calls that a replacement revenue source be identified to offset any permanent cuts. He touts the importance of beefing up vocational and other alternative offerings at public schools to leave high school grads better prepared. Having served in the U.S. Army, veterans' issues are also important to him. He served from 2000 to 2004 and received a medical discharge following a work-related incident in the military.

Bujalski wasn't always a Republican. He described himself as "fiercely independent" until a few years ago. Then after President Obama took office in 2009, he shifted gears. Democrats, he ruefully charges, started taking away personal liberties, "just completely destroying our Constitution." He turned to the GOP. "At that point, I got rid of my little independent label and went to the full 'R,'" Bujalski said. Still, he says he's open to debate — on most things. "I tell people I have only one non-negotiable in my life and that's my abortion stance. I'm 100 percent pro-life," said Bujalski, who is accepting of abortion only when the life of a mother is at stake. "Outside of that, I'm willing to sit down and talk with anybody. I think we need to have

open-mindedness."

Here's how Bujalski stands on a range of matters: Same-sex marriage: He doesn't think House Joint Resolution 3 will come up again. That's the proposal to define marriage in the Indiana Constitution as the union of one man and one woman, thus prohibiting same-sex marriage. It's too controversial, and Pence won't want to have to deal with such a hot-potato issue in 2016, when he'll be up for re-election. That said, he favors the measure and would vote for it if it comes up. Lawmakers earlier this year removed a provision that would have prohibited civil unions and Bujalski indicates that was the right step. "To me marriage is (between) a man and a woman. That's my faith," he said. "But the civil union part of me, I don't have an issue with that." **Horse Race Status:** Tossup

## HD84: IMA endorses Rep. Morris

The Indiana Manufacturers Association PAC has endorsed State Rep. Bob Morris, who is facing Republican attorney Michael Barranda in the primary. "Rep. Morris is a strong advocate in the Indiana General Assembly for manufacturers in Allen County," Kiely said. **Horse Race Status:** Leans Morris

## CD9: Young begins TV ad

The campaign of U.S. Rep. Todd Young released its first ad of the 2014 cycle, a 30 second spot called "Warped" that will begin on cable TV on Monday (Howey Politics Indiana). The ad highlights Young's "Save American Workers Act" that just passed the U.S. House by a wide margin last week, and asks viewers to sign an online petition urging Senate action on the legislation.

## Obamacare key issue this year

More than 80 percent of people in a new poll say the healthcare law will be an important factor in determining their vote in the midterm elections (The Hill). A USA Today-Pew Research survey released Thursday found 54 percent call the law "very important" in determining their vote. The survey came after the administration announced more than 7 million people signed up for healthcare through the newly created exchanges. Republicans have sought to make the law a central focus ahead of the midterms, believing it will drag down Democrats. When broken down, 64 percent of Republicans — most of whom oppose the law — call it a very important factor heading into the election, while 52 percent of Democrats say the same. Forty-five percent of Independents call the law very important in determining their vote.

## Sen. King may switch to GOP

U.S. Sen. Angus King (I-Maine), who caucuses with the Democrats, will decide after the midterm elections whether to switch sides and join the Republicans (The Hill). He is leaving open the possibility of aligning himself

with the GOP if control of the upper chamber changes hands. "I'll make my decision at the time based on what I think is best for Maine," King told The Hill Wednesday after voting with Republicans to block the Paycheck Fairness Act.. If Republicans pick up six seats this fall, they will be running the Senate in 2015. But a pickup of five would produce a 50-50 split and Democratic control, with Vice President Biden breaking the tie. King could tip the balance.

## 2016 Presidential: Jeb to decide this year

Former Florida governor Jeb Bush said Sunday that he will base his decision on whether to run for president in 2016 on whether he thinks he can mount a campaign that would transcend the modern-day mechanics of such a run (Washington Post). Bush, the second-oldest

son of former president George H. W. Bush and younger brother of George W. Bush, spoke at an event marking the 25th anniversary of his father's presidency at the library and museum that bears the patriarch's name. He appeared to bemoan the thought of having to spend time attending political cattle calls in early-primary states, suggesting that some candidates might devote too much time to questions such as, "How am I going to get to win the Muscatine Pork Roast straw poll, or something like that." Bush said he ultimately would base his decision on whether a candidate can "run with a hopeful, optimistic message, hopefully with enough detail to give people a sense that it's not just idle words and not get back into the vortex of the mud fight." "In my case, that means can one do it joyfully without being tied to all the convention of the here and now?" he added. ❖

## Indiana business climate precludes Cline Ave. bridge

By RICH JAMES

MERRILLVILLE – As much as Gov. Mike Pence and downstate Republicans would like the Cline Avenue Bridge issue to go away, it's not going to happen anytime soon. Lake County's casino industry won't let talk of the bridge become a thing of the past.



The state refused to rebuild the bridge after it was shut down in November 2009 because the deck had become structurally weak. Cline Avenue, which is a state highway, is the principal Lake County artery connecting Interstate 80/94 and the Indiana Toll Road and eventually the Chicago Skyway. The state said the estimated cost of \$150 million to replace a portion of the bridge couldn't be justified, even though Indiana is sitting on a \$2 billion surplus.

The plan now is to have a private investor replace the bridge and turn it into a toll road. The projected cost per car is \$2.50 to \$3.50. The bridge, which spans Indiana Harbor and Ship Canal, crosses the most industrialized area in Indiana, and perhaps the country.

**Besides being a highway** to steel mills and other industries, Cline Avenue became the main corridor to Lake County's four casinos in 1986. Yet, as much as Pence talks about the favorable business climate in Indiana, he and the General Assembly have turned their backs on the casino industry.

First, the state refused to rebuild the bridge, which has hurt attendance at the casinos. And during the winter, the state let the southern part of Cline Avenue deteriorate to the point that it had to be closed to traffic for several days, further causing casino revenues to fall.

**In fact, the monthly report** from the Indiana Gaming Commission indicates that revenues from the five area casinos dropped for the third straight month compared to the same time last year. The revenue drop in March was about \$10 million. The total revenue of \$95 million was down about 8.9 percent.

Not surprisingly, the Blue Chip Casino in Michigan City, which isn't dependent on Cline Avenue, showed the lowest drop at 3.3 percent.

The tax on casino revenues, of course, is a major source of revenue for the state. Besides the Cline Avenue issue, neither Pence nor the Republican-controlled General Assembly has done anything to improve the casino climate. Foremost is the state's refusal to consider legislation for the construction of a land-based casino in Gary. The two Gary casino boats on Lake Michigan are the weakest in terms of revenues among the five gambling establishments in Northwest Indiana.

**The state has refused Gary's** wishes even though the possibility of Illinois casinos within a stone's throw of the state line becomes greater every day. Numerous Lake County officials, including Hammond Mayor and county Democratic Chairman Thomas McDermott, have criticized the state for turning its back on Lake County.

What was that, governor, about Indiana's wonderful business climate? ❖

**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.**



# How to forge a better federal government

By LEE HAMILTON

BLOOMINGTON – Americans want to see better performance from their government. Where to start is to cut the number of political appointees, reduce layers of management, reform the civil service, and rein in costly outsourcing.

In 1965, the chairman of the powerful Ways and Means Committee, Wilbur Mills, brought legislation establishing Medicare and Medicaid to the floor of the U.S. House. That was my first year in Congress, and I remember vividly the moment when Mills came to the Democratic caucus to explain his plans.



Many of us had been swept into office in the 1964 Democratic wave that accompanied Lyndon Johnson's election, and we had an overwhelming majority in Congress. We could pass any bill we wanted. But Mills argued forcefully that we shouldn't. It was crucial, he said, that we get bipartisan support

for the measure. Passing the law was one thing, but what really counted was its implementation. With bipartisan support, the odds were much higher that the highly controversial measure could be rolled out effectively.

So despite the grumbling of some members of the caucus, Mills made significant accommodations to find common ground with Republicans, and eventually 70 of them – half their caucus – joined us to pass the bill.

Mills was playing a very smart game. What he understood was that in the end, Americans' lives would be affected not by what happened in Congress, but by what the federal government did with the law it was handed.

**There are times these** days when a story like that, about someone in Washington caring about the government's effectiveness, feels as quaint as a tale about knights and dragons. Plenty of good, competent people serve both in Congress and within the ranks of the executive branch, but after years of abject failure, from the response to Hurricane Katrina to the initial rollout of the Affordable Care Act to the cost overruns, delays, and mismanagement that too often characterize federal programs, it's hard to argue that the government is filled with people who know how to make it a model of efficiency and effectiveness.

Some are too busy just trying to carry out policy. Others think government's too big; they're not interested in improving it, just in cutting it. Some use government to help their friends and allies. And some in Congress will be darned if they'll let a drive for efficiency close a military

base or federal office complex in their district.

I'm reminded, though, of a famous quote by Alexander Hamilton: "A government ill-executed, whatever may be the theory, in practice is poor government." Our government has become so big, complex, and riddled with competing agendas that its performance – its ability to execute faithfully the law – is terribly compromised. As NYU Professor Paul Light points out, there are too many decision-makers, too many bases to touch, too many layers of management, too many managers in each layer, and too little accountability.

**These are crucial matters** to fix. Not only do Americans want to see better performance from their government, but federal executives, including the President, cannot achieve their policy objectives unless those under them are competent and high-performing. We have to rethink and transform how government does its business, not just on a one-shot basis, but constantly.

Light has probably thought harder about these issues than anyone else inside or outside government, and there are a number of recommendations he and others make:

- We have to cut the number of political appointees. In the federal government alone, they number roughly 3,000, and often don't win their positions by merit.

- We have to reduce the layers of management, and reduce the sheer number of people employed by government.

- Outsourcing has gotten out of hand. In theory, private-sector contractors save taxpayers money. In reality, Light's research shows, they can cost us twice as much.

- Current civil service rules make it almost impossible to hire, promote, and fire based on merit. That has to change.

Government today is highly pressured and deals with tough, complicated problems. It needs to be able to recruit and retain first-rate talent; you don't want a second-rate lawyer negotiating a nuclear arms treaty.

Unless we deal with these problems, failure is baked into the system. The American people have to demand that the President and the Congress not just enact legislation, but also implement and manage government programs effectively and efficiently. ❖

**Hamilton is director of the Center on Congress at Indiana University. He was a member of the U.S. House of Representatives for 34 years.**

# The nature of the Hoosier hunting beast

By **CRAIG DUNN**

KOKOMO – I have a good friend who likes to hunt. He has an amazing arsenal of weapons that can bring down anything from a gopher to a bull elephant. He spends a lot of money each year traipsing the globe looking for game to bag. His home is full of trophies that he has shot over the years. I guess there's just nothing like sitting back in the old easy chair, sipping a brew and remembering the day that you blew Bambi's mother away. Personally, I don't get it.

My friend also has another hobby that he calls hunting but I call shooting. He likes to head up to Michigan to Ted Nugent's hunting preserve and shoot confined elk and deer. He also enjoys spending 20 bucks apiece to have pheasants staked out in a field and then he walks out into the field, acts surprised and blows the pheasants away.



Hunting is necessary to control animal populations that would get way out of control without a hunting season. Just because I don't hunt doesn't

mean that good red-blooded men, women and children shouldn't engage in the sport. However, I just have to draw the line at "confined" hunting, the act of shooting animals in fenced-in areas.

In real life hunting the animal is pitted against man. All of the animal's instincts, training and fears make it a worthy opponent for man to track down and shoot. The animal always has the option to run for the hills if all else fails. With confined hunting the sporting element has been removed and the animal, generally deer and elk, are forced to run the fenced boundaries in their efforts to elude the hunter. Of course, the larger the fenced in area, the more difficult it is to track down prey. But still, confined hunting has just about all of the sporting element of shooting cows in a feedlot.

**What is the allure of confined hunting?** It's all about the trophy. With animals, as with humans, some look better than others. Hunters have ascribed greater value to shooting a deer with more "points" on its antlers. The fewer the points, the less sense of accomplishment in shooting the deer. "Hey Bob, did you shoot anything today?" "Yea, but it only had six points." "Well I shot one that had 10 points so I guess we don't have to compare penis size today!"

People who operate confined hunting preserves don't leave anything to chance. They don't just fence in a big area and hope the deer found a hole under the fence

to get in. They stock the preserves with game, the bigger and more pointy the better. I'm told that confined preserve operators actually breed animals to produce offspring with more pointy antlers. Is this a great country or what?

This session of the Indiana General Assembly saw the introduction of legislation that would legalize confined hunting in Indiana. Mind you, "canned" or "confined" hunting has been banned in 20 states. There are only a few confined hunting locations in Indiana resulting from a 2005 court decision in Harrison County which overturned the Indiana Department of Natural Resources ban on the practice. Even our enlightened brethren in Alabama think the practice is barbaric and cruel.

**In some of the states where** canned hunting is legal, exotic animals are fair game. It is certainly sporting to kidnap an Ibex from Asia, bring it to the United States, release it into a penned-in lot and allow a gun-toting trophy hunter to blow it away. The only thing that would make it any more fun would be to tie the animal's leg down so it wouldn't move when you shoot. Or perhaps it could all be made more interesting by rigging up a remote controlled gun that could be activated by your computer. Darn! That's already being done in Texas with internet hunting at a confined preserve. And to think that I actually used to get enjoyment from playing Duck Hunt on my Gameboy.

The Indiana legislation would have required a confined preserve to be at least 160 acres. The average golf course is 74 acres. Other regulations would have prohibited hunting within 150 yards of an artificial feeding site; limited the number of hunters on a preserve at any one time; set hunting dates and hours; required annual inspections by DNR; restricted the sale of preserve licenses and required hunters to comply with safety rules. Of course, there would also be an initial licensing fee of \$5,000 and a renewal fee of \$1,500.

**The bill was ultimately** killed in the Indiana Senate by a vote of 25-23 after little fanfare and virtually no debate. One wonders how the 23 senators might have voted had they previously been penned in a 160-acre lot and stalked by a bow-wielding hunter à la "The Hunger Games." My guess is that it might have changed a few votes.

Should a bill allowing confined hunting pass in Indiana, you can rest assured that within a couple of years some well-meaning senator would introduce legislation allowing you to "hunt" in your BarcaLounge while animals are led on a leash by your chair. Why? Because it's just the nature of the beast. ❖

**Dunn is chairman of the Howard County Republicans.**

# Time to free Jonathan Pollard

By JACK COLWELL

SOUTH BEND – Should we release Jonathan Pollard, the convicted spy from South Bend, in a deal with Israel to advance Mideast peace negotiations?

Yes.

Not because Pollard deserves sympathy.

He knew what he was doing when he stole large amounts of classified documents while a civilian Navy intelligence analyst in 1984-85. He was paid handsomely by his Israeli handlers for the information. And U.S. intel-

ligence officials considered the information he leaked so serious that a CIA director once threatened to resign if President Clinton released the spy.

But Pollard, who pleaded guilty and received a life sentence for espionage in 1987, has served long enough. Indeed, since "life" sentences don't always mean for life, Pollard will be eligible for release in November 2015.

So, is there need to be vindictive in punishment right up until the last likely day of incarceration? Pollard certainly is no longer a threat to national security. And if he could be a bargaining chip in the stalled talks on Middle East peace, why not use him? Why continue vengeance in incarceration until he is likely to be released anyway, but with no bargaining value?

Diplomatic disclosures tell of a possible deal in which Pollard would be released to Israel, with Israel releasing Palestinian prisoners to remove a roadblock to peace talks.

In a way, Pollard, as a bargaining chip in an effort to lessen hostility, could help Israeli security beyond what he sought to do as a spy.

**Personally,** I wanted Pollard released earlier. Again, not because he deserves sympathy, but for his parents, Mildred and Morris Pollard, so respected and admired in the South Bend community. They suffered terribly. They longed to see their son freed, as any parents would. Mildred Pollard died in 2003.

Morris Pollard, renowned biological researcher and long-time director of the University of Notre

Dame's Lobund Laboratory, died in 2011 at age 95, to the last seeking release of his son.

Rev. Theodore M. Hesburgh, C.S.C., Notre Dame president emeritus, also sought an earlier release. Not because he thought Jonathan was innocent but because he knew of the punishment inflicted on the parents, who were innocent. Father Hesburgh, as Notre Dame president, brought the brilliant Jewish researcher to the Catholic university to head Lobund in 1961.

Jonathan came with the family to South Bend as a second grader.

**It was heartbreaking when** I interviewed Morris Pollard back in April 1997. His fondest wish was for freedom for his son - or at least a phone call from Jonathan.

As his father described the sad details then, Jonathan had renounced his parents and their efforts for his freedom, neither phoning them nor accepting their calls. No letters. No cooperation with their efforts on his behalf. "He has taken me off the visitor list," Morris Pollard said. "He's very angry with us."

Why?

His father blamed it on prison conditions and the influence of a woman from Toronto who had announced that she was married to Jonathan in a prison ceremony. Morris Pollard also blamed himself because he had arranged visitor privileges for the woman through the help of Congressman Lee Hamilton, then chairman of the House Foreign Affairs Committee, and Father Hesburgh.

The woman, now Esther Pollard, his second wife, had been working to win freedom for Jonathan but turned against the family, even urging Israeli Prime Minister Benjamin Netanyahu to ignore the parents during a 1996 visit to this country.

**Netanyahu called anyway** to assure the parents that he had not abandoned Jonathan. Israel initially insisted that he was some "rogue" operator, not really an Israeli spy. That's because the United States and Israel are allies. Even allies sometimes spy on each other. They just don't want public acknowledgment of it.

Jonathan has been portrayed in different ways:

Idealist only trying to help Israel and doing no actual harm to the United States.

Drug user that sold secret documents to finance his lifestyle and caused terrible harm to U.S. intelligence operations around the world.

No matter which version is closer to the truth, let him now be free. It's too late for his parents but perhaps just in time for a role in Middle East peace negotiations. ♦

**Colwell has covered Indiana politics over five decades for the South Bend Tribune.**





**Stan Levco, Evansville Courier & Press:** Why is it that we in Indiana hate Kentucky so much? Indiana borders on Kentucky, but it's not geographical proximity that fuels this contempt. You don't have people saying a loss for Dayton, Michigan State or Tennessee is just as good as a win for their favorite team. It's not just Hoosiers who despise Kentucky. Most of the country beyond three point distance from Lexington agrees with us. I believe there are three main reasons that explain this phenomenon: Jealousy, Calipari and One and Done. There's a natural resentment of success. Kentucky's won more national championships than any program other than UCLA. There are fans who hate Coach K and Duke, particularly in Chapel Hill, but it would be hard to find a classier coach or a better basketball program. We root against the "haves," but particularly for we Hoosiers who've had more than our fair share of basketball success, there's more to this Kentucky hatred than simple resentment. Coach John Calipari is a major factor in the perception. His resume includes landing his previous two schools, the University of Massachusetts and Memphis, on probation for recruiting violations. Yet, he not only didn't get fired or suspended, he landed on his feet. And not just on his feet, he was hired by Kentucky. Finally and perhaps most importantly, it's the student-athletes that Kentucky recruits. Call me cynical, but I get the feeling Kentucky's starting five are leaning more in the athletic than student direction. Kentucky has taken the recruitment of athletes whose sole motive for matriculating is to play one season to enhance their chances of going professional — the One and Done philosophy — to a whole new level. To be fair, there aren't many programs who wouldn't accept the best athletes, even for only one year. It's not technically cheating, but Kentucky does it to such an extreme, it seems like cheating. ❖

**Dave Bangert, Lafayette Journal & Courier:** State Sen. Mike Delph made a name for himself during the General Assembly session when he imploded over the losing cause of a proposed constitutional ban of same-sex marriage. The Carmel Republican's tirades against his colleagues, his opponents and the media made an easy dividing line in the war over House Joint Resolution 3 — a crusader for traditional values vs. the slow roll of marriage equality knocking at Indiana's door. Delph was back last week with an op-ed that railed about the fundamental sins of the other side and how Indiana was giving in to the devil's work by lapping up "the chic diet of false entitlement" and a "perverted worldview." The headline: "Opponents of Christian values don't fight fair." Delph flails because he sees the world changing before him. Maybe he even realizes that his opponents aren't all perverted, aren't all atheists, aren't all dead-set on destruction. But he's all-in at this point. And he's losing. What else can he do now? Buried deep in his column was

this: "It's past time that we consider removing marriage completely from the confines of government, and let the church and other faith-based institutions marry according to their own belief systems and traditions." Now that would be a fight at the Statehouse. And maybe it would be a fair one that put everyone — straight, gay or otherwise — on equal footing in a fresh grab for all of the rights that come tied to a state-sanctioned marriage. But that wasn't the question this time. In fact, Delph spent much of his energy trying to preserve a part of HJR-3 that would have outlawed civil unions and anything substantially resembling marriage, as well. As long as the question at the Statehouse focuses on putting prohibitions and inequality in the state Constitution, Delph might as well resign himself to a fight — no holds barred. ❖

**David Hawkings, Roll Call:** Rep. Vance McAllister is showing every sign he's hunkering down in hopes of saving his nascent political life. But recent House history signals that it's going to be a futile pursuit.

His troubles are unique in one respect — no member in modern history has seen his congressional career beset by scandal so quickly. It was just 137 days from when McAllister was sworn in to represent northeastern Louisiana, the Republican winner of a special election, to the release of grainy security camera footage of him in an 18-second lip lock with someone who is not his wife. But Melissa Hixon Peacock is not simply a 33-year-old married woman caught canoodling with a 40-year-old congressman. Back when they were making out just before Christmas, and until Tuesday when she left the government payroll, she was his district scheduler. And that's what places McAllister in what's almost assuredly a non-survivable predicament. In the past eight years, four other men of the House have been exposed for having, or seeming to seek, sexual relationships with congressional aides. None of them stayed in office longer than a couple of weeks. Twice in the past decade, Republicans resigned under intense pressure from House leadership that started as soon as their scandalous acts became public, as did one Democrat. In another instance, a freshman Democrat was soundly defeated days after his misbehavior came to light. Mark Souder, a socially conservative and married Republican, and Tracy Jackson, a press aide in his Indiana office, were found by a park ranger in a compromising position in a parked car at an Indiana nature preserve. But it took until May 2010, six months after they were caught, for word to leak. That's when Souder's contemplation of a ninth term evaporated in days. One of his own Hoosier GOP congressional colleagues — Mike Pence, now Indiana's governor — reported Souder to House Ethics and looped in then-Minority Leader John A. Boehner. The Ohio Republican then wrote the panel to support an investigation, and convinced Souder it was in his interest (and that of "the team") to resign right away. ❖



## SBOE questions teacher accuracy

INDIANAPOLIS — Members of the Indiana State Board of Education are questioning the accuracy and effectiveness of the state's teacher evaluation law following data released earlier this week showing only a small percentage of Hoosier educators needed improvement or were ineffective in the classroom (Schneider, Evansville Courier & Press). Indiana Superintendent of Public Instruction Glenda Ritz said teachers who fall into the needing improvement category should be eligible to receive raises. Ritz said the distinction would remove the barrier of administrators placing educators in that category. Ritz said teachers needing improvement may leave before districts can invest in professional development to help them. "You invest in your teachers when you hire them and many times you have to provide professional development to make sure they can get better in their craft," Ritz said. Board member Brad Oliver said principals have shared concerns of ranking new teachers as needing improvement because they wouldn't become eligible for a raise. "Do we have an inherent flaw in the system to cause someone to receive an effective score because you don't want to see them hurt because they're not receiving compensation?" Oliver questioned. Across the state, 26 percent of educators included in the report were rated as highly effective, with the majority of educators — 61 percent — earning effective marks during 2012-2013. Just over 2 percent of educators fell into the lower categories of being ineffective.

## Insured children rate rises in Indiana

INDIANAPOLIS - The percentage of Indiana children without

health insurance coverage decreased to 8 percent from 10 percent in the four-year period ending with 2012, according to results of a study being released today (Fort Wayne Journal Gazette).



## CoreLink test won't be taken

INDIANAPOLIS - Indiana students won't be taking a test this May that was meant to help transition to new education standards (Associated Press). The State Board of Education voted unanimously Wednesday to cancel the upcoming test.

## Internet password change urged

NEW YORK - Popular websites and millions of Internet users scrambled to update software and change passwords Wednesday, after a security bug in crucial encryption code was disclosed sooner than researchers had planned. Facebook Inc. and Yahoo Inc.'s blogging site Tumblr advised users to change their passwords because of the so-called Heartbleed bug (Wall Street Journal). Canada's tax agency shut its filing website as a precaution, weeks before its April 30 filing deadline. "It's easily the worst vulnerability since mass-adoption of the Internet," said Matthew Prince, CEO of CloudFlare Inc., a San Francisco cybersecurity company. "It's going to be really bad."

## McDermott states Hammond priority

MUNSTER - Hammond Mayor Thomas McDermott Jr. supports regional ideas such as expanding the South Shore commuter rail, but his priority must be Hammond, he said (NWI Times). McDermott met with The Times Editorial Board on

Wednesday to share his thoughts on the South Shore commuter expansion and how Northwest Indiana could unite for stronger political clout in the future. "Everyone is talking about regionalism, let's talk regionalism," he said. "But my job is the mayor of Hammond. I love being the mayor of Hammond. People trust me, and I feel like I'm doing the right thing here." He said he appeared to support Hammond over a regional approach because he was uncomfortable handing over \$900,000 annually for 30 years for the South Shore extension without knowing whether Hammond also would benefit. "Under the right circumstances, this could be a big help for the region, but right now, there are too many questions," he said.

## Senate GOP block pay equality act

WASHINGTON - Senate Republicans banded together on Wednesday to block the Paycheck Fairness Act, a Democratic bill aimed at narrowing the pay gap between men and women (Politico). The legislation failed to clear a 60-vote threshold to open debate on the bill, falling short, 53-44. "This isn't over. Equal pay for equal work is going to remain center stage in this year's agenda, and we are not going to let the Republicans who blocked this bill off the hook. That could absolutely mean another vote later in the year," said Sen. Patty Murray (D-Wash.), the chamber's highest-ranking woman. On Wednesday afternoon, President Barack Obama said it was "wrong" of the GOP to block the bill. "Republicans in Congress continue to oppose serious efforts to create jobs, grow the economy and level the playing field for working families," Obama said. "It's harmful for our national efforts to rebuild an economy that gives every American who works hard a fair shot to get ahead."

**From:** Lemons, Marni  
**Sent:** Thursday, March 27, 2014 11:07 AM  
**To:** Brookes, Brady M; Peterson, Rick; Ashley, Regina C (Gina); Tolliver, Doris; Richter, Gary; stittle@ihca.org; zcattell@ihca.org; jimleich@leadingageindiana.org; rcarter@leadingageindiana.org; heather.willey@btlaw.com; joseph.loftus@btlaw.com; dennis.frick@ilsi.net; klaeace@iaaaa.org; Kauffman, Sandy; kkauffman@indianapca.org; Ames, Ronda; prooney@mhsindiana.com; jbarth@mhsindiana.com; Roos, David; pchase@ckfindiana.org; jean@iahhc.org; michelle@iahhc.org; dave@iahhc.org; tcastor@iuhealth.org; rkitchell@iuhealth.org; kbrannon@iuhealth.org; afoster6@iuhealth.org; cmacbeth@mdwise.org; ccarneydoebbeling@mdwise.org; phebenstreit@mdwise.org; kwentworth@mdwise.org; jbruce@mdwise.org; tkennedy@hallrender.com; hbrown@hallrender.com; ataylor@hallrender.com; kdodson@arcind.org; jdickerson@arcind.org; john.willey@wellpoint.com; michelle.stoughton@wellpoint.com; linda.steinke@wellpoint.com; kristen.metzger@wellpoint.com; kmillwill@██████████; mlong@bosepublicaffairs.com; mobrien@bosepublicaffairs.com; lawren.mills@icemillerstrategies.com; anne.doran@icemiller.com; obell@cicoa.org; ktungate@cicoa.org; mgookins@blueandco.com; tstruck@blueandco.com; georgiana.reynal@stvincent.org; kwilliams@thecorydongreoup.com; loubelch@thecorydongroup.com; butlerde@iu.edu; dbutler@advantageplan.com; jward@advantageplan.com; kdavis@advantageplan.com; amarr@aarp.org; kim@inarf.org; mripley@indianachamber.com; parkerl@purdue.edu; btabor@ihaconnect.org; smccaffrey@mhainet.net; mark.hisey@parkview.com; kwoodcock@magnoliahealthsystems.com; gloriakirkham@ismanet.org; mrinebold@ismanet.org; dkelsey@ismanet.org; rdecker@lucashealthgroup.com; swing@pathfinderservices.org; McConey, Pamela (pmcconey@namiindiana.org); jsprunger@nami.org; mdraves@careyservices.com; ejames@areaivagency.org; rhinsenkamp@westcentralin.com; aedwards@lifetime-resources.org; bkrudop@agingihs.org; ckenyon@areaxi.org; amurphy3@ecommunity.com; cgraham@iarcca.org; kwaggoner@kwkmanagement.com; bktarr@hoosieruplands.org; Knox, Daviess, Lawrence County - David Miller; tkwells@hoosieruplands.org; Zaseck, Becky; kbridgfo@iue.edu; ashepher@iue.edu; cconners@swirca.org; cforcucci@agingihs.org; dcasserly@areafive.com; ezimmerman@areafive.com; Malone, Jennifer; gwetnight@westcentralin.com; jallbaugh@lifestreaminc.org; kadkins@lifestreaminc.org; jhemersbach@areaivagency.org; kstormes@lslr14.org; vmedlock@lslr14.org; kconway@area10agency.org; mpopp@area10agency.org; lboyle@cicoa.org; mlindenlaub@thrivealliance.org; tlorenz@thrive-alliance.org; Beckley, Sally; slikens@areaxi.org; pmcguffey@lmvconsulting.com; jallbaugh@careyservices.com; jcardwell2@██████████; elmeralliance@██████████; juneholt@██████████; phv@seidata.com; annclaudem@██████████; heather.donegan@nmss.org; mskdv@██████████; ben\_park@ahni.com; peggy.homeier@franciscanalliance.org; Susan.Waschevski@franciscanalliance.org; avantil@indianabankers.org; ddenton@indianabankers.org; carries@icul.org; chrisb@icul.org; jhopkins@claimaid.com; rpeek@NWI-CA.org; Erin.Huff@eskenazihealth.edu; mbrooks@iccmc.org; rcoco@iccmc.org; sarahwhitney@exceptionallivingcenters.com; tonya\_Wetzel@newhopeservices.org; f2fhic.fv.indiana.██████████; Jeni.Little@meridianhs.org; jqarles@futurechoices.org; hross@majorhospital.org; mike@yourseniorpartner.com; awehren@porterstarke.org; coxendale@porterstarke.org; ssmith94@iuhealth.org; abowman5@iuhealth.org; Gordon, jaye@eskenazihealth.edu; Melissa.masterson@eskenazihealth.edu; Trina.johnson@eskenazihealth.edu; Crawley, Rick; jshaw@wvhmhc.org; a.roberts@gotoipmg.com; jane@aboutspecialkids.org; amiller@kdlegal.com; alevander@kdlegal.com; v.perry@advantageplan.com

**Cc:** Moser, Joe;Hage, Christina I;Krevda, Grant;Habig, William J (Gus);Lemons, Marni;ABD Taskforce

**Subject:** UPDATE: ABD Stakeholder Meeting - April 23, 2014

**Importance:** High

All,

FSSA will be hosting an update meeting with the Medicaid Director, Joe Moser, on the Aged, Blind and Disabled report. The meeting will be held on **April 23, 2014** at **10:00am** in Indiana Government Center South Conference room B.

Thank you again for your time and input! We look forward to seeing you.

Marni Lemons  
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**Scott.A.Milkey**

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**From:** Quyle, Lindsay  
**Sent:** Monday, March 10, 2014 8:45 AM  
**To:** Quyle, Lindsay;Cleveland, Bridget;Ahearn, Mark;Atkins, Chris;Bailey, Brian (OMB);Bauer, Zachary C;Berry, Adam (GOV);Brooks, Kara D;Brown, Hannah;Marshall, Sara (Cardwell);Joyner Burroughs (Cissel), Jackie;Crabtree, Chris;Craig, Lindsey M;Czarniecki, Cary (Lani);Denault, Christina;Espich, Jeff;Fritz, Pam (GOV);Gibson, Ashley;Jarmula, Ryan L;Kane, Kristen;Kossack, Andrew;Morales, Cesar (Diego);Myers, Janille;Neale, Brian S;Pavlik, Jennifer L;Pitcock, Josh;Price, Kendra;Schilb, Veronica J;Schmidt, Daniel W;Simcox, Stephen;Smith, William A;Spahr, Suzi;Springer, Marilee J;Streeter, Ryan T;Trexler, Christina;Fernandez, Marilyn;Hodgin, Stephanie;Hosier, Alexis (Lexie);Cardwell, Jeffery;Perdew, Abby J;Dowd, Jaclyn (CECI);Keefer, Sean (GOV);Norton, Erin (Ladd);Johnson, Matt;Heater, Ryan;Fiddian-Green, Claire (CECI);Rosebrough, Dennis;Spencer, Kyle;Mantravadi, Adarsh V;Rosebrough, Dennis (LG);Workman, James D;Crumb, Matthew  
**Subject:** [GovClips] Sunday Howey  
**Attachments:** 3-9-14\_HPISunday.pdf

Thank you,

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## Sunday, March 9, 2014 HPI Daily Wire

Sunday, March 09, 2014 1:05 PM

**LEGISLATIVE HOME STRETCH CLIFF NOTES:** Heading into the homestretch prior to sine die, *Howey Politics Indiana* is hearing that deals are substantially in place when it comes to the business personal property tax repeal (and study), pre-K and road funding. A senior Pence administration official tells HPI that there has been movement on all three and likened it to last year's end game when the Governor emerged with a better-than-expected tax deal. But the impact of Friday's revenue report could impact things. The key issue unresolved is mass transit, which will take up a lot of conferee time between now and Wednesday with considerable gaps existing. It's noteworthy that the Gov. Pence is speaking to the Purdue Road School on Wednesday and may use that occasion to discuss his legislative achievements. A Wednesday sine die is likely due to the fact that the Big Ten basketball tournament is pushing a lot of out-state legislators from their hotel rooms. We're talking logistics here. We are also hearing of some discord within the House Republican caucus over leadership. That could make for some lively discussions at Majority Floor Leader Bill Friend's annual barn party Tuesday evening out at the State Fairgrounds. The GOP leadership team below Speaker Bosma includes Friend, Caucus Chair Kathy Kreag Richardson, Whip David Frizzell and Speaker Pro Tempore Eric Turner.

### **POOR REVENUE NUMBERS COULD CHANGE LEGISLATIVE END**

**GAME:** Indiana revenues continue to lag behind projections after last month's tax collections were hampered by severe winter weather (Smith, *Indiana Public Media*). February tax revenues were \$54 million short of projected levels, hit hard by sales tax collections that missed the mark by 35 percent. Through eight months of the fiscal year, Indiana is nearly \$90 million below expectations. Governor Mike Pence says the extreme winter weather that's gripped Indiana for much of the last two months made these numbers no surprise. "I'm very confident that we'll be able to use the budget authority that we have under Indiana law to manage our resources and maintain a strong fiscal foundation," he says. Pence says he believes some of his legislative proposals, including cutting the business personal property tax and creating a preschool pilot program, are still possible. But Rep. Greg Porter, D-Indianapolis, calls the revenue numbers "disturbing" and says the agenda needs to be reevaluated. "When you're talking about business personal property taxes and giving up corporate taxes as well as other programs, where's the money going to come from?" he says. Senate Appropriations Chair Luke Kenley says all of the state's revenue woes can't be blamed on winter weather. "When I talk, I'm talking about an eight month figure and I don't know how much snow we had last July, August and September, but it wasn't much, okay? So I'm focusing on the bigger picture and I'm still seeing things that are concerning me," he says. Kenley says he thinks

the legislative session has been successful because of progress made on discussions around the business personal property tax and pre-k education, but notes that he'd like to see the discussions continue until next session, when the legislature will write a new budget.

**GAY COUPLES CHALLENGE INDIANA MARRIAGE LAW:** Fresh off their victory in Kentucky, attorneys representing four gay couples in Indiana have filed a federal lawsuit to force that state to recognize and allow same-sex marriage — joining an accelerating push nationwide for equal marriage rights (*Louisville Courier-Journal*). The lawsuit, filed Friday in the Southern District of Indiana, mirrors the pending case in Kentucky, where Gov. Steve Beshear is appealing a federal judge's ruling requiring the state to recognize same-sex marriages legally performed elsewhere. Daniel Canon of Louisville and other attorneys who spearheaded the Kentucky case filed a similar challenge in federal court in New Albany for the couples, who want to get married in Indiana or have their valid marriages from other states recognized there. "These couple are like any other opposite-sex couples in Indiana ... they live as married couples, they raise their kids together, they work and go to church ... pay their taxes," he said. "But the state of Indiana today says they do not deserve the same rights." The plaintiffs include Melissa Love, 43, and Erin Brock, of Jeffersonville; and Michael Drury, 52, and Lane Stumler, 66, of New Albany — all of whom said they want to get married in Indiana. "Our home is in Indiana. Our family and friends are in Indiana. ... We thought about a destination wedding and going somewhere else to get married, but we'd rather do it in our hometown," Love said. "We want those same rights. That's all we're asking." Joining them are Jo Ann Dale and Carol Uebelhoer, of Otisco, who were married in Massachusetts in 2008; and Jennifer Redmond, 33, and Jana Kohorst, 36, of Jeffersonville, who wed in New York last year. They want their marriages recognized in Indiana. "We've been together, committed to each other, for 35 years," Dale said. "We're involved in this suit because it's right that we be treated the same." State laws forbidding same-sex marriage have faced a growing number of challenges since last year, when the U.S. Supreme Court gave full federal recognition of legally married gay couples. The lawsuit, which claims Indiana's law is unconstitutional and discriminatory, names as defendants Attorney General Greg Zoeller and Gov. Mike Pence, who has supported a constitutional amendment to ban gay marriage. "Governor Pence supports Indiana's marriage law, and he will fully cooperate with the Attorney General as he defends Indiana's law in court," said Kara Brooks, press secretary for Pence. Micah Clark, head of the American Family Association of Indiana, told The Indianapolis Star that "homosexual activists" were pushing the case because state lawmakers failed to pass a constitutional ban, leaving it in the hands of "unelected judges."

**RUSSIA MAY FREEZE NUKE INSPECTIONS:** Russia broadened its war of words with the United States over Ukraine on Saturday when the Ministry of Defense said it would consider stopping international inspections of its nuclear weapons in response to threatened sanctions from the West (*Washington Post*). "The unfounded threats towards Russia from the United States and NATO over its policy on Ukraine are seen by us as an unfriendly gesture," the ministry said in a statement distributed to Russian news agencies. Those threats, the statement said, have created new circumstances, giving Russia the right to pull out of the inspections required under the START treaty with the United States and a separate agreement with the Organization for Security and Cooperation in Europe. Russia, infuriated at the prospect of Western sanctions in response to its intervention in Ukraine's Crimean peninsula, has been making one threat after another in recent days, and it has been difficult to distinguish bluster from serious intent. The United States has been urging Russia to pull its troops back to its existing bases for the Black Sea Fleet, and not to annex Crimea. State Department spokeswoman Jen Psaki said the Russian government had not yet notified the United States of a decision but was expected to uphold its treaty obligations. "We would take very seriously and strongly discourage any Russian decision to cease implementation of its legally binding arms control treaty obligations and other military transparency commitments," she said.

**McCABE RETURNS IN POWERFUL EPA POST:** When Janet McCabe was Indiana's top air regulator, she faced a balancing act: trying to clean the air in a state where the economy has relied heavily on coal as a plentiful but dirty source of electricity (Groppe, *Gannett News Service*). When former GOP Gov. Mitch Daniels took office in 2005, he thought McCabe's approach wasn't friendly enough to business, and showed her and other top Indiana Department of Environmental Management officials the door. Now, McCabe is in a much more powerful position. As the acting head of the Environmental Protection Agency's Office of Air and Radiation, she has the national equivalent of her former Indiana job. And that puts her at the center of creating the first national limits on greenhouse gas emissions from power plants — rules that will have more of an impact on Indiana than nearly any other state. "It's the best job she'll ever have," said Bill Wehrum, who had McCabe's job at the Environmental Protection Agency during the George W. Bush administration. "If you care about air issues and climate issues, there's no better place to be." The pending power plant rules McCabe is crafting are historic and controversial. They could be a major part of President Barack Obama's legacy, making the U.S. an international leader in addressing climate change. But Republicans hope that what they call Obama's "war on coal" will help them win this year's midterm elections. In Indiana, state officials and business groups have been sounding the alarm. The Indiana Manufacturing Association says the rules could

stop a revival of the state's manufacturing sector. IDEM Commissioner Tom Easterly joined with 17 attorneys general in laying the groundwork for a potential legal challenge. Indiana GOP Gov. Mike Pence, along with both the Republicans and Democrats in the state's congressional delegation, have asked the EPA to come to Indiana to hear about the pending rules' adverse effects on a state that gets twice as much of its power from coal-generated electricity than the national average. Indiana also leads the nation in the use of coal by the industrial sector. McCabe, 55, who declined an interview request, came to Indiana after earning her law degree from Harvard in 1983 and working on environmental issues for the state of Massachusetts. Raised in Washington, D.C., McCabe became a Hoosier because of her husband, Indianapolis attorney Jon Laramore. After she joined the EPA in 2009, the couple kept their home in Indianapolis. McCabe travels back most weekends. "I know it's a significant burden to do that every weekend," said Tom Neltner, who worked with McCabe at IDEM and founded the Indianapolis-based advocacy group Improving Kid's Environment. "My guess is it keeps her grounded." "Her roots are here," said former state Sen. Beverly Gard, a Republican who was the longtime chairwoman of the Senate's Energy and Environmental Affairs Committee and still keeps up with McCabe.

**SEN. PAUL WINS CPAC STRAW POLL:** Sen. Rand Paul (R-Ky.) has won the Conservative Political Action Conference's straw poll for the second year in a row (*The Hill*). Paul took 31 percent of the vote, a 20 point lead over second-place finisher Sen. Ted Cruz (R-Texas). The freshman senator got 11 percent, but saw a significant uptick from just 4 percent last year. Conservative favorite Ben Carson, a neurosurgeon who's amassed a grassroots following, was third with 9 percent. Gov. Chris Christie (R-N.J.), who addressed the crowd this year after not being invited in 2012, was fourth with 8 percent support. The biggest loser of the night was Sen. Marco Rubio (R-Fla.). Though he finished in second place last year with 23 percent, this year his support cratered and he finished in seventh place with just 6 percent support. The Florida senator saw his support among the conservative base erode following his support for comprehensive immigration reform. According to the American Conservative Union, CPAC's sponsor who conducts the straw poll, 2,459 people voted this year on a ballot that featured 26 prospective presidential contenders. The turnout is a slight increase from 2010, the last midterm cycle. Paul's win was widely expected, as the CPAC crowd has traditionally skewed libertarian. In 2013, he took a quarter of the vote, and his father, former Rep. Ron Paul (R-Texas) won the poll in 2010 and 2011.

**SEN. BANKS SPEAKS AT CPAC:** Indiana State Senator Jim Banks (R) talked about the success of conservative initiatives in Indiana. A video was shown about his background (C-SPAN) and it has been posted on the Howey Politics Indiana website. Then New York State Senator Lee Zeldin (R) talked about national conservative initiatives.

**HPI DAILY ANALYSIS:** What do do about Vlad? I think former Vice President Cheney is on to something when he talked about reviving the missile defense shield and placing it on Putin's doorstep. According to the New York Times, Putin's response to the Ukraine crisis came within a tight and shrinking circle of cronies and did not include key players like Foreign Minister Lavrov. Essentially, Putin is winging it and may not have thought through all the ramifications. - *Brian A. Howey*

### *Campaigns*

**2016: CPAC WINNERS/LOSERS** - Rand Paul romped, Ted Cruz flopped. Chris Christie made nice with the right and Marco Rubio learned that talking up foreign interventionism is about the last way to win over the crowd (Politico). So went CPAC 2014. Paul showed again that the conference – filled with young, libertarian leaning Republicans – is his home field and then some. The Kentucky senator won the conference straw poll with 31 percent, nearly tripling the vote count for Cruz, the second place finisher. Rubio finished seventh, after almost beating Paul in the CPAC straw poll a year ago. Take the results for what they are; the crowd here is a slice of the GOP base, not representative of it. But it does offer one indication of who's exciting conservatives as 2016 speculation heats up. With that in mind, here's our look at who won and who lost at the three-day confab.

**WINNERS: Rick Perry:** The base still does not take the Texas governor seriously as a 2016 presidential contender (he only got 3 percent in the straw poll), but he went a long way at this conference toward rehabilitating the "oops" reputation he earned during his disastrous 2012 campaign. Perry, at ease with his status as a lame duck in the Lone Star State, was a fan favorite. He got a 9 a.m. Friday speaking slot but gave a barn-burner of a speech that brought everyone to their feet. His proclamation that "it's time for a little rebellion on the battlefield of ideas" became a rallying cry of the whole convention. Even Newt Gingrich, a 2012 rival,

started his Saturday remarks by quoting Perry. Acting like a guy who'd rather be nowhere else, Perry lingered with conservative talk radio hosts, took selfies with fans and popped up at several parties. Whether he seeks the nomination again or not, he is clearly someone who will be on the national stage for a while longer. **Chris Christie:** Christie wasn't even invited to CPAC last year; this year the New Jersey governor got what he needed out of the conference. After a year in the doghouse with the base over his embrace of President Barack Obama before the 2012 election, Christie made sure to serve up biting criticism of the president and the media. To no one's surprise, he made no mention of the traffic scandal that has badly tarnished his image. Christie also focused on areas where he's in sync with conservative activists, recounting his battle with public employee unions and volunteering that he opposes abortion rights. The widely-read Drudge Report, which has been quite critical of the governor during his bridge scandal, played up the standing ovation he got Thursday. Ultimately, of course, CPAC is not really Christie's crowd. So his fourth place finish in the straw poll (with 8 percent) was respectable. **Rick Santorum:** The last man standing against Romney in 2012 is positioning himself to run as the populist alternative to the libertarian Paul and whoever emerges as the establishment favorite. With 7 percent, he essentially tied Christie after giving a speech aimed squarely at the New Jersey governor's electability pitch. Notably, the only other serious contender directly from the social-conservative wing of the party, 2008 contender Mike Huckabee, registered at just 2 percent in the straw poll. **Scott Walker:** The governor of Wisconsin, facing a competitive reelection campaign in his blue state, skipped this year's conference but was still a star, tying Santorum. One of the biggest cheers during Christie's speech came when he noted that teacher union membership in Wisconsin has declined 60 percent because Walker's collective bargaining reform made it voluntary. "Look at what's happening in Wisconsin with my friend," Christie said. Perry also gave Walker a shout out. Walker increasingly looks like he could become a 2016 candidate who is acceptable to both the tea party and GOP donors and party elders.

**LOSERS: Ted Cruz:** After a year in the limelight as a conservative darling, the Texas senator dramatically underperformed expectations. His speech, which kicked off the conference early Thursday morning, was standard fare — although a poorly-organized registration set up meant hundreds of activists (and reporters) were waiting in line to get in while he spoke. Cruz received a warm welcome, but the major story off his speech wound up being John McCain's demand that Cruz apologize for suggesting Bob Dole was not principled. Cruz's office dismissed the criticism as a "distraction." **Marco Rubio:** Several news outlets, including POLITICO, have written about Rubio's effort to recover from the toll his image took among conservatives over his work on immigration reform. But the straw poll results make clear he has a ways to go. The Florida senator stepped into the national

consciousness in 2010 as the keynote speaker at CPAC. In 2012, he won the straw poll for who should be the vice presidential nominee. Even last year, when he was pushing immigration reform that many activists see as amnesty, he almost won the straw poll. This year, Rubio, pulled just 6 percent. **Paul Ryan:** Mitt Romney's old running mate, picked partly because of his ability to galvanize conservative voters, is now seen by most on the right as a fixture of the GOP establishment. He finished eighth in the straw poll, with just 3 percent. The House Budget Committee chairman tried to remind the crowd in his speech that, when he first introduced his controversial budget plan a few years ago, only a handful of other conservatives had the courage to cosponsor it. The base has largely forgotten this. Now, to them, he's the guy who cuts deals with liberal Washington Sen. Patty Murray. Ryan also tried to tell activists that he is on the same page as them in principle, but that they disagree sometimes "over tactics." "So I think we should give each other the benefit of the doubt," he said. The true-believers saw this as unintentionally condescending and a tacit admission that he's no longer one of them. **Donald Trump:** The business mogul, television personality and professional gadfly declared at the start of his remarks that he would not speak from a teleprompter. It showed.

**2014: MILLER EMPHASIZES EDUCATION IN HD48 -** Indiana House hopeful Doug Miller backs educational vouchers and says education would be a priority for him as a lawmaker (Vandenack, *Elkhart Truth*). "Like every parent, I have always wanted what was best for my children. I don't ever recall, however, a time when the government knew my kids better than my wife and me," the Republican said in a statement Thursday, March 6. "I am a strong advocate for choice and I want all Hoosiers to be able to use their hard-earned tax dollars to fund the educational process as they see fit." The state's educational voucher program, approved in 2010, lets parents of eligible children apply state funds that would've gone to public schools toward tuition for the children at private schools instead. Some critics worry vouchers hamper public schools. Miller, one of three Republicans vying for the District 48 post in the Indiana House, also touted the importance of cooperation between the business and education sectors, with the aim of luring new business to the state and encouraging Hoosier kids to remain in Indiana when they finish school. "As a parent and grandparent, I recognize the importance of young Hoosiers being able to stay near their families and to continue to call Indiana home. That will only happen if leaders in economic development and education pursue similar goals," Miller said. "The key is to have our graduates ready with the necessary skills to entice business and industry to locate here." Miller, who runs a home construction business, said he recently met with area school superintendents to hear their ideas. Aside from the state's economy, the Miller press release said, education would be his top priority. Rep. Tim Neese holds the District 48 spot, but he's not seeking re-election.

## *Sunday Talk*

**CHENEY CALLS FOR RAMPED UP MISSILE DEFENSE:** Former Vice President Dick Cheney on Sunday urged taking an array of military steps short of putting troops on the Crimean Peninsula to respond to Russia's recent aggression toward Ukraine. Cheney, one of the architects of the 2003 invasion of Iraq, urged President Obama to ramp up missile defense programs in Poland and the Czech Republic. "There are military options that don't involve putting troops on the ground in Crimea. We can go back and reinstate the ballistic missile defense program that was taken out, originally going to go in Poland, Czech Republic," Cheney said on *CBS's "Face the Nation."* "Obama took it out to appease Putin," Cheney said of the curtailed missile defense plans in the Eastern European countries. Obama decided in 2009 to shelve the missile-defense pact the Bush administration negotiated with Poland and the Czech Republic to improve relations with Russian President Vladimir Putin. The Czech Republic announced in 2011 that it would not participate in the United States' missile defense program after its role in the defense shield was downsized. The United States plans to deploy missile interceptors in Poland by 2018, but it has reduced the scope of the program planned for Poland. Cheney suggested other military options. "We could do training exercises in Poland, joint exercises. We can offer military assistance in terms of equipment, training, so forth, to the Ukrainians themselves," he said.

**GATES CALLS CUTS 'SERIOUS MISTAKE':** Former Defense Secretary Robert Gates said Sunday it would be a "serious mistake" to cut the defense budget in the midst of an international standoff with Russia over the Crimean Peninsula. Gates made his comments when asked about budget cuts enacted by Congress in 2011 (*Fox News*). Gates's successor, Secretary Chuck Hagel, recently outlined a plan for how the Pentagon would cope with the cuts. "I think that cutting the defense budget in significant ways right now is a serious mistake," Gates said. "When we've cut the budget before at the end of the Cold War, at the end of Vietnam and other times, it's been because we thought the world was going to be safer place. "No one can make that case right now. You look at the situation in Ukraine and our relationship with Russia, you look at the tensions between China and Japan in the South China Sea, you look at Iran and North Korea. These guys are operating on the 20th century model of nation states, boundaries matter, strategic interests matter," he said. "It's different than the way the Western Europeans and we look at it," he added.



**CRUZ FOCUSED ON OBAMACARE REPEAL:** Sen. Ted Cruz (R-Texas) said Sunday that Republicans will repeal the controversial healthcare law after President Obama leaves office in 2017. Cruz became the face of an unsuccessful effort to eliminate the healthcare law last year that resulted in a government shutdown. Most Republicans backed off the repeal-or-shutdown position after sustaining political damage during the two-week standoff in October, but Cruz promised on Sunday during an appearance on ABC News's *"This Week"* to continue trying to get rid of Obamacare during the remainder of the president's term. "I'll give you one scenario where it could [be repealed before Obama leaves office]," Cruz said. "If there's one thing that unifies politicians in both parties is that their top priority is preserving their own hide. If enough congressional Democrats realize they either stand with ObamaCare and lose or they listen to the American people and have a chance at staying in office, that's the one scenario we could do it in 2015. If not, we'll do it in 2017." Cruz reiterated his case against the healthcare law, arguing that it was "the most unpopular law in the country. Millions of people have lost their jobs, have lost their healthcare, been forced into part time work, and right now Washington isn't listening to those people," Cruz said. "That's how we win elections and that's also how we repeal Obamacare law."

**ROGERS SAYS PUTIN SEEKS ATTENTION:** House Intelligence Committee Chairman Rep. Mike Rogers (R-Mich.) said Sunday that the President Obama should not "underestimate" Russian President Vladimir Putin in the current military standoff over Ukraine. Russian troops have to take control of Crimean Peninsula, which is located in the southern portion of Ukraine, angering U.S. and European officials who argue that the peninsula is already part of a sovereign nation. Rep. Rogers said Sunday during an appearance on ABC News's *"This Week"* that the Russian president was desperate for attention. "I think he wants to be back on the world stage, he wants to be a world influence and if he has to do it through brute force, he's going to do it," Rogers said. "That's his mentality. We shouldn't underestimate the kinds of things that he will do that he thinks is in Russia's best interest." Rogers accused the Obama administration of being naïve in its dealings with Putin during the president's tenure in office leading up to the Crimea standoff. "I think the administration thought 'well it's a different century and if we just act nice, everyone will act nice with us,'" the Michigan lawmaker said. "That's just unfortunately not the way that Putin and the Russian Federation sees the rest of the world."

**CRIST SAYS OBAMACARE HAS BEEN 'GREAT':** Former Florida Gov. Charlie Crist (D) said Sunday that President Obama's controversial healthcare law has been "great" for residents of his state. Crist has sharply criticized the healthcare law in the past. But the former Republican governor and 2008 GOP vice-presidential short-lister is running for his old post this year as a Democrat this year. Crist said during an appearance on CNN's *"State of the Union"* that he would have no problem running on the healthcare bill, which is known colloquially as ObamaCare, as he seeks to regain his former office. "I don't think so at all," Crist said when he was asked if the healthcare law was hurting Florida citizens, especially seniors, as Republicans have alleged. "I think it's been great," Crist continued. "I know the rollout was difficult, I'm sure the president feels that way too. I had the opportunity to visit with him Friday in Miami...I know that he has a compassionate heart. People getting healthcare is like a civil right. People need to have shelter, they need food, they water and they need healthcare and they deserve it. We're the richest country in the world and we ought to provide it and God Bless [Obama] for doing it."

### *General Assembly*

**PENCE STATEMENT ON REVENUE:** Gov. Mike Pence issued a statement regarding the February Revenue Report: "Due to severe winter weather that affected Hoosiers all across the state, this revenue report was not unexpected. Our administration is confident that we will be able to manage budgetary resources in a way that preserves Indiana's fiscal integrity." (*Howey Politics Indiana*)

**COMPROMISE ON PRE-K, TAX REPEAL:** The waning days of the state legislative session are intense, fast-paced and, oftentimes, frustrating for lawmakers and lobbyists (*Indianapolis Star*). Some liken them to the wild, wild West. Or college finals week. Almost anything can happen. Bills die at the last moment. Provisions can get slipped into bills with little notice. This part of the session is officially called "conference committee" time. Basically, it's when much of the negotiations go on — often behind the scenes — to reach agreement on bills that have passed the House and Senate in different versions. "Sometimes I describe it like finals week in college," said Steve McCaffrey, president of Mental Health America, a non-profit advocacy group. "It's so intense, the hours are 24/7, whatever it takes. You're working so hard, and hopefully everything is going to go well. But you never know what's going to be on the test," he said. "Whatever was dead might come alive. Whatever was alive might be dead." With one week remaining and the most

controversial, the gay marriage ban approved, lawmakers still are wrangling over some key issues closely followed by the business and education communities, local governments, social conservatives and Gov. Mike Pence. Two of the most hotly-debated issues, the business tax cut and a pre-kindergarten program — both Pence priorities — could be headed for compromise. The amount of money dedicated to state transportation projects is unresolved. So are bills important to social conservatives that would allow guns on school property and require drug testing of some welfare recipients. Here are some key issues still being negotiated:

**Business tax cut bills:** What it would do: Senate Bill 1 and House Bill 1001 would reduce the corporate income tax to 4.9 percent over time and would give local governments the ability to offer targeted “super abatements” of 20 to 25 years to businesses. Both bills also include language aimed at cutting the business personal property tax, which is a tax on business equipment and machinery. Key sticking points: The major point of contention is over the level of the business personal property tax cut and how to mitigate the impact on local governments. The Senate wants to eliminate the tax for small businesses, while the House wants to create a local option for counties to eliminate the tax on new investment.

**Pre-kindergarten education:** What it would do: Under the original House Bill 1004, a framework would be created to provide vouchers to 1,000 4-year-olds in low-income families in five counties. The Senate replaced the pilot plan with a commission to study pre-K programs in other areas, funding sources, accountability measures and other issues before developing an Indiana program. Key sticking points: The main issue to be decided is whether the Senate can support some type of a pilot program to go along with the study commission. Pence has been pushing hard on creating a pilot program.

**Mass transit: What it would do:** Senate Bill 176 would allow six Central Indiana counties to raise income taxes — with voter approval — to help fund an expanded mass transit system. Key sticking points: The Senate wants to exclude light rail and to require large corporations to help pay for any expansion through corporate income or employment taxes. The House opposes those ideas. Welfare drug testing: What it would do: House Bill 1351 would require drug testing for some welfare recipients. Key sticking points: The Senate version would require drug tests for recipients who have a drug conviction in their past, no matter how old or how minor. But Sen. Michael Young, R-Indianapolis, said also under consideration is

requiring testing of everyone convicted of any felony, not just drug felonies. The House version is more wide-ranging. It would require broad drug addiction screening and would also put nutritional requirements on the use of food stamps to prevent the purchase of junk food.

**State transportation funding:** What it would do: House Bill 1002 initially would have authorized the release of up to \$400 million for state highway and road construction. Key sticking points: The Senate only wants to release \$200 million. Long said last week it's possible the Senate could increase the amount, but it wants to make sure the state's overall reserves are high enough in case of an economic downturn.

**Guns on school property:** What it would do: People licensed to carry guns would be able to keep them on school property, locked and out of sight in vehicles, under Senate Bill 229. Students could only do that if they are members of school gun clubs and have a principal's written permission. Currently, guns are not permitted in schools or on school property. Key sticking points: There doesn't appear to be much middle ground on this issue. Gun rights supporters say law is needed so people who keep guns in cars couldn't be charged with felonies. Many school groups and others strongly object to allowing guns anywhere on school grounds because it can lead to more violence.

**CHURCH DAYCARE REGULATIONS COMING:** A proposal facing its final legislative hurdles this week would raise standards for hundreds of church and home day cares that serve families who use government subsidies to help pay for the care (*Indianapolis Star*). Lawmakers, lobbyists and child advocates say the progress in the past year — after decades when even hinting at regulations for church day cares was political blasphemy — reflects the disturbing regularity of deaths in Indiana day cares, a growing understanding of the issue by legislators and the diminished influence of Eric Miller, a lobbyist who's spent decades making life difficult for would-be reformers. The result is that a year after the legislature went through dramatic convulsions just to produce some modest new regulations, lawmakers appear ready to set limits on how many children tax-supported day cares can serve and how many children one caregiver can watch. There are also requirements that caregivers receive continuing training. Eric Miller convened a group of black pastors in January to confront three black lawmakers on their opposition to the same-sex marriage amendment and their support of the child care reforms. Sen. Greg Taylor,

D-Indianapolis, one of the lawmakers confronted, said the pastors reported that Miller had told them their churches could be taxed if the child care bill passes. The measure has no such provision. Taylor said the pastors were soon appeased and he explained that this was Miller's mode of operation: "I was like, 'Guys ... that's what he does.'"

**LIFELINE BILL HEADS TO GOVERNOR:** An expansion of Indiana's lifeline law is now on its way to Gov. Mike Pence after receiving its final legislative approval Thursday (Schneider, *Evansville Courier & Press*). Under current state law, minors receive immunity from arrest or prosecution when calling 911 for alcohol-related emergencies. This year's legislation broadens those legal protections for intoxicated minors who need medical attention, become victim of a crime, such as sexual assault, or need to report a crime, Sen. Jim Merritt, R-Indianapolis, said. Merritt said expanding the law to medical emergencies came from feedback he received from college students who wanted to call 911 for help but were unsure what was wrong. A former student government president of the University of Southern Indiana helped pass the initial lifeline law in 2012, and the law continues to be a tool for students needing to seek help, said Angela Batista, the university's dean of students. "Having a lifeline law is really important," Batista said. "A lot of young people really struggle in making those choices, and any tool we have about focusing on safety and getting help right away without getting into trouble I think is helpful."

**KIDS DOMINATE EVANSVILLE LEGISLATIVE SESSION:** Children took center stage Saturday at the Meet Your Legislators event, from questions about prekindergarten to child welfare concerns (*Evansville Courier & Press*). A question about pre-K garnered a response from the five legislators who made themselves available at Central Library for the third and final Q&A of Indiana's 2014 legislative session. Martha Stott, a retiree who lives in Evansville, asked legislators why there is a push for pre-K education when funding is being cut from K-12 and higher education. "It costs too much money and it hasn't been proven," Stott said. "To me, if it doesn't improve anything, you're just pouring money down a sand hill." "If you don't have the money for the program and if you can't maintain the program, it would be foolish to sink that kind of money into it only for it to fail," Tomes said. Representative Gail Riecken, D-Evansville, said it's not a matter of support for early childhood education, but rather educational priority. "We have not fully funded kindergarten in this state," Riecken said. "That needs to be number one." She said the law that states children do not have to go to school until age seven should be re-evaluated first, too. "I don't think we're living in fiscal reality," said Thomas Washburne, R-Evansville. "When you couple it with the studies — I've looked into



them; the studies are mixed — there are some studies that say for the poorest of the poor, the pre-K does have an effect. But there's lots of studies that suggest that after about two or three years, you don't see any effect whatsoever."

Representative Wendy McNamara, R-Evansville, urged the community and state lawmakers to look at the Evansville Vanderburgh County School Corporation for an example of how pre-K education should work. Four EVSC elementary schools offer pre-K, as well as the Culver Family Learning Center. McNamara said EVSC uses its money wisely by providing pre-K through the school corporation. "I will always defer on the side of giving kids a chance and an opportunity in life," said McNamara, an educator. "A lot of the kids we're talking about are lower income kids — they aren't having the same home experience as maybe you, or I or somebody else had growing up." She supports the program. "Where kids start really influences where they're going to end up," McNamara said. "If you have an uneducated student from the get-go, that person is always going to be struggling to keep up." She said Washburne is a realist — a constitutionalist. "I don't disagree with him on our fiscal outlook right now," McNamara said. "But looking at Indiana, it's OK to reconsider our priorities. There could be no greater return on investment than educating our kids."

**PENSION BOOST FOR JUDY O'BANNON:** As the surviving spouse of the late Gov. Frank O'Bannon, Judy O'Bannon was entitled to receive a pension benefit of about \$30,000 annually, which is 50% of the benefit her late husband would have been entitled to receive as a retired governor had he not died of a massive stroke in his second term at the age of 73 with more than a year left in his second term (*Advance Indiana*). There was only one catch to the surviving spouse's pension benefit. She lost it if she remarried. Last December, the 78-year old O'Bannon married a retired Indianapolis attorney, 84-year old Donald Willsey, after drawing her state pension check for about 10 years. When her late husband died in 2003, he left behind an estate worth several million dollars. Indiana state lawmakers believe that Judy O'Bannon got a raw deal in only being allowed to collect a pension for a decade so guess what? They're changing the law just for her. An insertion into a pension bill, HB 1075, sponsored by State Rep. Woody Burton (R-Greenwood) and Sen. Greg Walker (R-Columbus), removes those five offensive words from the Indiana Code, "unless the surviving spouse remarries," so O'Bannon can continue receiving her \$30,000 a year pension, in addition to her social security check and the millions she inherited from her late husband.

*State*

**GOVERNOR: PENCE TO KEYNOTE PURDUE ROAD SCHOOL** - Gov. Mike Pence will give the keynote address during the 100th annual Purdue Road School (*Howey Politics Indiana*). The 2014 Road School, designed for Indiana local and state transportation officials, will be Tuesday through Thursday (March 11-13). Pence will speak during a luncheon on Wednesday. About 2,400 transportation officials from throughout Indiana will participate in Road School, which is sponsored by the Joint Transportation Research Program and the Indiana Local Technical Assistance Program, both housed at Purdue; the Purdue School of Civil Engineering; and the Indiana Department of Transportation. Speaking at the opening session will be Karl Browning, Indiana Department of Transportation commissioner, and Delphi Mayor Randy Strasser.

**GOVERNOR: PENCE SEEKS AID FOR NW COUNTIES** - Gov. Mike Pence has requested federal grants to cover a portion of the local snow removal and public safety expenses incurred by 49 Indiana counties — including Lake, LaPorte, Newton and Jasper — during the Jan. 5-9 severe winter storm (*NWI Times*). "Local and state governments' financial responsibility during this type of response and recovery can be enormous," Pence said. "The grants we're applying for would go a long way toward replenishing local government funds, and directly alleviate further burden on local taxpayers." The Federal Emergency Management Agency is expected to reply to Indiana's request for storm aid later this year. According to the Indiana Department of Homeland Security, Porter County was not included in the request because it did not experience record snowfall and its cleanup costs were below the minimum threshold for FEMA reimbursement.

**STATEHOUSE: NEW STATE SLOGAN DEFENDED** - Indiana officials are defending the state's new tourism slogan from critics who say it's too folksy and could hurt efforts to market Indianapolis as a vibrant destination (*Howey Politics Indiana*). The Indiana Office of Tourism Development unveiled the slogan "Honest to Goodness Indiana" in February. Executive Director Mark Newman tells the Indianapolis Business Journal that the slogan won because the other two finalists "felt more like campaigns than sustainable brands." But critics contend the slogan doesn't have anything to do with travel or tourism and reinforces stereotypes of Indiana residents as unsophisticated bumpkins. Newman says the "Honest to Goodness" platform is an attempt to "represent all areas of the state." The campaign rolls out this month and will ramp up from May to September.

**STATEHOUSE: ZOELLER WILL DEFEND MARRIAGE LAW** - Statement as issued Friday by the Indiana attorney general: Today Indiana Attorney General Greg Zoeller announced that his office will defend Indiana's statutory marriage definition from a legal challenge filed today in federal court. "As Indiana's Attorney General I will represent our state and defend our statute now and on any appeal to the best of my skill and ability, as I swore an oath to do. As state government's lawyer, I must defend the state's authority to define marriage at the state level within Indiana's borders. People of goodwill have sincere differences of opinion on the marriage definition, but I hope Hoosiers can remain civil to each other as this legal question is litigated in the federal court," Zoeller said. The Indiana Attorney General's Office previously has successfully defended Indiana's marriage-definition statute from other legal challenges in state court. In January 2013, the Indiana Attorney General's Office was one of the lead authors of two amicus briefs filed in the United States Supreme Court in support of other states' laws defining marriage in the traditional way, in the cases *Hollingsworth v. Perry* and *U.S. v. Windsor*. (*Howey Politics Indiana*)

**EDUCATION: CHAMBER RELEASES RECOMMENDATIONS** - The Indiana Chamber of Commerce has taken a comprehensive look at academic standards in the state and beyond, producing suggestions to help elevate Indiana's well-regarded standards to an even higher level (*Howey Politics Indiana*). Early this year, the Indiana Chamber commissioned a detailed comparison of Indiana's current standards (approved in 2010) and previous standards along with those from Massachusetts – which added state-specific adjustments to the Common Core State Standards base – and from two states (Virginia and Texas) that did not adopt Common Core. The new Indiana Department of Education draft standards, released as this analysis was being completed, did not look at the standards from these three states. "We felt researching what other states were doing was vital to the standards writing process, and if their standards were of high quality, why not draw from that framework," begins Derek Redelman, Indiana Chamber vice president of education and workforce development policy. "We never said the current standards were perfect and couldn't be made better. Like Gov. Pence, legislators, educators and parents, what we want is for Indiana to have among the highest, if not highest, K-12 academic standards in the country." Dr. Schauna Findlay, who led the Indiana Chamber's comparison, is senior faculty at the Center for College and Career Readiness and president of the Indiana Association for Supervision and Curriculum Development.

**EDUCATION: BSU SHORT ON FEMALE LEADERS** - An evaluation team from an organization that accredits universities found that even with a female president at Ball State, most leadership positions at the college are held by white men. The 12-member team from the Higher Learning Commission found the university to be in full compliance with federal regulations, but the team still urged the school to step up its diversity efforts, *The Star Press* reported in a story Saturday. "Although the institution is explicit about the importance of diversity, evidence of an institutional commitment on the ground appears in isolated pockets," the evaluation team reported. "The president's cabinet is predominantly white – one member is Native American – and mostly male. The academic deans are all males, most of them white." Marilyn Buck, an associate provost at Ball State, said the report, overall, was good. "Members of the team believe Ball State has met all the criteria and is doing an outstanding job. But like all institutions, there are things we can improve on," she said. Buck said getting women into leadership positions is something most universities work on. Besides school President Jo Ann Gora, who plans to retire in June after 10 years leading the 18,000-student university, and Buck, other female senior administrators include Jennifer Bott, associate provost for learning initiatives; Jacquelyn Buckrop, assistant to the provost; and Charlene Alexander, associate provost for diversity.

**SPORTS: VERIZON TO SPONSOR INDYCAR** - Verizon Wireless is set to sign a deal to become the title sponsor of the IndyCar Series beginning this season, sources familiar with the deal said Friday afternoon (Indianapolis Business Journal). The sponsorship is a five-year deal worth \$10 million a year with an option to extend the pact another five years, sources said. IndyCar Series officials did not immediately return calls seeking comment Friday, but Hulman & Co. CEO Mark Miles, in an interview with IBJ, promised in late January to have a much-needed replacement for apparel brand Izod as the title sponsor by the time the green flag dropped on the series' first race March 30. Izod first joined the IndyCar Series in 2008 as the official apparel provider and became the title sponsor with a splashy announcement in 2010. After a management change in 2012, Izod became increasingly less active as title sponsor and announced late last year it would depart the series after the 2013 season. "[Sponsors'] ability to help us grow the sport, project the brand and enhance our fan experience is the highest priority," Miles told IBJ. "The rights fee is secondary to that."

**SPORTS: IUPUI COACH FIRED** - Indiana University-Purdue University Indianapolis has fired men's basketball coach Todd Howard (*Associated Press*). The school issued a statement Sunday morning. Howard went 26-70 in three seasons.

Howard had been with the team for 19 seasons overall, 16 as assistant coach and associate head coach. The program had its first NCAA tournament appearance in 2003. It finished this season 6-27 with a loss to Indiana-Purdue Fort Wayne on Saturday in the Summit League tournament. Howard says in a statement he is grateful to the university, which is "all I've known for 19-plus years." Athletic director Michael Moore says Howard "guided the program with great pride, effort and integrity."

## *Nation*

### **WHITE HOUSE: TOO EARLY TO BLAME TERRORISM ON MISSING FLIGHT -**

White House officials said Sunday that it was "too early" to consider terrorism as a potential cause of a missing flight, despite reports of at least two of the jet's passengers traveling on stolen passports (*The Hill*). White House Deputy National Security Advisor Tony Blinken said during an appearance on CNN's "State of the Union" Sunday that it premature to speculate about potential causes of the presumed jet crash. "It's too soon to tell what happened, why it happened," Blinken said. "But what we've done is this...we've made available the FBI, the National Transportation Safety Board and other experts to aid in the investigation to determine what the cause was, but right now it's just too early to tell what the cause was." The flight at issue is a Malaysia Airlines Boeing 777 that disappeared from air traffic control radars in Vietnam shortly after departing Kuala Lumpur for a flight to Beijing on Friday night. The airplane was carrying 239 passengers and crewmembers, including at least three people that State Department officials have said were American citizens. Blinken said the White House was concerned about the reports that have emerged about the missing Malaysia Airlines' flight, including the passport issues, but he said it was still early in the investigation. "I've seen these reports about the passports and we're looking into that, but we don't have anything to confirm yet," he said.

**CONGRESS: CAMP REACHES OUT TO OBAMA -** The House's top tax writer is pointing to areas where he thinks he can work with President Obama, just days after releasing a comprehensive plan for overhauling the code (*The Hill*). "My takeaway is there are some common issues that we can address," House Ways and Means Chairman Dave Camp (R-Mich.) told reporters Thursday after a hearing with Treasury Secretary Jack Lew. For Camp, areas of possible agreement include streamlining an array of overlapping tax breaks for college tuition to pouring funds



back into a nearly bankrupt highway trust fund — ideas that are both politically popular and have bipartisan support. At Thursday's hearing, Camp opened the door to seeking a more targeted measure on education taxes, after for months insisting that he was only interested in a broad rewrite of the tax code. He also noted some similarities between his proposal for the highway trust fund and provisions in Obama's budget. And Camp even complimented Lew for continuing to back a corporate-only reform of the tax code, a path the Ways and Means chairman has long said he didn't want to go down. "I think it's important that we find a way to address some of our infrastructure needs," Camp said Thursday. "I put a proposal there. Clearly, the administration has as well. And so, I think there's an opportunity to talk about it and figure out if we can find a common road ahead."

**CONGRESS: BIG CHANGES IN FARM BILL** - The farm bill signed by President Obama last month was at first glance the usual boon for soybean growers, catfish farmers and their ilk. But closer examination reveals that the nation's agriculture policy is increasingly more whole grain than white bread (*New York Times*). Within the bill is a significant shift in the types of farmers who are now benefiting from taxpayer dollars, reflecting a decade of changing eating habits and cultural dispositions among American consumers. Organic farmers, fruit growers and hemp producers all did well in the new bill. An emphasis on locally grown, healthful foods appeals to a broad base of their constituents, members of both major parties said. "There is nothing hotter than farm to table," said Representative Bill Huizenga, a Michigan Republican from a district of vast cherry orchards. While traditional commodities subsidies were cut by more than 30 percent to \$23 billion over 10 years, funding for fruits and vegetables and organic programs increased by more than 50 percent over the same period, to about \$3 billion. Fruit and vegetable farmers, who have been largely shut out of the crop insurance programs that grain and other farmers have enjoyed for decades, now have far greater access. Other programs for those crops were increased by 55 percent from the 2008 bill, which expired last year, and block grants for their marketing programs grew exponentially. In addition, money to help growers make the transition from conventional to organic farming rose to \$57.5 million from \$22 million. Money for oversight of the nation's organic food program nearly doubled to \$75 million over five years. Programs that help food stamp recipients pay for fruits and vegetables — to get healthy food into neighborhoods that have few grocery stores and to get schools to grow their own food — all received large bumps in the bill. The new attention and government money devoted to healthy foods stem from the growing market power of those segments of the food business, as well as profound shifts in nutrition policy and eating habits across the country. "This is my fourth farm bill, and it's the most unique I have ever been involved in," said Senator Debbie Stabenow, the Michigan Democrat who negotiated, prodded, cajoled and finally shepherded the bill through

Congress over two and a half years. "Past farm bills pit regions against regions. I said that we were going to support all of agriculture." The bill also eased a 75-year-old restriction on growing and researching industrial hemp, paving the way for several states to begin pilot growing programs for this variety of the cannabis plant, which can be refined into oil, wax, rope, cloth, pulp and other products.

**CONGRESS: COATS PRESSES NWS ON ERRANT TORNADO WARNING** - Sen. Dan Coats, R-Ind., sent a letter to the National Oceanic and Atmosphere Association administrator Friday in search of an explanation for Tuesday's erroneous severe weather warning (*NWI Times*). Northwest Indiana residents received the tornado warning via cellphone, television and radio Tuesday morning on a clear, sunny, yet cold, day with no adverse weather in the forecast. The alert ended with "-NWS" short for National Weather Service, a federal agency under NOAA. The NWS told the Journal & Courier Tuesday they were investigating the alert, but meteorologists in Indianapolis, Fort Wayne and Chicago said they did not send it out. Gino Zzi, NWS Chicago meteorologist, said they did send out a tornado warning test to Illinois residents about 10 a.m. The erroneous message in Indiana was received about 9 a.m. "As a member of the Senate Committee on Commerce, Science, and Transportation, I appreciate the services that NOAA provides, but I also recognize that the inadvertent or intentional dissemination of these alerts in the absence of severe weather diminishes their reliability and effectiveness," Coats wrote. "For these reasons I urge you to investigate this matter and implement safeguards to ensure similar false warnings are prevented in the future."

**CONGRESS: DELEGATE SEEKS KEYSTONE PIPELINE** - U.S. Rep. Marlin Stutzman led a letter on behalf of members of Indiana's congressional delegation, urging the Obama Administration to rule that construction of the Keystone XL Pipeline is in the national interest (*Howey Politics Indiana*). "Russia's vast energy resources have allowed Vladimir Putin to exploit the West's energy insecurity and tighten his grip on neighboring countries," said Congressman Stutzman. "The Obama Administration should respond to Russian aggression in Ukraine by taking bold steps to promote American energy security, expand natural gas production, unlock offshore resources, and immediately approve the Keystone XL Pipeline. Lowering the price of energy undermines a key component of Putin's strategy and promotes prosperity here at home." In the letter, members write: "The state of Indiana and the country will benefit greatly from the full construction of this \$7 billion, 1,700 mile pipeline. From manufacturing and transportation to utilities and agriculture, this project will create jobs and lower costs for hard-working Hoosiers. . In light of this project's impact on energy security, job creation, and

environmental protections, the Keystone XL Pipeline is undeniably in the national interest to complete. There can be no further delay."

**CONGRESS: COATS PRESSES FIFA ON RUSSIA** - U.S. Sens. Mark Kirk (R-Ill.) and Dan Coats (R-Ind.) today sent a letter to Joseph Blatter, the President of Fédération Internationale de Football Association (FIFA), urging him to suspend Russia's FIFA membership (*Howey Politics Indiana*). In their letter, the senators write, "In light of Russia's military occupation of a sovereign Ukraine, we respectfully ask that you urgently convene an emergency session of FIFA to consider suspending Russia's membership in FIFA, stripping Russia of the right to host the 2018 World Cup, and denying the Russian National Team the right to participate in the upcoming 2014 World Cup in Brazil."

*Local*

**CITIES: BALLARD TO ANNOUNCE REBUILD INDY2** - Indianapolis Mayor Greg Ballard will join Department of Public Works (DPW) leaders and engineers for a public meeting regarding the proposed RebuildIndy 2 plan, which would provide up to \$350 million in much needed infrastructure projects in neighborhoods across Marion County. It will take place from 6 to 7 p.m. Tuesday at Christians United Church, 900 N. Mitthoeffer Rd.

**CITIES: NEW GARY COMMERCE DIRECTOR** - Deandra Green-Campbell, a Gary native, has been appointed city commerce director to oversee a list of economic development initiatives outlined by Mayor Karen Freeman-Wilson during her annual State of the City Address (Post-Tribune). "It is an honor and privilege to return to my hometown to employ my professional knowledge and skills from the past 30 years to help advance the mayor's vision for a thriving city," Green-Campbell said. "The team is working hard to develop robust commercial activity, create employment opportunities in jobs that pay livable wages, and ensure an exceptional quality of life for Gary residents. I'm ready to do my part to help." As commerce director, Green-Campbell will be responsible for the oversight and coordination of the community development, redevelopment, planning, building, zoning and environmental activities for the city. The coordination of these departments will help

ensure that individuals and companies seeking to conduct business in Gary encounter a simplified, seamless process.

**CITIES: RESTRICTIONS ON OHIO RIVER BRIDGES** - Louisville and Southern Indiana will see closings on streets and interstates this week for the Ohio River Bridges Project. The two parts: Downtown crossing — Construction of a new bridge for northbound Interstate 65, renovation and reconfiguration of the Kennedy Bridge to carry southbound I-65 and rebuilding of downtown interchanges in Louisville and Jeffersonville. East End crossing — A new bridge and approaches, eight miles upriver, to connect the Gene Snyder Freeway in Kentucky with the Lee Hamilton Highway in Southern Indiana.

**COUNTIES: PORTER HOSPITAL ABATEMENT IN JEOPARDY** - Porter Regional Hospital's ongoing appeals of the facility's assessed value may backfire, costing the hospital its 10-year tax abatement (*Post-Tribune*). In a strongly worded letter to hospital chief financial officer Cheryl Harmon on Friday, Porter County Council President Dan Whitten, D-At-large, and Vice President Karen Conover, R-3rd District, said if the hospital is correct in the assessment it seeks, it will be "in substantial non-compliance" with the tax abatement. Under the terms of the tax abatement, which the council granted in 2009, the hospital had to build a structure of \$130 million or more. Assessor Jon Snyder has said the value of the hospital in 2013, the first full year it was open, was \$244.5 million, but hospital officials are appealing that value with the Property Tax Assessment Board of Appeals, claiming the hospital is worth \$39 million. If the hospital is correct in its valuation, the letter states, "we, as the Council, may need to consider revoking the real property tax abatement. We cannot have the taxpayers double-hit by having a tax abatement on a substantially non-compliant property." Hospital officials released a statement late Friday that they have not yet received the letter, "but certainly want to work with the county." While the council also grapples with whether a medical building owned by a trust that's also on the hospital site, at Ind. 49 and U.S. 6, falls under the abatement, and tries to determine when the abatement should start, Whitten said the most glaring issue — the letter calls it "the white elephant in the room" — is whether the abatement will even still apply. "I want it to work out. I want it to be successful, but my first obligation is to the taxpayers," Whitten said. "The president and vice president of the council have an obligation to get an answer to that question and to proceed appropriately." Conover agrees that the matter needs to be resolved. "It's back to them," she said. "We're going to honor our commitment and I'm hopeful they'll honor theirs. Let's get rid of the white elephant in the room and move forward."

**Scott.A.Milkey**

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**From:** Quyle, Lindsay  
**Sent:** Friday, February 21, 2014 8:44 AM  
**To:** Quyle, Lindsay;Cleveland, Bridget;Ahearn, Mark;Atkins, Chris;Bailey, Brian (OMB);Bauer, Zachary C;Berry, Adam (GOV);Brooks, Kara D;Brown, Hannah;Marshall, Sara (Cardwell);Joyner Burroughs (Cissel), Jackie;Crabtree, Chris;Craig, Lindsey M;Czarniecki, Cary (Lani);Denault, Christina;Espich, Jeff;Fritz, Pam (GOV);Gibson, Ashley;Jarmula, Ryan L;Kane, Kristen;Kossack, Andrew;Morales, Cesar (Diego);Myers, Janille;Neale, Brian S;Pavlik, Jennifer L;Pitcock, Josh;Price, Kendra;Schilb, Veronica J;Schmidt, Daniel W;Simcox, Stephen;Smith, William A;Spahr, Suzi;Springer, Marilee J;Streeter, Ryan T;Trexler, Christina;Fernandez, Marilyn;Hodgin, Stephanie;Hosier, Alexis (Lexie);Cardwell, Jeffery;Perdew, Abby J;Dowd, Jaclyn (CECI);Keefer, Sean (GOV);Norton, Erin (Ladd);Johnson, Matt;Heater, Ryan;Fiddian-Green, Claire (CECI);Rosebrough, Dennis;Spencer, Kyle;Mantravadi, Adarsh V;Rosebrough, Dennis (LG);Workman, James D;Crumb, Matthew  
**Subject:** [GovClips] Howey  
**Attachments:** 02212014\_HPIDaily.pdf

Thank you,

Lindsay Quyle, *Staff Assistant*  
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## Feb. 21, 2014 HPI Daily Wire

Friday, February 21, 2014 8:19 AM

**DELPH DISCIPLINED FOR 'ROTUNDA SPECTACLE':** Senate leadership is now punishing one of its own members (*WTHR-TV*). Eyewitness News has learned Senate President Pro-Tempore David Long (R-Fort Wayne) is disciplining Sen. Mike Delph (R-Carmel) for his critical comments regarding senate leadership's handling of HJR-3, the proposed amendment to ban gay marriage in Indiana. Delph criticized fellow Republicans last week for not restoring controversial language in the amendment that would have banned civil unions. That language was removed by the House of Representatives, and Delph wanted his fellow senators to restore it in the hopes of sending the measure to the ballot this November. That did not happen. According to sources at the Statehouse, Long – the target of much of Delph's criticism – has decided to take the following steps to penalize the Carmel senator for his comments: 1.) Delph will lose his leadership position as the Senate's Assistant Majority Floor Leader of Communications; 2.) Delph will lose his title as ranking member of the Senate Judiciary Committee; 3.) Delph will lose his press secretary; 4.) Delph will be re-assigned to a new seat in the Senate chamber, alongside Democrats and away from Republican leadership. Sources tell Eyewitness News Delph had a closed-door meeting with Long and other senate leaders Thursday afternoon. At that meeting, the senator reportedly stood by his statements and said he accepted the punishment. *WTHR* spoke to Delph Thursday night. He declined to comment on the discipline, but said he plans to make a statement next week.

**KENLEY'S COMMITTEE CUTS PENCE'S ROAD FUNDING BY HALF:** A Senate committee voted Thursday to give Republican Gov. Mike Pence just half the road funding he wants – \$200 million that could be used to pay for key improvements to interstates (Weidenbener, *Statehouse File*). The move is a partial blow to one of the governor's key legislative goals: Freeing up \$400 million that had previously been set aside in a transportation trust fund for spending now. But Senate Appropriations Chairman Luke Kenley, R-Noblesville, said declining state revenues mean saving some of the money is a good idea. "We're running a little bit behind" on state revenues, he said. "The other \$200 million will be held and then when we have our budget discussions next year, if we want to keep it in the fund or roll it to maintenance, we'll have the opportunity to decide that," Kenley said. The General Assembly voted last year to put \$400 million into the Major Moves 2020 Trust Fund to save for projects that included widening Interstates 69, 65 and 70. But Pence and the Republican-controlled House made spending the \$400 million sooner a top priority, saying the money is needed now and inflation will make the money worth less later. The House approved legislation to transfer the \$400 million out of the trust fund and into the state's general highway account. House Bill 1002 also allocated \$25 million to a grant program for local road projects – money the Senate stripped out of the legislation. House Speaker Brian Bosma, R-Indianapolis, said Thursday that grant program is especially important given

the cold, snowy winter. "Locals have a lot of challenges especially with the amount they've spent on salt – record amounts – and other maintenance and snow removal," Bosma said. Democrats on the Appropriations Committee were similarly frustrated by the amendment to eliminate the grant program. "I saw some real benefit to that in communities around the state," said Democratic Sen. Tim Skinner of Terre Haute. However, Kenley said the money had originally been earmarked for major projects and should stay that way. Kenley said lawmakers should decide next year – when they're drafting the next two-year budget – whether to spend the money.

**PENCE RESPONDS:** Pence's office released a statement: "Gov. Pence is encouraged by the passing of a key agenda item out of Senate Appropriations and looks forward to continuing to work with the House and Senate to ensure that we have the best tools and infrastructure to enhance Indiana's position as an economic engine." Bosma said Thursday legislative leaders would continue to talk about the road funding issue through mid-March, when the session is scheduled to end. "We may not spring all the Major Moves 2020 fund," Bosma said. "But I think we're going to come to a reasonable conclusion and compromise on that as well."

**PENCE WILL MEET WITH SEBELIUS THIS WEEKEND:** Advocates are pressuring Gov. Mike Pence to expand health care for low-income Hoosiers ahead of his meeting with Health and Human Services Secretary Kathleen Sebelius this weekend (*Network Indiana*). Pence and Sebelius plan to discuss whether Indiana could use the Healthy Indiana Plan, Indiana's Medicaid alternative that requires participants pay into the program, as a way to expand health coverage. Under the Affordable Care Act, the federal government would pay 100 percent of the cost of expansion up to 133 percent of the poverty level through 2016. The federal government's burden would go down incrementally after that to 90-percent in 2020. The governor says he will not expand Medicaid but would consider expansion using the Healthy Indiana Plan. Indiana Coalition for Human Services was among a coalition that delivered 10,000 signatures this week to the governor's office, asking him to expand coverage. ICHS President Mark Fairchild says the governor needs to accept the federal funding that will cover 400,000 Hoosiers who remain without coverage because they do not qualify for Medicaid, the Healthy Indiana Plan or federal health care subsidies. "We need the governor to make the decision to create some kind of an expansion that does really fill this gap," Fairchild says. Fairchild says the governor is holding on to elements of the Healthy Indiana Plan that the federal government isn't likely to accept as part of the Affordable Care Act.

**HOUSE COMMITTEE VOTES TO END COMMON CORE:** The state Department of Education on Thursday proposed new education requirements for students that combine national standards, former Indiana policies and benchmarks from other states (Ballentine, *Associated Press*). Lawmakers have grappled with keeping national Common Core guidelines that gauge what students should be learning at each grade level and set new standards specific to the state. Those national standards were adopted by most states over the last few years with little fanfare, but anger has grown among tea partiers and liberals who have varying problems with the federal requirements. Conservative anger in Indiana spurred the most recent action, but the changes between the state guidelines and Common Core might not be that stark. The requirements announced Thursday include a mix of Common Core and former Indiana standards, but largely will remain the same, Deputy Superintendent of Public Instruction Danielle Shockey said. She said teachers likely could use the same textbooks. The average parent is unlikely to notice a difference between the new state standards and the national Common Core standards, Shockey said. "We are not changing everything a first grader needs to know and be able to do," Shockey said. "We put together a process to write Indiana standards, and I think that's a positive move," said Sen. Scott Schneider, R-Indianapolis, the bill's co-author. "What we're doing is staying with standards that are written in Indiana with a lot of input from Hoosiers, teachers and educators." Public hearings are scheduled for 3-7 p.m. Feb. 24 at Ivy Tech Community College Southern Indiana, Feb. 25 at the Indiana State Library and Feb. 26 at Plymouth High School in Plymouth.

**FEDERAL JUDGE HEARS COLD BEER LAWSUIT:** A federal court heard opening arguments today from Hoosier convenience stores challenging the Indiana law that bars them from selling cold beer (*Network Indiana*). The plaintiff says current law violates the equal protection clause of the Constitution. Under the law, only liquor stores, taverns and restaurants can sell cold beer for carryout. Convenience stores can sell chilled wine, but not chilled beer. The plaintiff's attorney argued the penalties are too harsh for current law violations and there is too much vagueness and that it lacks clear guidelines for enforcement. Quinn Rickers, the President and CEO of the Anderson-based convenience store Rickers, says current laws provide liquor stores an unfair advantage. "I don't think how the state approached it makes any sense," he says. "It's very antiquated. You can go in my store and you can buy warm beer and on your way out you can put it in a cold bin of ice and have cold beer one minute later." Retired excise police officer Major Robin Poindexter testified the state doesn't have enough manpower to enforce the law in rural areas and says there is no training to determine what qualifies as chilled beer. But defense attorney Kenneth Joel argues the law is not as vague as the plaintiff is making it out to be, saying that anyone could tell the difference between chilled and room temperature beer. The defense noted that anyone entering a liquor store must be 21 years old and employee must go through permitting and training. Joel also points out that convenience stores are open 24/7 while liquor stores

are regulated on when they can be open, and that the 21st amendment allows states to regulate alcohol as they see fit.

**HPI DAILY ANALYSIS:** The historical fate of the Pence administration could come down to how it ultimately handles the Medicaid expansion issue. Gov. Mike Pence meets with HHS Sec. Kathleen Sebelius this weekend as he seeks to convince HHS to allow Indiana to expand Medicaid through the Healthy Indiana Plan. The context of this is that Indiana could leave more than \$10 billion of Medicaid expansion funds on the table if HHS rejects Healthy Indiana Plan. This comes in a state that ranks 42nd in overall health. If Indiana does not expand Medicaid in some fashion, hundreds of thousands of Hoosiers will be left without health insurance access. It would also impact future state biennial budgets and Disproportionate Share Hospitals as various Affordable Care Act mandates will continue whether the state opts in or not. And on another fiscal impact front, much of the Pence administration's legislative priorities are crashing and burning because legislative leaders are refusing to reopen the biennial budget. The administration has been slow to learn that legislation with fiscal impact doesn't fare well in short sessions. - *Brian A. Howey*

### *Campaigns*

**2014: SEYBOLD DID NOT JOIN BLOOMBERG GROUP -** In the whacky world of Indiana Republican convention politics, stances on gun rights have become a part of the treasurer's race (*Howey Politics Indiana*). The Hoosiers Gun Owners PAC surfaced with an email to convention delegates alleging a rules change being considered would somehow impact gun rights. The group also is saying that Marion Mayor Wayne Seybold had been part of the Mayors Against Illegal Guns Coalition sponsored by former New York City Mayor Michael Bloomberg. But HPI could find no accounts affiliating Seybold with the Bloomberg group. Indiana mayors from Angola, Columbus, Fort Wayne, Goshen, Linton, and South Bend were. Supporters tell HPI that Seybold had a "B" rating from the National Rifle Association during his 2012 congressional race, but HPI could not confirm his current rating. The Seybold campaign was not available for comment.

### *General Assembly*

**HOUSE CELEBRATES LATE REP. POND, RENAMES HIGHWAY:** The Indiana House and U.S. Rep. Susan Brooks on Thursday lauded former New Haven state Rep. Phyllis Pond, including naming part of U.S. 24 in her honor (Kelly, *Fort Wayne Journal Gazette*). Brooks, R-5th, first presented several members of Pond's family a copy of the Congressional Record from November when she and U.S. Rep. Jackie Walorski, R-2nd, honored Pond. Pond died in September at the age of 82 after spending 35 years in the House and teaching kindergarten for more than 30 years. Then Rep. Casey Cox, R-Fort Wayne, Pond's successor, introduced a House resolution naming the portion of U.S. 24 from U.S. 30 east of New Haven to State Line Road in Allen County the "Phyllis J. Pond Memorial Highway." He said his constituents constantly recount stories about Pond, including farmers who said she would hop on a tractor to help out. And members of the Amish community told Cox how delighted they were to get a surprise knock on their door on a summer day from Pond, asking how they were and how she could help. House Speaker Brian Bosma said Pond was the first legislator to encourage him to run for leader. "And she was the first in my office when she thought I screwed something up, but she always supported me," he said.

#### **LOCAL FREEDOM INDIANA CHAPTERS CELEBRATE KEEPING HJR-3 OFF**

**BALLOT:** Members of the marriage equality group Freedom Indiana are celebrating what they're calling a historic victory for all Hoosier families (Killough, *Indiana Public Media*). Local Freedom Indiana chapters held community meetings Wednesday evening in fifteen locations across the state after keeping HJR-3, the proposed constitutional amendment banning same-sex marriage, off the ballot this year. Jess Novak is the South-Central Regional Field Director for Freedom Indiana. She says the work marriage equality advocates in Indiana do hasn't been limited to the past few months. "Freedom Indiana is just giving people the space to do work that they've already been doing for the last ten years as a bigger community or just give people the space to find their own kind of passion and motivation."

#### **BOSMA SAYS SUMMER STUDY WOULD BE VICTORY FOR PRE-K DEBATE:**

House Speaker Brian Bosma acknowledged Thursday that lawmakers might not approve even a pilot pre-kindergarten program this session and may instead study the issue for another year (Weidenbener, *Statehouse File*). Bosma said he's disappointed the Senate stripped a five-county pilot program out of a House bill. The Senate is set to consider the amended legislation, which would require an expansive study of pre-kindergarten programs, their costs and their effectiveness. But the Republican leader said a major study of preschool is "actually a victory" and probably necessary to get support from GOP leaders in the Senate who have been more skeptical about whether state-funded programs are helpful to kids. "It's been difficult to get people at the table to hear and receive information and opinions in this regard," Bosma said. House Republicans and



Gov. Mike Pence made state-funded pre-kindergarten a key part of their legislative agendas. But Senate Appropriations Chairman Luke Kenley, R-Noblesville, had warned early on that the program should be considered next year, when lawmakers will write the next two-year budget. "I am firm on that," Kenley said. "I don't think it's beneficial to spend more money in a year that's not a budget year." Bosma said he hasn't given up on the pilot program completely and it will likely be part of end of negotiations before the session ends in mid-March.

### **LAWMAKERS' DECISION PUTS KINDERGARTEN READINESS TEST IN**

**LIMBO:** A panel of state lawmakers voted Wednesday to scale back Gov. Mike Pence's preferred pre-K proposal. Instead, they'll send it to summer study committee for more debate (Moxley, *StateImpact*). Gone, too, is a provision to bolster the state's kindergarten readiness assessment, the ISTAR-KR. The state provides the qualitative test for free to Indiana preschools, public and private. But even kids who attended quality pre-K programs are arriving at kindergarten without any documentation of what they know already. But Indiana isn't the only state that falls short when it comes to linking preschool with the state's K-12 system. According to a report the Early Childhood Data Collaborative released Wednesday, only Pennsylvania has a comprehensive system to track kids across pre-K programs before they start school. From the report: "To understand which policies and investments lead to effective early childhood education (ECE) services, policymakers need timely and accurate data about how children are developing over time, the quality of services available, characteristics of successful programs, and workforce education and training needs. Policymakers who have a complete picture of their state's young children, early care and education programs and workforce can identify service gaps for specific populations (e.g., infants/toddlers, dual language learners, low-income families), make strategic funding decisions, and create policies to support the continuous improvement of programs." One of the things the summer study committee will be considering is alternative funding sources to pay for preschool. But as we've written before, the lack of pre-K infrastructure has hurt Indiana in competitive federal grant programs to fund early learning.

**SENATE BILL WOULD REQUIRE LAKE COUNTY TAX GO TO RDA:** The \$4 million in annual savings expected from a legislative plan to close a Lake County tax loophole may be used to fund expanding the South Shore Line (Benman and Carden, *NWI Times*). But Hammond Mayor Thomas McDermott Jr. is blasting a state legislative proposal to direct \$4 million more in casino funds to the Northwest Indiana Regional Development Authority, saying the money rightfully belongs to local communities. Senate Bill 367 in the Indiana General Assembly closes a tax loophole that allows people with significant investment income in Lake County to claim a tax credit designed

to help low-income homeowners. The money comes from money casinos hand over for local economic development. "The fact they are stealing this money from Lake County communities, I'm incensed over it," McDermott said Thursday. The plan to fix the tax credit so it benefits only low-income homeowners has widespread support among state legislators and local officials. However, the plan to give the \$4 million the proposal frees up to the RDA has split Northwest Indiana's delegation in the General Assembly. McDermott has called for a meeting of the legislative committee he chairs at the Northwestern Indiana Regional Planning Commission to consider taking a stand at 1 p.m. Feb. 28 at NIRPC headquarters in Portage. The RDA has pledged to use the \$4 million to support a South Shore extension to Dyer. The RDA also is asking local communities throughout Lake County to contribute a portion of their receipts from the new Lake County Economic Development Income Tax to help fund the building of the South Shore extension. Currently, SB 367 directs that money to the RDA without mandating a specific use. State Rep. Mara Candelaria Reardon, D-Munster, said Thursday when the House Ways and Means Committee reviews the legislation Monday, she will ask that the RDA be required to spend the money on "the transportation needs of Lake County." The money would help backers of a South Shore expansion get closer to reaching the local match required to obtain federal funds for the planned extension of the commuter rail line to Dyer. The Senate-approved legislation adjusts the Lake County Residential Property Tax Credit to ensure only homeowners with less than \$18,000 in total income claim the \$300 credit intended to help low-income homeowners with their property taxes. McDermott pointed out Hammond, East Chicago and Gary already each contribute \$3.5 million yearly to the RDA. He said SB 367 means Hammond basically would be ponying up \$600,000 more for the RDA. "I've basically been elected to represent 80,000 people in Hammond, Ind., and make decisions about Hammond finances," McDermott said. "This is absolutely our money. It belongs to the cities that have gaming boats."

**WAYS & MEANS ADVANCES INDY SOCCER TEAM STADIUM BILL:** The Indy Eleven moved a step closer Thursday to Statehouse support for a proposed \$87 million Downtown soccer stadium (Woods, *Indianapolis Star*). By an 18-2 vote, the House Ways and Means Committee passed an amendment to Senate Bill 308, which addresses Allen County's professional sports development area. The bill now heads to the full House. The amended bill would allow the Eleven to capture \$2 million of tax revenue to help pay for the stadium. Team owner Ersal Ozdemir has projected that the stadium would generate \$5.1 million annually in ticket-tax revenue, plus \$4.1 million in sales and income tax.

**SOLDIER-TO-TEACH PROGRAM SENATE BILL SB 331 PASSES HOUSE:** The transition to civilian life can be difficult for military veterans (Rund, *Statehouse File*).

After being subject to a strict schedule in almost every aspect of their lives, they finally have the opportunity to make decisions for themselves – a freedom that can be invigorating but also daunting. And one of the major choices many veterans must face immediately after leaving the service is which career path to pursue. Senate Bill 331, authored by state Sen. Susan Glick, R-LaGrange, aims to help. The bipartisan legislation passed through the Indiana House of Representatives on Thursday and would give veterans an incentive to choose education as a profession. “We’re trying to make it a little simpler for the transition for these veterans to get their degree and be able to go into teaching,” said the bill’s House sponsor, Rep. Dennis Zent, R-Angola. The bill, backed by the Indiana State Teachers Association and State Superintendent Glenda Ritz requires public universities to award educational credit to veterans for courses they took while in the service. It also requires state institutions to award educational credit to current military members taking courses from other schools. Kellard Townsend, a soldier-turned-teacher at North Central High School, said the program is a good idea. “No soldier like to redo things,” he said. “I think it’s good that there is an incentive there.” Townsend, a former Army lieutenant, began his military career in the ROTC and chose to pursue teaching because he had already completed some introductory courses. During his stint in the Army, he was exposed to different types of instructors and was given some leadership opportunities. Townsend said that these experiences make for a good teacher. He also said that because of their time spent in the military, soldiers tend to be “a little more worldly.” After his time in the Army, Townsend attended Indiana University and graduated with a degree in American Studies.

**VETERAN ENROLLMENT NUMBERS:** While addressing the members of the House on Thursday, Rep. Karlee Macer, D-Indianapolis, shared statistics regarding the amount of veterans enrolled in Indiana public universities (*Statehouse File*). Indiana University currently has 500 veterans, Ball State has 449, and Purdue has 279. Rep. John Bartlett, D-Indianapolis, also spoke to the House and expressed his support for the legislation. “I think that we can sit in places such as this, not worrying about bombs being dropped, someone attacking us, because the jobs that are men and women do in our military. I am not a veteran, but I can never show enough appreciation for our veterans of this great state and this great country,” he said. The bill now moves back to the Senate where lawmakers will consider the changes made by the House.

**HWAYS & MEANS OKs BAN ON NURSING HOME CONSTRUCTION:** A panel of House lawmakers has approved a one-year ban on the construction of new nursing homes across the state amid concerns the market is being flooded (*Associated Press*). The House Ways and Means Committee voted 12-7 Thursday in favor of the moratorium. The Senate authors of the measure originally sought a five-year moratorium on new construction, but Ways and Means Chairman Tim Brown, R-

Crawfordsville, suggested the length be trimmed back to one year to give lawmakers time to decide if a ban is needed. The ban is at the center of an ongoing debate between the state's existing nursing homes and developers leading a wave of construction across the state in anticipation of retiring baby boomers. The son of a powerful House Republican lawmaker is among the developers opposing the ban. Zeke Turner, CEO of Mainstreet Property Group, testified Thursday that his new homes are providing better senior care at the same cost as older nursing homes. "I urge you oppose this bill," Zeke Turner said. "Don't rush this through and in a short session, take time to really consider the impact before we go and change state law." His father, Rep. Eric Turner, R-Cicero, serves on the Ways and Means Committee, but was excused from voting on the issue.

**WELFARE DRUG TESTING BILL SCALED BACK:** Brookville Republican Representative Jud McMillin's bill was originally going to require all welfare recipients to take a written pre-screening tests to determine a likelihood of addiction (Smith, *Indiana Public Media*). Recipients who showed that likelihood were then eligible to be randomly drug-tested with their welfare benefits potentially at risk after several failed tests. But the Senate Health Committee approved an amendment that only makes welfare recipients with previous drug convictions eligible for drug tests. The bill's Senate sponsor, Indianapolis Republican Michael Young, says the legislation is trying to ensure that people getting money from the government aren't using drugs: "We're just trying to help people with this bill and not trying to harm anybody. Rep. McMillin has, in place, several steps you have to go through before you can lose your benefits," he says. If a recipient fails a drug test, they must seek treatment to retain their benefits and have two consecutive clean drug tests within a four month period. If they don't seek treatment or fail to produce the two clean tests, they lose their benefits for three months. They can then reapply by passing a drug test. Children of welfare recipients who lose their benefits would still receive welfare dollars through a third party.

**BILL SIMPLIFYING MEMORIAL DAY EXPENSES PASSES HOUSE:** Rep. Dick Hamm (R-Richmond) sponsored legislation regarding local appropriations for Memorial Day expenses, which passed the Indiana House of Representatives this week with a unanimous vote (*Howey Politics Indiana*). "Our goal is to ensure that our veterans, who have sacrificed so much, are given the honor, recognition and gratitude they rightly deserve on Memorial Day," said Rep. Hamm. Senate Bill (SB) 58 simplifies Indiana code by removing the outdated list of veterans organizations from the law and therefore authorizing counties townships, cities and towns to appropriate money to veterans organizations to help assist with the costs incurred with Memorial Day.

**GOVERNOR: PENCE NAMES NEW BANKING AGENCY CHIEF** - Gov. Mike Pence has appointed Dennis Bassett to be the director of the Department of Financial Institutions, a cabinet-level position in his administration (Brock, *Statehouse File*). "I'm confident he will serve Hoosiers with the highest integrity," Pence said. Bassett has had four decades of experience in managing financial institutions. Most recently, Bassett was the chairman of JPMorgan Chase Indiana, where he served from 2005 until he retired in 2013. He also served as the Indiana chief executive officer for Bank One, Indiana president of Huntington Bank and senior vice president and manager of large corporate banking for the Midwest division at First Chicago NBD. "Dennis Bassett's breadth and depth of knowledge is incomparable," Pence said.

**GOVERNOR: JUDGE APPROVES SECOND BMV OVERCHARGING LAWSUIT** - Indiana drivers who were overcharged by millions of dollars in fees could see additional refunds after a Marion County judge ruled that a second lawsuit against the state's Bureau of Motor Vehicles can move forward (Kehoe, *WISH-TV*). The ruling, issued Wednesday, in Marion Superior Court by Judge James Osborn, denies a request from the BMV to dismiss the lawsuit, and requires the agency to respond to claims it systematically overcharged drivers for a wide variety of fees. The ruling also requires the BMV to produce evidence sought by public records requests. Last August, millions of Hoosier drivers were issued small refunds as part of a \$30 million settlement where the BMV admitted it had overcharged drivers under the age of 75 who obtained or renewed a driver's license between 2007 and 2013. The overcharges averaged around \$3.50, according to court documents. Then, in September, the BMV announced a commissioned review by an outside law firm had also identified other fees being charged at rates higher than allowed by state law. The agency declined to identify which fees those were, but a lawsuit filed by Indianapolis-based law firm Cohen and Malad alleges they include everything from vehicle registrations to motorcycle endorsements to chauffeurs licenses.

**EDUCATION: DOE RELEASES DRAFTS OF NEW ACADEMIC STANDARDS FOR K-12** - State education officials released drafts of new academic standards to the public late Wednesday night, kicking off a three-week period for parents and educators to offer feedback on the next set of expectations for Indiana schools (Moxley, *StateImpact*). The 98-page document outlines what K-12 students should know and learn in English language arts and math at each grade level. Educators who worked on the drafts consider them a hybrid of the nationally-crafted Common Core

expectations and Indiana's prior academic standards. StateImpact is working with experts to analyze the new standards. We'll be posting their feedback in the coming days. But first, a timeline of dates to keep in mind as Indiana reviews its academic standards over the next six weeks: Feb. 24-26: State Board members will attend a series of public meetings to gather comment on the new standards. This will satisfy the requirements of legislation passed last spring to pause Common Core rollout in Indiana. The meetings are from 3-7 p.m. EST on Feb. 24 in Sellersberg, Feb. 25 in Indianapolis and Feb. 26 in Plymouth. March 12: Public comment on the standards closes at 11 a.m. EST. The Indiana Education Roundtable, a body that includes Gov. Mike Pence and state superintendent Glenda Ritz, will consider the proposed standards at a 3:30 p.m. EST public meeting. April 9: The State Board of Education will vote to adopt the revised draft standards at the April meeting.

### **EDUCATION: PURDUE MOVES CLOSER TO 'SHARED GOVERNANCE'**

**STRUCTURE** - Purdue University trustees tentatively approved Thursday a plan to add a professor to the board's academic affairs committee (Colombo, *Lafayette Journal & Courier*). The move comes after months of negotiation and planning between a top faculty member, President Mitch Daniels and trustees. The proposal to amend the bylaws to allow the University Senate chairman to join the board's academic affairs committee as a nonvoting, ex-officio member was unanimously approved by the committee. Full board approval is required; the full board will meet Friday. University Senate Chairman David Williams told trustees last summer that he would lobby for faculty representation on the board. Williams, a professor of medical illustration, said it would be an example that "shared governance" was practiced at Purdue. At Thursday's meeting, Williams kept his comments short, and quipped that Daniels told him to approve two sets of remarks for Friday just in case things go awry, which garnered laughs from the audience. "Who would have thought that seven months after I brought this up in July that we would be here at this moment?" Williams said. "I'm very grateful for where this is going." The proposal, which would mean the current University Senate chairman would be able to contribute perspective to board conversations and be invited to meetings, is a compromise on Williams' earlier request to add a voting faculty trustee. That is because the board makeup is a matter of state law.

**EDUCATION: PURDUE RECEIVES \$1M GIFT** - Purdue University says a \$1 million gift will support scholarships and renovations at its pharmacy school. The donation from JeanAnne and James Chaney will create the Pacesetter Endowment for Pharmacy (Inside INdiana Business).



**EDUCATION: UofI SCHOLARSHIP FOR KIDS OF KILLED PUBLIC SAFETY EMPLOYEES**

- The University of Indianapolis has created a scholarship program for dependents of public safety employees who are killed while on duty (Steele, *WIBC*). UIndy announced the Indianapolis Public Safety Scholarship Award on Wednesday. It is intended for the 4,200 employees of the Indianapolis Department of Public Safety and the Marion County Sheriff's Office. Their children, spouses and domestic partners at the time of death, if it occurs while they are on duty, are eligible to receive full tuition toward an undergraduate degree. "We continue to be moved by how much the lives of the family members are changed when a loved one loses his or her life in the line of duty," said UIndy President Rob Manuel. "Our intent is to express our support, and provide a sense of comfort and security to the people who regularly risk their lives to maintain our safety." The new program is the only one of its kind offered directly by a single university to the local public safety community. Manuel says eligibility for the scholarship is open to those affected by line-of-duty deaths retroactive to January 1993. Manuel also serves on the Indy Public Safety Foundation. "The men and women of the Department of Public Safety are truly humbled by this gesture," said Public Safety Director Troy Riggs. "Our people do not do what they do for recognition; they do it because they love Indianapolis. But, we are all grateful for this show of support and appreciation by UIndy."

**ECONOMY: LIFE SCIENCES INDUSTRY WORTH \$55M TO STATE** - Indiana's life sciences industry continues to generate money and jobs (Bennett, *WIBC*). A report shows the total economic impact to the state tops \$55 million. Indiana also jumps to number two in exports just behind California. The number of workers stayed steady with 55,000 people at nearly 1,900 companies. Those companies work in the areas of drugs and pharmaceuticals, medical devices and equipment, agricultural chemicals and feedstock, medical, research and testing laboratories. Working in the life sciences industry also pays. Workers earn nearly \$5 billion in annual wages. The data is from 2012 and was generated by the Indiana Business Research Center at the IU Kelley School of Business and BioCrossroads.

**AGRICULTURE: STATE LOST 2,200 FARMS FROM 2007 TO 2012** - The federal government's first agriculture census in five years shows Indiana lost more than 2,200 farms between 2007 and 2012 (*Associated Press*). Preliminary data released Thursday by the U.S. Department of Agriculture show Indiana had more than 58,000 farms in 2012. That's a decline of nearly 4 percent from the 2007 census report. That drop is in contrast to the 2007 census, which showed Indiana had added about 640 farms between 2002 and 2007. The new report says Indiana's average farm size grew to 251 acres in 2012, up from 242 acres in 2007. It also says Indiana had 14.7 million farm

acres in 2012. That's a slight drop from 2007. The full report on the 2012 agriculture census will be released in May, with detailed county-level data for the entire nation.

**AGRICULTURE: 650 ACRES OF NEWTON COUNTY FARMLAND NET \$6M -**

Nearly 650 acres of farmland in northwest Indiana has drawn \$6 million at auction. Columbia City-based Schrader Real Estate and Auction Co. says the results of the Newton County sale and others throughout the state illustrate strong demand for farmland (*Inside INdiana Business*).

**TRANSPORTATION: OFFICIALS FEAR FOR EMERGENCY SERVICES FOR**

**ILLIANA** - Public officials made it known local emergency responders will need help if the Illiana Expressway is built (Benman, *NWI Times*). "Our emergency medical services and our firefighters have to be our No. 1 priority," Cedar Lake Township Trustee Alice Dahl said Thursday at a lightly attended public hearing about the proposed road. Lowell Town Councilman Craig Earley estimated the expressway will have Lowell emergency responders going to 50 percent more calls than currently, with no corresponding increase in revenue to fund those services. Both made their point at a hearing to take public comment on an Economic Impact Study of the Illiana Corridor commissioned by the Indiana Finance Authority. Under Indiana law, the IFA must take public comment on any public works project being done as a public-private partnership, such as the Illiana Expressway. The study found that land acquired for building the Illiana Expressway will result in \$15 million in assessed value being dropped from local property tax rolls. That will translate into about \$70,000 less in taxes for townships and other taxing entities. However, according to the study, tax collections will begin to increase as the expressway project gets underway, resulting in \$40.7 million in new tax revenues annually within 33 years.

**TRANSPORTATION: DUTCH TEAM FAVORED FOR NEXT I-69 SECTION -**

An state board favors a Dutch-led team to build and privately operate a section of the Interstate 69 extension between Bloomington and Martinsville (*Associated Press*). The Indiana Department of Transportation announced Wednesday that the board of the Indiana Finance Authority has preliminarily selected a team called I-69 Development Partners and led by Isolux Infrastructure Netherlands BV for the \$325 million, 21-mile Section 5 of the extension. INDOT says the IFA Board will make a final determination on the contractor in early March. That selection is subject to review by the Indiana Budget Committee before Gov. Mike Pence makes the final decision. The contractor chosen will design, build, finance, operate and maintain the section that generally

follows the current Indiana 37 corridor from south of Bloomington to the southern edge of Martinsville.

## *Nation*

**WHITE HOUSE: OBAMA TO HOST DALAI LAMA, RANKLES CHINA** - President Barack Obama is hosting the Dalai Lama at the White House over the stern objection of China, which warned the meeting would "inflict grave damages" on the U.S. relationship with the Asian powerhouse (*Associated Press*). Obama will greet the Tibetan spiritual leader and fellow Nobel laureate on Friday while the Dalai Lama is in the U.S. on a speaking tour. The White House did not announce the meeting until late Thursday, prompting a gruff complaint from Beijing in what has become something of a diplomatic ritual whenever Obama meets with the exiled Buddhist monk. Urging Obama to cancel the meeting, China's government accused the president of letting the Dalai Lama use the White House as a podium to promote anti-Chinese activities.

**ACA: CONSUMERS SHUN CHEAPEST 'BRONZE' ACA EXCHANGE PLANS** - Most Americans are avoiding the lowest-priced health plans on the Obamacare insurance exchanges, taking advantage of government subsidies to seek more protection against high treatment costs (*Bloomberg News*). Only 19 percent of enrollees chose the coverage with the cheapest premiums, called bronze, while 7 percent picked the most expensive, the U.S. Health and Human Services Department said in a report. Mid-level silver plans drew 62 percent. The lower the plan level, the higher the out-of-pocket costs. That's good news for insurers who were concerned that too many people would pick the cheapest premiums, then discover they couldn't pay the plans' higher deductibles for medical care, said Michael Mahoney of GoHealth LLC, a private online platform that helps people enroll. The popularity of the silver plans shows consumers are selecting the best package of financial assistance offered through the government exchanges. "The silver plan's cost-sharing subsidy makes them a great option," said Carrie McLean, director of customer care at eHealth Inc., an online insurer. The Patient Protection and Affordable Care Act, known as Obamacare, requires individuals to carry insurance or pay a penalty as it seeks to cover many of the nation's estimated 48 million uninsured.

**ECONOMY: RETAILERS FEELING PRESSURE TO RAISE WAGES** - Gap's decision this week to raise the hourly wages of workers at its stores nationwide puts pressure on other major U.S. retailers to do the same (*Associated Press*). Following Gap's

announcement that it will set the minimum wage for workers at \$9 an hour this year and \$10 an hour in 2015, big store chains from Wal-Mart to Sears said Thursday that they will continue to evaluate their wages. But ultimately, industry watchers say whether they follow Gap's move will depend greatly on whether or not they feel they need to in order to remain competitive. "I think more people will wait on the sidelines and not take on additional expenses," said Ken Perkins, president of RetailMetrics, a retail research firm. "It's a gamble on Gap's part."

#### **ECONOMY: MEXICO TO SURPASS JAPAN AS NO. 2 CAR EXPORTER TO U.S. -**

Sayonara, Japan. Mexico is on track to replace the Asian automotive giant as the second-largest exporter of cars to the United States by the end of the year (*Associated Press*). An \$800 million Honda plant opening Friday in the central state of Guanajuato will produce about 200,000 Fit hatchbacks a year, helping push total Mexican car exports to the U.S. to 1.7 million in 2014, roughly 200,000 more than Japan, consulting firm IHS Automotive says. And, with another big plant starting next week, Mexico is expected to surpass Canada for the top spot by the end of 2015.

**AGRICULTURE: AG CENSUS SHOWS BOOM IN FARMING -** American agriculture has experienced a boom, with market values of crops, livestock and total agricultural products reaching record highs even as the amount of U.S. farmland declined, according to a new government survey (*Associated Press*). Continuing a long-term trend, the number of U.S. farms dropped to 2.1 million in 2012, about a 4 percent drop from five years earlier. But some of the bigger farms got bigger. The average farm grew from 418 to 434 acres. The state with the most farms: Texas, which saw the number of farms increase slightly over the five years. Still, it lost about 200,000 farmland acres over the same period.

*Local*

**CITIES: INDY COUNCIL COMMITTEE SQUABBLES OVER ROC -** Closed for safety concerns but still costing taxpayers each month, the Regional Operations Center will continue to sit empty until repairs are made sometime in the next 30 to 60 days (Haeberle, *WISH-TV*). The attorney for the building owner, Alex Carroll, told I-Team 8 Thursday that Carroll is waiting on the city to issue code enforcement permits before beginning work. A code enforcement spokesman told I-Team 8 Wednesday it was waiting on Carroll, but that the hold up in the process could be just minor formalities. Meanwhile, a city-county council committee charged with investigating what led up to

the lease deal for the Regional Operations Center (or ROC) was overcome by political infighting Thursday night. A motion that would've compelled the city's attorneys and Carroll to come forward with documents related to the agreement failed along party lines. It's the latest signal that politics may be clouding the efforts to understand why the city entered the agreement. "We've got to issue these subpoenas if people are truly interested in finding out what these (deals) are about," Angela Mansfield, D – 2nd District Councillor, said before the vote. But Republicans like Jack Sandlin, R – 24th District, and Marilyn Pfisterer, R – 14th District, shot back, saying they felt the committee hadn't made a good faith effort to listen to the attorneys for the city or Carroll. The deal was inked by former Department of Public Safety Director Frank Straub in the run up to Indianapolis' Super Bowl in 2012. It provided high level surveillance and security detail during the festivities, and later became home to more than 100 IMPD officers in the East District and Homeland Security.

#### **CITIES: INDY'S WHITE RIVER STATE PARK CONSIDERS PERMANENT CONCERT VENUE**

- The White River State Park Development Commission is eager to make the park's seasonal concert venue a permanent structure, voting to explore \$10 million in construction while a proposal for a competing amphitheater is being considered for the nearby site of the shuttered General Motors Stamping Plant (Lindquist, *Indianapolis Star*). According to plans unveiled during a public meeting on Wednesday, concert promoter Live Nation is pledging \$10 million in investments to transform the Farm Bureau Insurance Lawn at White River State Park from a 7,400-capacity open-air site to a larger venue with much of its seating permanent and covered by a "shed" roof in the tradition of Live Nation's Klipsch Music Center in Noblesville. White River State Park executive director Bob Whitt characterized the presentation by Live Nation senior vice president Tom Mendenhall as being "pretty bold. They are fully willing to be involved in every way." Whitt said all 10 members of the commission voted to pursue Live Nation's plans. Details to be worked out, he said, include financial arrangements and the approval of architectural designs. "We don't expect \$10 million would cover the entire cost," said Whitt, adding that the commission has the authority to issue revenue bonds to finance projects. The park commission, which bills itself as a "quasi-governmental agency," and Live Nation, a corporation that presents more than 20,000 events globally each year, have been partners at the Lawn since it debuted as a concert venue in 2004. During its early seasons, the Lawn featured a stage that was built and dismantled for every show. Since 2007, the venue's stage has been built each spring and then taken down in the fall. The new-look Lawn, 801 W. Washington St., would feature a permanent stage, artist dressing rooms and seating capacity in the range of 8,000 to 12,000. Regarding a timetable, Whitt speculated that a 2016 opening would be realistic -- with concerts presented in the current setting in 2014 and 2015. The proposed venue for the GM Stamping Plant site is considered to be competition for both the Lawn and the 24,000-capacity Klipsch Music Center.

**CITIES: PORTAGE MAYOR SNYDER REVIEWS FIRST TWO YEARS** - Portage Mayor James Snyder delivered the first of three state of the city addresses early Thursday morning to a group of Portage High School government students, whom he called his "most important group to speak before" (Robbins, *Post-Tribune*). Snyder recalled his first "two years and two months," as packed with daunting challenges but overall, his goals were to move the city towards greater efficiency and aim for excellence in results. "We have achieved a better Portage in two short years," the mayor said in closing. "We can only achieve greatness with your help."

**CITIES: KOKOMO MAKING FINAL PLANS FOR CITY HALL RENOVATION** - The city of Kokomo is planning to begin the final stage of the city hall remodel in mid-April. The project will focus on the second and third floors of the building (Slagter, *Kokomo Tribune*). After completing a remodel of the exterior and first floor of the building in 2013, the offices on the second and third floor will be transformed to fit the same concept provided by Mawr Design, which completed design work the first two stages of the remodel. The city is set to receive bids on the project at 10 a.m. March 19. Kokomo budgeted \$500,000 for the project in its 2014 budget. City Engineer Carey Stranahan said the project will replace the flooring on both floors and install lighting enhancements to replace some of the more inefficient lighting fixtures. The remodeling also will provide more space for conference rooms, relocating a conference room in the Kokomo Police Department section of the second floor. A second conference room will be added on the third floor, where there is now a large space that had been used as a break room. "That space is oversized for what it is used for now," Stranahan said of the third floor room. "It was originally intended as a smoking room when the building opened, which it obviously isn't being utilized for now. That [conference room] will be larger [than the second floor conference room]."

**CITIES: MOUNT VERNON RIVERFRONT TRANSFORMED** - Former Mount Vernon residents and other people who haven't visited the Posey County community in several years likely wouldn't recognize its downtown and riverfront today (Wersich, *Evansville Courier & Press*). Gone are the old, ugly silos and other unattractive rubbish along the riverfront. The area is now stunning and bold, as the result of a \$9 million mixed-use development program called The Landing. A grand opening for the project's new 56 unit residential high rise. Among them are 46 units for senior residents and six luxury condominiums. Guests were also bowled over by the town's new riverfront amphitheater, with interactive fountain and park which shows off the bends in the Ohio. Other aspects include nearly 8,000 square feet of retail space in the residential building.

Bliss Artisan Ice Cream has committed to some of the space. Mount Vernon Mayor John Tucker addressed the guests, noting his office phone has been buzzing with calls from people who said they would be interested in moving to Mount Vernon and starting a business there. It was just the exact kind of feedback he hoped would transpire. "This project is the most exciting of any in decades. Everyone working together made it a success," he said.

**CITIES: INSPECTION CONFIRMS MOLD AT GARY'S ROOSEVELT HS -** School officials say they have already responded to a Feb. 14 state inspection at the Roosevelt College and Career Academy that found six rooms with visible mold (Carlson, *Post-Tribune*). "The superintendent gave instruction to our building and grounds department to alleviate it," spokeswoman Sarita Stevens said. "The problem is not a severe one and it's not atypical for an older building. It's something you have to abate constantly." Subzero temperatures triggered pipes to burst and flood classrooms and the band room last month. An Indiana State Board of Health industrial hygienist inspected Roosevelt on Feb. 11 at the request of the state Center for Education and Career Innovation, a controversial new state agency created by Gov. Mike Pence last year through an executive order. EdisonLearning Inc., a private education management company, has operated Roosevelt since 2012 under a four-year contract with the Indiana Department of Education. The state took the school away from the Gary Community School Corp. after students posted six straight years of failing test scores. "Since the Gary school district owns the building, and we are the tenants, we will be working with them to address these issues, which resulted from the failure of the heating system and the flooding that followed," said Michael Serpe, spokesman for EdisonLearning. The inspection cited six state violations in regard to indoor air quality at schools. They included six rooms with visible mold and the concession area that boasts photos of legendary Roosevelt athletes.

**CITIES: CONNERSVILLE MAYOR SINGS UNION COUNTY'S PRAISES -** Connersville funeral director Leonard Urban says Union County's "business-friendly" atmosphere is more than a slogan (Tharp, *Richmond Palladium-Item*). Urban, who also is the mayor of Connersville, knows a little about economic development. "I can't praise Melissa Browning (Union County economic development director) enough," Urban said. "The county assessor (Diana Baker) is great and the zoning guy (Jeff Mathews) is a treasure. The guys at the (Union County) co-op have been great. They unloaded our carpet with their forklift on a day that was below zero. They also unloaded our chairs another day and they didn't want to be paid. "And the guys are so friendly. Union County is really business-friendly. I've never seen anything like it." Urban bought the former Main Source Bank property on U.S. 27 North in Liberty last fall with plans to open a second funeral home here. The Urban family will host a dedication, ribbon-



cutting and open house, complete with pork sandwiches, from 2 to 6 p.m. Sunday. The pork is coming from Woodruff's Supermarket, Urban said. Browning visited Urban in Connersville last year when she learned he was interested in locating a funeral facility here, she said. "Leonard used local businesses to do the work and he's spent money in our community," Browning said. "Any business that comes here helps our economy."

**COUNTIES: ALLEN TO BORROW \$10M FROM ITSELF** - Allen County government will have to borrow \$10.5 million – from itself – to weather a temporary cash-flow problem (*Fort Wayne News-Sentinel*). County Council on Thursday agreed to borrow the money from the county's rainy day fund to maintain normal operations until taxes are distributed to local governments by the state. Governments often take short-term loans in similar situations, but borrowing from the rainy day fund will allow the county to do so without having to pay interest to a bank. Even after the loan, the fund would contain about \$2 million for unforeseen emergencies or other uses, said Auditor Tera Klutz.

**COUNTIES: PORTER TO CONSIDER ITS FIRST TIF DISTRICT** - Porter County officials are rolling ahead with the creation of the first tax increment financing district in the unincorporated area of the county (Kasarda, *NWI Times*). The Porter County Redevelopment Commission agreed Thursday to host a public hearing on the proposal at 6 p.m. April 17 if the Board of County Commissioners signs off on the plan next month. The proposal, which calls for establishing a TIF district in the area of the county airport in Washington Township, recently won the support of the Porter County Plan Commission. TIF districts operate by capturing revenue from new commercial development within a designated area and then investing that money back into the defined zone. The county's proposal identifies \$69.4 million in proposed projects, including \$30 million in improvements at the airport, and a variety of utility, right-of-way and other projects.

**Scott.A.Milkey**

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**From:** Quyle, Lindsay  
**Sent:** Wednesday, February 12, 2014 9:04 AM  
**To:** Quyle, Lindsay;Cleveland, Bridget;Ahearn, Mark;Atkins, Chris;Bailey, Brian (OMB);Bauer, Zachary C;Berry, Adam (GOV);Brooks, Kara D;Brown, Hannah;Marshall, Sara (Cardwell);Joyner Burroughs (Cissel), Jackie;Crabtree, Chris;Craig, Lindsey M;Czarniecki, Cary (Lani);Denault, Christina;Espich, Jeff;Fritz, Pam (GOV);Gibson, Ashley;Jarmula, Ryan L;Kane, Kristen;Kossack, Andrew;Morales, Cesar (Diego);Myers, Janille;Neale, Brian S;Pavlik, Jennifer L;Pitcock, Josh;Price, Kendra;Schilb, Veronica J;Schmidt, Daniel W;Simcox, Stephen;Smith, William A;Spahr, Suzi;Springer, Marilee J;Streeter, Ryan T;Trexler, Christina;Fernandez, Marilyn;Hodgin, Stephanie;Hosier, Alexis (Lexie);Cardwell, Jeffery;Perdew, Abby J;Dowd, Jaclyn (CECI);Keefer, Sean (GOV);Norton, Erin (Ladd);Johnson, Matt;Heater, Ryan;Fiddian-Green, Claire;Rosebrough, Dennis;Spencer, Kyle;Mantravadi, Adarsh V;Rosebrough, Dennis (LG);Workman, James D;Crumb, Matthew  
**Subject:** [GovClips] Howey  
**Attachments:** 0212201\_HPI Daily.pdf

My apologies if this is a duplicate e-mail for any of you today.

Thank you,

Lindsay Quyle, Staff Assistant

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Thank you,

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## Feb. 12, 2014 HPI Daily Wire

Wednesday, February 12, 2014 8:05 AM

**HOUSE APPROVES DEBT LIMIT WITHOUT CONDITION:** Ending three years of brinkmanship in which the threat of a devastating default on the nation's debt was used to wring conservative concessions from President Obama, the House on Tuesday voted to raise the government's borrowing limit until March 2015, without any conditions (*New York Times*). The vote — 221 to 201 — relied almost entirely on Democrats in the Republican-controlled House to carry the measure and represented the first debt ceiling increase since 2009 that was not attached to other legislation. Only 28 Republicans voted yes, and only two Democrats voted no. Simply by holding the vote, Speaker John A. Boehner of Ohio effectively ended a three-year Tea Party-inspired era of budget showdowns that had raised the threat of default and government shutdowns, rattled economic confidence and brought serious scrutiny from other nations questioning Washington's ability to govern. In the process, though, Mr. Boehner also set off a series of reprisals from fellow Republican congressmen and outside groups that showcased the party's deep internal divisions.

**PENCE AGREES TO REPLACEMENT REVENUE FOR TAX REPEAL:** Hours after a bipartisan coalition of mayors called on Gov. Mike Pence to pull his proposed business personal property tax repeal or provide replacement revenue, the governor pledged to provide the revenue that would be repealed in SB1 (*Howey Politics Indiana*). Missing were details on the source of that replacement revenue and whether legislative Republicans would go along with the deal. Pence met mayors Lloyd Winnecke of Evansville, Greg Goodnight of Kokomo, Duke Bennett of Terre Haute, Joe Thallemer of Warsaw, Peter Buttigieg of South Bend, Huck Lewis of Lebanon and Tom Henry of Fort Wayne. Pence said in a statement, "I believe that reform of the business personal property tax will mean jobs for Hoosiers. After listening to local communities across our state, I have informed legislative leaders that I am open to full state replacement revenue for local governments to cover the cost of eliminating the business personal property tax on small businesses with less than \$25,000 in equipment, as proposed in Senate Bill 1. This would ensure that any reform of this tax does not unduly burden local governments or shift the cost of this tax onto hardworking Hoosiers. This reform, along with affording counties the option of ending the tax on new equipment as proposed in House Bill 1001, would make our communities and our state more attractive for the kind of investment that will create jobs for Hoosiers. In the end, Hoosiers and our local communities will benefit as business grow and companies bring new jobs to our state. I look forward to working together House and Senate leaders, as well as local officials, as we continue to advance these important reforms." Pence offered the mayors no details on a source of the replacement money (Hayden, *CNH*). Nor would his pledge cover the House version of the bill, which proposes giving counties the authority to kill the business equipment tax. And there's no promise from legislative leaders that they'll go along with the idea. To date, the Legislature's fiscal

leaders have vowed not to reopen the budget process, which is needed to find state replacement revenues. "It's not a major breakthrough. [Pence is] not able to promise anything," said Matt Greller, director of IACT, who joined the mayors' meeting with the governor. "But it's the first step we've had in the right direction." Less than a week ago, Pence sent a letter to mayors seeking support for what he's called his top legislative priority — repealing the tax that businesses pay on equipment in order to attract development to the state. He's courted mayors from the state's biggest cities, meeting with them personally last week.

### **MAYORS DENOUNCE BUSINESS PERSONAL PROPERTY TAX**

**ELIMINATION:** Mayors from across the state—including Terre Haute Mayor Duke Bennett — are in open revolt against Gov. Mike Pence's plan to cut a tax on business equipment, challenging his promises to protect their communities from the plan's effects (Hayden, *CNHI*). On Tuesday, about 50 mayors from big cities and small towns crowded into a press conference to denounce the plan that would eliminate \$1 billion in revenue collected by local governments, schools and libraries. The mayors — Republicans and Democrats — called for the Legislature to kill two Pence-supported bills that would begin to wind down the tax, unless the state comes up with revenue to offset the cuts. "I've never seen mayors so united in trying to defend our communities," said Angola Mayor Richard Hickman, president of the Indiana Association of Cities and Towns, known as IACT. The pressure may be working. Hours after the press conference, Pence met with a handful of mayors and told them he's "open" to the idea of the state replacing revenues lost under the Senate's version of his plan. The Senate bill would exempt smaller companies from paying the business equipment tax. The pushback was almost immediate, with some of the toughest criticism of the Republican governor's plan coming from Republican mayors who see the tax cut as a revenue-killer for critical services. "We've been incredibly frustrated," said Bennett, Terre Haute's Republican mayor. "We know what will happen if this goes through." Bennett said most cities "are already at their breaking point."

**BALLARD AGAINST TAX CUT WHICH WOULD COST INDY \$40M:** Indianapolis Mayor Greg Ballard, also a Republican, had been seen as a possible ally of the Pence plan because he supported the property tax caps of 2008, which went a long way toward limiting local revenue streams (Hayden, *CNHI*). Ballard disabused anyone of that notion Tuesday. "I have been a vocal advocate for finding efficiencies and creative cost-cutting measures in local government," said Ballard. "However, current proposals to eliminate even a portion of the business personal property tax do not take into account the impact additional revenue cuts will have on public safety, schools and the many other vital services local governments provide." Indianapolis stands to lose \$40 million a year if the tax is repealed in full. For months, Pence has promised that whatever plan

comes out of the Legislature won't "unduly burden" local governments or harm homeowners, who could end up paying more property taxes if the business equipment tax is repealed or lowered. But Pence hadn't, until Tuesday, offered any details on how he'd mitigate the harm. Last week, he told reporters that he didn't support the idea of the state replacing the lost revenues. Mayors said Tuesday they're angry at being kept in the dark about revenue replacements. "We're a month and half into the session, and no one has said a word about it," Ballard said. Democratic mayors were just as tough in their criticism as Republicans. Goodnight said the House version of Pence's plan — which gives counties authority to permanently roll back the business tax — could pit communities against each other. That undermines the advice of economic development experts who urge cooperation, he said. Goodnight said he's asked which respected economist supports eliminating the business tax. He said he's still waiting for an answer. Evansville Mayor Lloyd Winnecke, a Republican, said mayors view the House and Senate bills with deep suspicion, even though neither would completely repeal the tax. "We get the [current] bills don't call for total elimination," he said. "But we also get that, based on prior experience, this will be first step in a total ban."

### **SUPREME COURT RULES EVANSVILLE CANNOT SELECTIVELY BAN**

**SMOKING:** The Indiana Supreme Court ruled on Tuesday that Evansville's only casino could not be treated differently than area bars and clubs under the city's smoking ban (*Rund, Statehouse File*). The ruling concluded that the 2012 ordinance conflicted with the Equal Privileges and Immunities Clause of the Indiana Constitution. "Today we hold that this clause invalidates an Evansville ordinance expanding the city's smoking ban to bars and restaurants but exempting its only riverboat casino," Chief Justice Brent Dickson said in the decision, which comes over five months after the Supreme Court heard oral arguments in the case. The decision said a legislative body — such as a city council — can "attack a problem incrementally." But the court said the "resulting disparate treatment must be reasonably related to the inherent characteristics that distinguish the unequally treated classes." "The 2012 amendment to the smoking ban fails this requirement," the decision said. A number of bars and clubs jointly filed the lawsuit against the Evansville City Council, which unanimously passed the ordinance. Justices Steven David and Mark Massa concurred with Dickson's opinion. The ruling of the Supreme Court did not come unanimously, however. Justices Robert Rucker and Loretta Rush disagreed with the majority opinion. They said a riverboat casino has "inherent characteristics" that make it different from restaurants, bars, and private clubs in the area. The characteristics include the "fiscal impact on the local economy and tax revenues, and out-of-town clientele that other local businesses lack," said Rush in her written dissent. Evansville Mayor Lloyd Winnecke released a statement expressing his dissatisfaction with the court's decision. "We are disappointed by today's ruling of the Indiana Supreme Court. The ordinance that was struck down was a bipartisan piece of legislation," Winnecke said. "The legislation was designed to protect the health and safety of Evansville residents, not to create the so called unequal

treatment between bars, taverns, private clubs and the riverboat casino. We encourage businesses to continue to enforce a no smoking policy, while the city continues to evaluate the legal implications of this ruling."

**HPI DAILY ANALYSIS:** In tomorrow's weekly edition of Howey Politics Indiana, you'll find the most comprehensive analysis of Indiana General Assembly primary races and our first race status forecasts. We'll also look at Gov. Pence's political vulnerability within the GOP over the proposed business tax repeal. Finally, check out the HPI website for a CBS News video on a federal cellphone scandal that has an Indiana angle. - *Brian A. Howey*

### *Campaigns*

**2014: ALLEN COUNTY FORUM FOR GOP CANDIDATES** - The Allen County Republican Women's organization will host a forum for candidates running in the 2014 primary election at 6 p.m. Thursday at Allen County Republican Party Headquarters, 135 W. Main St. (*Fort Wayne Journal Gazette*). The event will focus on candidates for local offices, such as township and county positions. A similar forum for statewide candidates will take place March 13. "This will be the first opportunity voters have to hear from a number of 2014 candidates at once," said Teresa Sutton, president of Allen County Republican Women. "Information is essential to making the right choices in this year's races and we hope voters take every chance they can get to hear from and question the people seeking office." Candidates will give prepared comments followed by questions from attendees.

**2016: CHRISTIE SAYS BRIDGE SCANDAL WILL NOT IMPEDE WORK** - Landslide re-election behind him and a possible presidential bid ahead, New Jersey Gov. Chris Christie was forced Tuesday to talk instead about the bridge-closing scandal that has haunted his debut as a national political leader and sparked talk about whether he can withstand the scrutiny (*Associated Press*). Asked about the flap, Christie told a crowd of influential Chicago-area business executives that he found the matter disappointing but not a distraction from his agenda. "While the last six weeks have not been the most enjoyable of my life, the fact is we have to do our work," Christie told about 1,600 people at the Economic Club of Chicago. It was the only question about the scandal posed to Christie during his first major public appearance since the January news conference in which he acknowledged that his administration had ordered lanes leading to the George Washington Bridge closed in September. "If there's more action that



needs to be taken, I'll take it," Christie said in Chicago. "But it won't curtail for the long term a second-term agenda." The hourlong question-and-answer session at a downtown hotel ballroom was supposed to be about Christie the national political figure and possible 2016 presidential contender. But the bridge closure lingered, and showed no signs of abating. As Christie spoke, about a dozen New Jersey residents returned to the scene of a notorious traffic jam, urging people to sign a petition demanding Christie's resignation.

**2016: PALIN TO SPEAK TO CPAC** - Former Alaska Gov. Sarah Palin will speak at the Conservative Political Action Conference next month, according to a report (*Politico*). "We are pleased to again welcome Governor Sarah Palin to CPAC in March," ACU Chairman Al Cardenas said in a statement to Breitbart News on Tuesday. "Governor Palin electrified the crowd in 2013, and we are thrilled to welcome her back this year." CPAC, a showcase for possible GOP presidential candidates in 2016, will take place March 6 through March 8 at the Gaylor National Resort and Convention Center just outside of DC. Other speakers include Rep. Paul Ryan, New Jersey Gov. Chris Christie, Louisiana Gov. Bobby Jindal, Sens. Rand Paul of Kentucky, Ted Cruz of Texas, and Marco Rubio of Florida, and former Pennsylvania Rep. Rick Santorum.

### *General Assembly*

**'THE BILL FRIEND EXPERIENCE' WINS 'HOOSIER IDOL':** Last night's 'Hoosier Idol' benefit concert at the Indiana Roof Ballroom had Rep. Bill Friend's band, 'The Bill Friend Experience,' winning the annual competition (*Howey Politics Indiana*). The competition raised funds for Mental Health America of Indiana was judged by Abdul Hakim-Shabazz, Jim Shella, and Angela Buchman. Friend's victory continues Miami County's prowess of providing musical talent that includes Cole Porter and Tim Noble.

**NEW YOUNG HOOSIER COALITION SUPPORTS HJR-3:** A group of about 100 young Hoosiers voiced their support Tuesday at the Statehouse for passing the constitutional amendment banning same-sex marriage (Berggoetz, *Indianapolis Star*). Young Hoosiers for Marriage, a coalition of young adults and college students from around the state, encouraged lawmakers to pass the amendment with the second sentence, which also bans civil unions. The House passed it without that sentence. The full Senate will consider whether to restore it, possibly as early as Thursday. "The

Senate should restore the second sentence because without it marriage remains vulnerable to redefinition and will more likely face prolonged litigation in court,” said Shane Weist, of Lafayette. He said group members found each other through Facebook posts on the issue. “The media claims we don’t exist. Freedom Indiana claims there are none of us left. But as young Hoosiers, we are here today,” he said. “We are committed to rebuilding culture to ensure that children are not intentionally deprived of a mother and a father.” Freedom Indiana is coalition of Hoosiers who oppose the amendment. Jennifer Wagner, coalition spokeswoman, said the group’s polling shows 83 percent of young Hoosiers believe same-sex relationships should be legally protected. But the new group stressed polls show young Hoosiers do not have a unified view of marriage, citing a survey by Wilson Perkins Allen Opinion Research showing 54 percent of Hoosier 18- to 34-year-olds support the amendment. Chris Knight, of Indianapolis, said it’s important for all Hoosiers to get the chance to vote on the issue. “The government should not decide for us.” Julie Kitchel, Purdue University junior, said marriage is not something that changes with each generation and government should not “incentivize” motherless or fatherless unions.

**SENATE WILL HEAR DEBATE OVER PRE-K PROGRAM:** A bid to expand state financial aid for preschool gets a hearing in the Senate on Wednesday, with better prospects than it found a year ago (McInerny, *Indiana Public Media*). Last year, the Senate sharply scaled back a House proposal for preschool vouchers for low-income students. But this year, Governor Pence made it one of his legislative priorities and says the lack of state aid for preschool is allowing Indiana to fall behind. “Indiana is only one of nine states that doesn’t make investment in high quality, pre-k education,” Pence said. “I think for the sake of our kids and for the sake of education in Indiana, and for the sake of our future, it is an idea whose time has come.” Legislators in both parties agree the real challenge will be to figure out how to fund the program. The preschool grants wouldn’t begin until 2015, allowing legislators to incorporate it into next year’s budget talks, but fiscal leaders have said they want to avoid over committing resources down the road.

**FIGHT BREWING OVER WHO GETS \$4M FROM LAKE TAX CREDIT FIX:** Nine Northwest Indiana Democratic state lawmakers decided Tuesday they will fight to return the \$4 million expected to be saved by closing a Lake County tax loophole to the county and the three casino cities that generate the revenue (Carden, *NWI Times*). Senate Bill 367, which is awaiting action by the House Ways and Means Committee, directs that money to the Northwest Indiana Regional Development Authority. The Senate last week rejected an attempt by state Sen. Earline Rogers, D-Gary, to send the \$4 million to Hammond, East Chicago, Gary and Lake County. However, during a meeting featuring Rogers and other members of the region’s legislative delegation,

state Rep. Charlie Brown, D-Gary, said they agreed the measure should be changed in the House to ensure the revenue goes back where it came from. "There was consensus among everyone there that it would make more sense, and it should be a local decision about how that money is distributed, since it comes from the local community," said Brown, the delegation's leader. State Rep. Ed Soliday, R-Valparaiso, did not attend the delegation meeting and said he doesn't agree that's the best use for the money. "Rather than just spend it wherever, we should assign it to a specific project and build a fence around it," Soliday said. "We can accomplish some bigger things with it, or it can just disappear." The Senate-approved legislation is an 80-page proposal that includes a 16-line fix to a Lake County income tax loophole that has allowed homeowners with more than \$18,000 in annual income to claim a \$300 credit intended to help low-income homeowners with their property taxes.

**BILLS SEEK TO BOLSTER DIGITAL PRIVACY:** Indiana lawmakers fed up with the National Security Agency scandal and other government snooping are pushing bills that would ban high-tech searches of cellphones, computer tablets and other digital devices without a warrant (Wilson, *Post-Tribune*). Two bills that would protect Hoosiers from illegal electronic eavesdropping remain alive at the Statehouse. Another bill that would have made warrantless digital searches a felony died in a Senate committee. A bill sponsored by Rep. Eric Koch of Bedford covers a wide range of digital devices, ranging from email to police drones. Sen. Brent Waltz of Greenwood has proposed prohibiting police from extracting data from motorists' cellphones without a warrant or probable cause.

**LAWMAKERS MUST TACKLE PROBATION, CORRECTIONS FUNDING:** Every day at her criminal court in Indianapolis, Judge Barbara Cook Crawford sees low-level offenders accused of drug possession and theft. She sentences the majority of them to either probation or community corrections programs (Jenkins, *Indiana Public Media*). "Because the whole point of all of this is that people don't end up back into the system again," Cook Crawford says. "If they commit a crime – fine. But let's get them through the system, get them into a program so that we do not see them again." State lawmakers say local options are not only more effective at reducing recidivism. They're also cheaper. Months of interim study committees at the Indiana legislature failed to result in a consensus as to whether the criminal code changes passed last year will actually increase or decrease the state's prison population. One thing everyone could agree on is that more programs, and therefore more funding, will be needed in the short term to prepare local institutions for an influx of offenders who normally would have gone to the state-run Department of Corrections. But in this short legislative session, appropriating additional dollars is highly unlikely. Sen. Luke Kenley, R-Noblesville instead recommends a belt-tightening in the Criminal Justice System. "Fiscal

people tend to look at these a little differently and we're going to say 'Ok, what new programs are you putting in here? How can they be delivered?'" he says, meaning the legislature needs to consider how can they be paid for. Speaking on the Senate floor at the beginning of this year's session, Kenley said he supports the findings of the study committees, but he challenged them to find ways to save the DOC money so it could be re-directed into new and enhanced local programming. "A lot of counties have both a probation department and a community corrections department," Kenley said. "Why should you have two of these entities in a county? So, can we consolidate this and help offset some of the costs in that way?" Sen. Michael Young, R-Indianapolis, responded to Kenley's challenge by crafting Senate Bill 171, which would have established a pilot program in Marion County consolidating probation and community corrections into one entity. But that suggestion ignited opponents...In response to the testimony and pushback from criminal justice officials, Sen. Young changed the language of Senate bill 171. Instead of forced consolidation, the bill now requires collaboration. "We're not telling you how you have to write it," Young says. "We're just saying there's certain criteria you have to meet, but you write it the way you think it works best based on best practices and the evidence that shows that these things work in cutting recidivism and controlling our prison population while they're back at home." In its current form, SB 171 gives counties three years to come up with a plan for their probation and community corrections departments to cooperate on cost saving measures before they can apply for additional funding from the state. The bill passed the Senate and is now being considered in the House.

### **LOCAL OFFICIALS SKEPTICAL OF COMBINING PROBATION, COMMUNITY**

**CORRECTIONS:** As Vice Chairman for the Marion County Community Corrections Advisory Board, Judge Barbara Cook Crawford takes issue with the notion that the two agencies perform similar tasks (Jenkins, *Indiana Public Media*). She says probation and community corrections are inherently different. If an offender is sentenced to probation the individual is monitored and has to do certain things. "His life remains the same except he has to follow certain rules," Crawford says. "He has to report to a probation officer periodically – take drug tests maybe. There are certain conditions placed on it, but his liberty is not restricted." If an offender is sentenced to a community corrections center, the process can be much more intense. The offender is usually subject to electronic monitoring or in some cases confined to a work release center. Crawford says there are more than 40,000 people who go through the criminal justice system in Marion County each year, and consolidation would be a massive undertaking. Bill Watson, the executive director of the Vigo County Community Corrections Center, works in a building that is part jail, part counseling center, administering a work release program as well as home detention and electronic monitoring services. Watson says his department is already doing everything it can to save money. More than half of his budget comes not from the state, but from user fees. "When they're sentenced to our

program, they have a set fee they have to pay to be on electronic monitoring or work release. They rent their equipment in electronic monitoring," Watson says.

### **SOME COUNTIES HAVE CONSOLIDATED PROBATION,**

**CORRECTIONS:**Consolidation isn't a new concept to Monroe County Chief Probation Officer Linda Brady (Jenkins, *Indiana Public Media*). "At first I didn't understand the use of the term pilot project, because its being done already, in other counties," she says. Brady presides over a system that has been consolidated for 30 years. Monroe County is one of nine counties that has already unified its probation and community correction departments. "We're able to share one receptionist. We're able to share one person that collects the money, one chief probation officer, Brady Says. "We just share resources with one another and share expertise and share training." While she supported the initial legislation, Brady says she understands a forced consolidation might not work for everyone. Brady is also the head of a statewide association of Probation Officers. From her office in Bloomington, she hears from probation officers throughout the state. "For example I just talked to the chief probation officer in a county where community correction and probation are completely separate and she told me they're happy that way," Brady says. "They think it works the best. They don't duplicate resources, and they work very well together."

### **SENATE BILL SB 114 SEEKS EXCUSED ABSENCES FOR STATE FAIR**

**WORK:**Students attending the Indiana State Fair to show animals or take part in other learning opportunities would be granted up to five excused absences under proposed legislation (Weddle, *Indianapolis Star*). Senate Bill 114 comes in response to increasingly earlier school start dates that now overlap with the fair, making it more difficult for some school children to participate in 4-H and other learning experiences at the fair. Many school districts have been adopting a summer vacation that's two weeks shorter than usual. School leaders see the so-called "balanced calendar" as a way to reduce the loss of learning over longer summer vacations. But others have complained it cuts into traditional summertime activities. The legislation by Sen. Jean Leising, R-Oldenburg, would require a public school board or nonpublic school chief officer to excuse up to five absences for a student who participates in fair activities through FFA, 4-H or similar organizations. On Tuesday, it passed the House Education Committee 11-0 after being amended to be identical to a similar bill sponsored by Rep. Robert Cherry, R-Greenfield. The change to Leising's bill extends the number of excused absences to five days from three. The bill now moves to the full House for consideration. The Indiana School Board Association said it supports the idea but questions the need for a statewide policy. The Department of Education has taken a "neutral" stance.

**GOVERNOR: PENCE'S SCHEDULE** - 11:00 a.m. – Governor Mike Pence to chair February Career Council Meeting. Indiana Government Center South, Conf. Room A, 402 W. Washington Street, Indianapolis. 7:00 p.m. – Governor Mike Pence to offer remarks at Indiana Chamber's Annual Legislative Dinner. Indiana Roof Ballroom, 140 W. Washington Street, Indianapolis.

**GOVERNOR: PENCE ANNOUNCES COLLEGE COMPLETION INITIATIVE -**

Governor Mike Pence announced Tuesday that Indiana is one of only three states selected to lead a national initiative aimed at ensuring more college students graduate on time and with less debt (*Howey Politics Indiana*). "Indiana faces a serious skills gap that demands bold reforms that support Hoosiers—particularly working students and returning adults—in their efforts to complete college and succeed in their chosen careers," said Pence. "Today we're charting a new path forward that equips more students to finish faster with the education and training they need to thrive in a 21st century economy." Called "Guided Pathways to Success," or GPS, the effort will combine highly structured degree programs, default course schedules and proactive advising practices that simplify choices for students and provide clearer paths to on-time graduation. Indiana's work will be supported by a three-year grant valued at \$1 million in financial and technical assistance from the Lumina Foundation for Education in partnership with Complete College America. "Keeping students on track and on time is a key factor in increasing college attainment nationwide," said Jamie Merisotis, Lumina Foundation's president and CEO. "That's why we're proud to support Complete College America as it launches the GPS program here in Indiana." Fewer than 5 percent of Indiana's two-year college students graduate on time, and less than a third of the state's four-year college students finish on time. By creating "guided pathways," state officials believe they can help students make better choices and significantly improve their chances of graduating on time, saving students thousands of dollars in the process.

**GOVERNOR: EDUCATORS REACT** - "It's clear that too many students drift through college without a clear plan or a purposeful path to graduation, and too often leave with no degree and debt as a result," said Indiana Higher Education Commissioner Teresa Lubbers, whose agency will coordinate the GPS effort in partnership with the Governor's office, the Center for Education and Career Innovation, and the state's colleges (*Howey Politics Indiana*). "We are committed to working with our colleges to help close Indiana's education attainment and skills gap through increased college

completion." By the fall of 2016, the state anticipates that the majority of students enrolled in the largest programs of study at Indiana's participating two- and four-year colleges will be in Guided Pathways to Success. The GPS project builds upon a related effort—also supported by a \$1 million grant from Complete College America—that is redesigning the delivery of remediation at Ivy Tech Community College through a new "co-requisite" model that will be scaled statewide. "In our efforts to ensure more students graduate from college, Indiana has become a bold national leader," said Stan Jones, president of Complete College America. "This grant strengthens those efforts and ensures Indiana students have their own GPS, a clear and timely pathway to graduation."

**GOVERNOR: PENCE RECEIVES NOMINEES FOR IN UTILITY REGULATORY COMMISSION**

- The Indiana Utility Regulatory Commission Nominating Committee announced today the names of the six nominees they are submitting to Gov. Mike Pence for appointment to the Indiana Utility Regulatory Commission (*Howey Politics Indiana*). The nominees are Carol Drake (Whitestown), Robert Hartley (Indianapolis), Michael Musa (Indianapolis), Jim Ray (Fishers), Carol Stephan (Indianapolis), and Angela Weber (Indianapolis). The Nominating Committee has put forth these candidates to fill current vacancies on the Indiana Utility Regulatory Commission created by the resignations of Commissioners Kari Bennett and Larry Landis. Governor Mike Pence will appoint two of the nominees to fill the remainder of Bennett and Landis' terms. Commissioner Bennett's term expires March 31, 2014. Commissioner Landis' term expires December 31, 2015.

**LT. GOVERNOR: ELLSPERMANN'S SCHEDULE** – 10:00 a.m. Lt. Gov. Sue Ellspermann will join Indiana Office of Tourism Development executive director Mark Newman to announce the launch of a new consumer brand and subsequent advertising platform. Indiana Historical Society, 450 West Ohio Street, Indianapolis.

**STATEHOUSE: ZOELLER PROPOSES FEDS CREATE STATE GRANTS TO CONTAIN ASIAN CARP**

- Indiana Attorney General Greg Zoeller proposed a portion of federal funds used for Asian carp control efforts in the Great Lakes be offered to states as grants to contain or eradicate the invasive fish in their rivers and streams (Farnshaw, *NWI Times*). Zoeller spoke Tuesday at a meeting in Portage during which the U.S. Army Corps of Engineers discussed its report identifying eight options for preventing the spread of Asian carp and other invasive fish into the Great Lakes from Chicago's waterways and shipping canal. His concern is the Great Lakes and Mississippi River Interbasin Study does not recommend any option and did not address the



Wabash River or other Indiana rivers and streams where the carp already have invaded. He said the options are too limited and states should receive federal grant support to pursue their own efforts in their own waterways. He said some of the study's options would cost billions of dollars and take many years to complete. "My proposal is a simple one — use some of the federal funds already enacted or eventually approved to establish grants for the Great Lakes states," Zoeller said. "The states then could undertake programs to determine how to push the highly mobile Asian carp back downstream to be potentially contained or removed and away from entrances to the Great Lakes." Many of the concerns of those at the meeting involved the cost and time of the options. Five of the eight options come with an estimated completion time of 25 years and some of the billions of dollars in cost for several of the options would go to fixing Chicago infrastructure.

**EDUCATION: ACCOUNTABILITY RULES MAY FORCE OUT PRINCIPALS** - The Indiana Department of Education has hosted school accountability meetings across the state with leaders of schools that earned a D or an F, and how to meet state and federal guidelines (McCollum, *NWI Times*). In 2013, 40 public schools in Lake and Porter counties had poor grades, some with several consecutive years of failure. Every public charter school in Lake County received a D or an F in 2013 except East Chicago Urban Enterprise Academy, which earned a C; Discovery Charter School in Porter earned an A. Most private schools in Lake and Porter counties earned a passing grade except Ambassador Christian Academy, in Gary, and St. Stanislaus School, in East Chicago, which both earned an F in 2013. In Porter County, no private school earned less than a C. IDOE Assistant Superintendent Teresa Brown, who leads the division of Outreach and School Improvement, has placed schools in two categories — focus and priority. A focus school has received a D for one year. A priority school has received an F for one year or a combination of two D grades, or D and F for two consecutive years. The state is directing schools to use the turnaround process of school improvement, which means removing any principal in charge of the school for the past three consecutive years. The School City of Hammond already has notified five principals they will be removed. They are Hammond High School's principal and principals at Hess, Harding, Edison and Irving Elementary schools. The Gary Community School Corp. has notified four elementary and secondary principals they may be removed from their jobs. Superintendent Cheryl Pruitt declined to identify the schools.

**ECONOMY: AUTO DEALERS BLAME WINTER FOR FLAT JANUARY SALES** - Auto sales were flat for the month of January in Indiana, according to the Automobile Dealers Association of Indiana (*Network Indiana*). Automobile Dealers Association of Indiana Vice President Marty Murphy blames the frigid, snowy winter. "We have some extra good deals going on right now, particularly in the domestic trucks—a lot of good

rebates and packages coming in, so they're selling a lot of those," Murphy says. "You would just expect because of that for the number to be higher than it is. They're right at dead even right now." Murphy says even though this winter presents a great argument for sport utility vehicles, those sales have also remained flat. He expects pent up demand to give a boost to overall sales come spring the latest.

#### **TRANSPORTATION: INDOT SPENDS ALMOST \$3M ON POTHOLE REPAIRS -**

Potholes have turned some roads into obstacle courses for Indiana drivers (*Network Indiana*). The Indiana Department of Transportation says this winter has been relentless when it comes to addressing potholes. INDOT spokesman Nathan Riggs says the state has already spent \$2.9 million filling them this winter. He says the state has also used close to 7,000 tons of cold mixed asphalt and logged more than 8,100 employee hours. INDOT is responsible for potholes on state and U.S. roadways. But Riggs says about 40 percent of the pothole tweet reports they've gotten have been for roads managed by localities – not INDOT.

**ENERGY: LOW TEMPS, HIGH DEMAND SUSTAIN PROPANE SHORTAGE -** The Midwest propane shortage continues as frigid temperatures send demand for propane soaring and people struggle to heat their homes (Dierckman, *Indiana Public Media*). Officials from the Propane research and education council are considering ideas for more strategically placed propane stockpiles that could service the Midwest in the future. Even after employing all methods of delivery, Propane business owner, Dennis Clark says the propane supply to the Midwest still isn't enough. "The price has gone down as much as a dollar, or a dollar and a quarter, so I think things are looking up just a little bit," Clark says. Clark has raised his propane cap from 200 to 250 gallons a delivery and the price has decreased since January from around \$4.79 to \$3.59 per gallon. "We're still hauling, we're still keeping everybody warm. It's just kind of difficult," Clark says. More propane is consumed in the Midwest than any other region because of the rural landscape and agricultural businesses. But the closest propane stockpile is located in Conway, Kansas – nearly 700 miles away. Propane Research and Education Council CEO, Roy Willis, says after years of mild winters, this winter has exposed weaknesses. "I'm hoping that this winter gives us an opportunity to look at the weaknesses in storage, transportation, and production of propane in the Midwest," Willis says. Plans are still developing, but Willis says he would like to see laws created that help fund and expand storage infrastructure in the Midwest and for the federal government to consider a strategic reserve of propane, similar to petroleum reserves.

**ENERGY: INDUSTRY GROUP SAYS 960 SOLAR JOBS CREATED IN 2013 - A**

group that works to promote solar energy says Indiana's fledgling solar power industry added nearly 1,000 jobs last year, mostly in the manufacturing and installation sectors (Associated Press). Tuesday's annual report by The Solar Foundation summarizes jobs in that industry for each of the 50 states and found that Indiana saw 960 new solar jobs last year. That was a 178 percent increase from 2012 and pushed the state up two notches nationally to rank it 25th in solar industry jobs. The report by the Washington, D.C.-based advocacy group also says Indiana had 50 solar industry companies and more than 400 homes powered by the sun last year. The report says the U.S. solar industry employed more than 142,000 Americans last year, with a third of those jobs in California.

**ENVIRONMENT: REACTION TO FEDERAL INVASIVE SPECIES, ASIAN CARP**

**STUDY** - Nearly 50 people gathered Tuesday at the first public hearing in Indiana on a U.S. Army Corps of Engineers study that offers eight alternatives to stopping aquatic invaders, including the Asian carp, from wreaking havoc on the Great Lakes and the Mississippi River system (Robbins, *Post-Tribune*). Public comments were taken following the presentation at the Northwestern Indiana Regional Planning Commission headquarters in Portage. The Great Lakes and Mississippi River Interbasin Study looks at the cost of controlling the risk of aquatic nuisance species between Lake Michigan and the Mississippi River system through five transfer points in the Chicago area, two of which are in Indiana. The eight options range from continuing the present course of action, which involves electric fish barriers installed in the rivers, to completely separating the Mississippi River watershed from the Great Lakes watershed, at a potential cost of over \$18 billion and 25 years of work. The study identifies 254 aquatic nuisance species in the study area. Only 13 are considered a significant threat and the study targets these for control. While the focus in the past has been on Asian carp overtaking Lake Michigan, the study makes clear that the threat works in both directions — from the Mississippi River to Lake Michigan and from Lake Michigan to the Mississippi River...The study acknowledges that due to the proposed time frame, some invasive species may jump from one watershed to the other and become established before adequate controls are installed.

**MEDIA: FORT WAYNE STATIONS WPTA, WISE BEING SOLD -**

New York-based Granite Broadcasting Corp. is selling its Fort Wayne television operations. Illinois-based Quincy Newspapers Inc. has announced the acquisition of WPTA and SagamoreHill Broadcasting LLC will own WISE (*Inside INdiana Business*). Quincy, which will operate the stations, expects the deals to be complete later this year. WPTA and WISE have been operating with combined news operations for around a decade. The two stations

are newsgathering partners of Inside INdiana Business. Quincy also owns another IIB partner, Fox 28 in South Bend.

**MEDIA: EMMIS TO BUY 2 NYC RADIO STATIONS FOR \$131M** - Emmis Communications announced Tuesday night that it has agreed to purchase two New York City radio stations for \$131 million in cash (*Indianapolis Star*). Emmis entered into an agreement with YMF Media to purchase urban adult contemporary WBLS-FM (107.5), the No. 2 radio station in New York, and its sister station, WLIB-AM (1190), which offers an urban gospel format. Emmis already owns WQHT-HOT 97 in New York. The acquisition not only will expand the Indianapolis-based radio broadcasting company's footprint in New York, but it will nearly double its annual station operating income, the company said in a news release. "Today's announcement is indicative of our belief in the U.S. radio industry and our desire to increase our footprint in the nation's largest market," said Jeff Smulyan, president & CEO of Emmis, in a prepared statement. "Emmis has deep ties to the New York African-American community, and it is with great pride we take the helm of these iconic stations." Deon Levingston, CEO of YMF Media and general manager of WBLS and WLIB, will become general manager of Emmis' New York cluster, after the acquisition is approved. Levingston previously worked for Emmis in various management roles.

*National*

**WHITE HOUSE: OBAMA HOSTS FRENCH PRESIDENT** — President Barack Obama welcomed French President Francois Hollande to the White House Tuesday morning for a lavish state visit, an honor typically bestowed on America's closest allies (*Associated Press*). However, the visit has been overshadowed somewhat by Hollande's recent romantic woes. The 59-year-old split last month from his longtime girlfriend and French first lady, Valerie Trierweiler, after it was revealed that he was having an affair with an actress. The White House has carefully avoided any mention of Hollande's personal problems and welcomed him to the U.S. with all of the grandeur that normally accompanies a state visit. The president and first lady Michelle Obama, along with a military honor guard, greeted Hollande during an arrival ceremony Tuesday morning on the South Lawn. With no date to accompany him, the French leader was seated between Obama and the first lady at an opulent state dinner in his honor. Prominent businessmen and politicians joined A-list celebrities like Stephen Colbert, Bradley Cooper and Jason Collins in a giant party tent on the South Lawn, where guests dined on American caviar and wine as they prepared to enjoy a performance by singer Mary J. Blige.

## **WHITE HOUSE: OBAMA SAYS U.S. DEAL HARSHLY WITH VIOLATORS OF IRAN SANCTIONS**

President Barack Obama issued a sharp warning on Tuesday to companies eyeing business deals with Iran, saying the United States would come down like a "ton of bricks" on those that violated sanctions against Tehran (Reuters). Obama, speaking at a joint news conference with French President Francois Hollande, said France and other allies were committed to enforcing existing sanctions even as they worked together on a possible a diplomatic deal over Iran's nuclear program. Iran and six world powers struck an interim deal in November under which Tehran agreed to limit parts of its nuclear work in return for the easing of some sanctions. The White House and Western governments are eager to show that, despite diplomatic talks for a longer-term agreement, pressure on Iran remains high. Last week the Obama administration targeted a host of businesses across Europe and the Middle East for evading sanctions against Iran, the second time Washington has done so since the November agreement. Obama cited those actions in his warning to companies around the world. "Businesses may be exploring, 'are there some possibilities to get in sooner rather than later if and when there is an actual agreement to be had?'" Obama said. "They do so at their own peril right now, because we will come down on them like a ton of bricks with respect to the sanctions that we control." Hollande appeared somewhat on the defensive about the issue. Last week Iran welcomed a delegation of more than 100 French executives, telling them the far-sighted among the group would gain in the race for businesses following an easing of economic sanctions. The French president stressed that he warned the businesses that sanctions were still in place.

## **CONGRESS: BREAKING DOWN GOP SUPPORT FOR RAISING DEBT CEILING -**

The House voted 221-201 to pass a clean debt ceiling hike for more than a year — and there are a few interesting trends hidden in the breakdown (Roll Call). Twenty-eight Republicans voted for the bill, which means this debt ceiling vote was the most extreme example of violating the principle that the speaker does not bring a bill to the floor without a "majority of the majority" — the so-called Hastert Rule, named after former Speaker J. Dennis Hastert, R-Ill., who broke that principle 12 times himself. Before Tuesday, the greatest number of majority defections on a bill that passed the House was 41. (Coincidentally, Democrats and Republicans both achieved that same watermark. Democrats in 2007 with the "Protect America Act" and Republicans in 2002 with the "Bipartisan Campaign Reform Act.") But Tuesday's debt limit vote now stands alone with the fewest number of votes from a majority on a bill that passed the House since at least 1991, when digital records of roll call votes became available. Of the 28 Republicans voting for the debt ceiling, there were only four members of GOP leadership: Speaker John A. Boehner of Ohio, Majority Leader Eric Cantor of Virginia, Majority Whip Kevin McCarthy of California, and Chief Deputy Whip Peter Roskam of Illinois The No. 4 Republican in the House, Conference Chairwoman Cathy McMorris

Rodgers of Washington, voted against the legislation, as did other members of GOP leadership including National Republican Congressional Committee Chairman Greg Walden of Oregon, House GOP Conference Vice Chairwoman Lynn Jenkins of Kansas, Republican Conference Secretary Virginia Foxx of North Carolina, and GOP Policy Committee Chairman James Lankford of Oklahoma.

**CONGRESS: BROOKS VOTES AGAINST LIFTING DEBT CEILING** – U.S. Rep. Susan W. Brooks released the following statement after voting against a measure to raise the federal debt ceiling without decreasing federal spending (*Howey Politics Indiana*): “Historically, the President and Congress have worked together to increase the debt ceiling alongside reforms that save taxpayer dollars and create opportunities for more Americans to succeed. Unfortunately, President Obama has shown no interest in a team process that previous Presidents and previous Congresses have followed. His refusal to come to the negotiating table has wasted an opportunity for us to come together and make real progress. Our \$17.3 trillion national debt is a national crisis now and for future generations. Hoosiers expect to see politicians from both sides of the aisle work together to change the trajectory of our debt. Sadly, this bill does not reflect a commitment to accomplishing this critical goal. In a divided government, no one gets everything they want and I’m willing to work with elected leaders from both parties on solutions to our nation’s biggest challenges. But it is time for the President and Senate Democrats to recognize that Americans want to see bipartisan spending reforms that reduce our debt.”

**CONGRESS: MESSER VOTES AGAINST, COMMENTS ON LIFTING DEBT CEILING** – U.S. Rep. Luke Messer released the following statement after voting against a measure to increase the debt ceiling (*Howey Politics Indiana*): “Today’s debt ceiling increase was a missed opportunity for the American people. The cynical cycle of taxing, spending and borrowing continues. This cycle is hurting our economy and drowning future generations in debt. Dozens of times over the last several decades, debt ceiling increases have been coupled with spending reforms. Rather than continue this trend, the President insisted on a blank check. He may have won today, but the American people will be worse off in the long run.”

**CONGRESS: ROKITA VOTES AGAINST, COMMENTS ON LIFTING DEBT CEILING** – U.S. Rep. Todd Rokita issued the following statement after casting his vote against raising the nation’s spending limit, or debt ceiling (*Howey Politics Indiana*): “Responsible solutions to help all Americans and their children live better lives continue to be cast aside in favor of short term political gain. Hitting the debt ceiling is a

symptom of our overspending. As much as some want to stick their heads in the sand and ignore the problem, it does not change the math. We simply spend too much. The only way to avoid hitting the debt ceiling and running into economic turmoil—now or in the future—is to cut spending and reform entitlement programs,” said Rokita.

#### **CONGRESS: STUTZMAN VOTES AGAINST, COMMENTS ON LIFTING DEBT**

**CEILING** – U.S. Rep. Marlin Stutzman, a member of the Financial Services Committee, issued the following statement ahead of today’s vote to suspend the nation’s debt limit (*Howey Politics Indiana*). “The American people can’t afford to write President Obama a blank check. Default isn’t an option and that’s exactly why the debt limit warns Washington when too much spending threatens our economy and our children. Today, our nation’s \$17 trillion of debt is the greatest threat to growing a healthy economy but, instead of solving problems, a majority of Washington politicians are ignoring our dependency on debt.”

#### **CONGRESS: COATS OFFERS AMENDMENT TO REFORM, PAY FOR**

**UNEMPLOYMENT INSURANCE** – Tuesday, Senators Rob Portman (R-Ohio) and Dan Coats offered an amendment to the Military Pension COLA bill – currently under consideration in the Senate – that would pay for an extension of the emergency unemployment insurance benefits for three months and include measures to reform the program (*Howey Politics Indiana*). “With a record number of long-term unemployed in America, it’s time to reform a system that clearly is not working to get the unemployed back in a job. We need an extension of unemployment insurance for the millions who are suffering from Washington’s failed policies,” said Portman. “But we should pay for that extension so as not to add to our record debt, and we should include reforms that connect the unemployed with the jobs that are available. Our amendment is a reasonable solution based on bipartisan proposals to pay for an extension of emergency unemployment insurance benefits and reform the program so it works for the American people.” “This amendment is based on bipartisan proposals and will help ensure that only those Americans who truly cannot find work will have the help they need to get back on their feet,” said Coats. “This is a reasonable solution that pays for an extension of emergency unemployment insurance benefits and reforms the program.”

**CONGRESS: DETAILS OF THE PORTMAN-COATS AMENDMENT** - The Portman-Coats amendment would (*Howey Politics Indiana*): Fully offset the three-month extension of emergency unemployment insurance benefits by using proposals originally supported by Senate Democrats. The offsets include: Prohibiting overlapping payments for unemployment insurance benefits and Social Security disability benefits; Providing



pension funding relief to accommodate for unrealistically low interest rates; Extending savings proposed by the Majority for an additional year at the end of the current 10-year budget window. This amendment also exempts Medicare providers from further cuts and includes specific language to ensure that sequestration of defense resources is not increased. Reform the program by strengthening existing requirements to ensure unemployment benefits are going to individuals actively trying to return to the labor force. This amendment would prohibit individuals from receiving Emergency Unemployment Compensation benefits if they fail to accept any offer of suitable work or if they refuse to apply for suitable work referred to them by a state employment agency. States would have flexibility to enforce this requirement consistent with their state laws.

**CONGRESS: COATS' STAFF PLANS THREE NORTHWEST AREA VISITS** - Staffers for Sen. Dan Coats, R-Ind., will be in Kendallville on Thursday and Warsaw and Columbia City on Friday to meet Hoosiers and help those facing problems with federal agencies (*Fort Wayne Journal Gazette*). Hours will be 9:30 a.m. to noon at Kendallville Public Library, 221 S. Park Ave.; 9:30 a.m. to noon Friday at Warsaw Community Public Library, 310 E. Main St.; and 2:30 to 5 p.m. Friday, Peabody Public Library, 1160 E. Indiana 205, Columbia City.

**CONGRESS: DONNELLY TALKS SKILLS GAP WITH IN SKILLS2COMPETE COALITION** - Monday, Senator Joe Donnelly met with three representatives from the Indiana Skills2Compete Coalition, a bipartisan group of state legislators, education policymakers, and business, labor, and community leaders (*Howey Politics Indiana*). Donnelly and representatives from the coalition discussed their efforts to close Indiana's skills gap and to provide research and data to promote policies that will help match the skills of Hoosier workers with the needs of employers.

**CONGRESS: BUCSHON'S PILOT SLEEP APNEA BILL PASSES HOUSE** - On Tuesday, the House approved H.R. 3578, a bipartisan bill sponsored by U.S. Rep. Larry Bucshon and his colleagues Reps. Frank LoBiondo (R-NJ), Rick Larsen (D-WA), Daniel Lipinski (D-IL), and Sam Graves (R-MO). H.R. 3578 ensures that any new or revised requirement providing for the screening, testing, or treatment of an airman or an air traffic controller for a sleep disorder follows proper rulemaking proceedings. "Less than 6 months ago, the House passed my bill which requires the Department of Transportation to address the issue of sleep apnea for truck drivers through a rule and not guidance - potentially saving the industry \$1 billion. Unfortunately, our nation's pilots and air traffic controllers are facing a similar, arbitrary guidance issued by the

FAA. As a doctor, I know firsthand that sleeping disorders are incredibly serious and can be very dangerous. However, I also know that you can't diagnose any patient by a set of arbitrary guidelines and stereotypes. Like any major disease, it can only be diagnosed through the proper testing and conversation with a doctor. Issuing guidance, based on non-medical factors, on this issue for pilots and air traffic controllers will cause doctors to order unnecessary tests, driving up the cost of healthcare and potentially affecting our nations' airline travelers. I'm happy to join with my colleagues from across the aisle to address this concern for the airline industry."

**CONGRESS: BUCSHON INVITES STUDENTS TO ENTER CONGRESSIONAL STEM CHALLENGE**

- On Tuesday, U.S. Rep. Larry Bucshon announced he is inviting high school students in Indiana's Eighth District to participate in, "The House STEM APP Challenge," his first annual Congressional Science, Technology, Engineering, and Math (STEM) Academic Competition (*Howey Politics Indiana*). The competition is designed to engage student's creativity and encourage their participation in STEM education fields through the process of creating and exhibiting a software application, or "app," for mobile, tablet, or computer devices on a platform of their choice. "As someone who was active in science as a student, I'm excited to invite Eighth District students to participate in our inaugural STEM Challenge," said Bucshon.

**CONGRESS: WALORSKI TOURS WALTER REED MEDICAL CENTER**

- U.S. Rep. Jackie Walorski, a member of the House Armed Services and Veterans' Affairs Committees, visited the Walter Reed National Military Medical Center in Bethesda, Maryland on Monday to tour the facility with medical staff and learn more about treatment options available for injured servicemembers and their families (*Howey Politics Indiana*). "I was deeply humbled to visit the Walter Reed Medical Center where our servicemembers receive cutting-edge treatment after their brave service to our nation. It was incredibly moving to witness the individual progress gained through innovative therapy and rehabilitation efforts that assist on the road to recovery," said Walorski.

**CONGRESS: RUBIO WON'T TALK ABOUT HIS POT USE** - Sen. Marco Rubio is declining to say whether he ever smoked marijuana (*CBS News*). The Florida Republican and potential presidential candidate dodged a direct question at an education forum Monday, saying his own drug experience is irrelevant. In his words: "If I tell you that I haven't, you won't believe me. And if I tell you that I did, then kids will look up to me and say, 'Well, I can smoke marijuana because look how he made it.'"

Rubio opposes legalizing the recreational use of marijuana. He said like most teenagers he made dumb decisions when he was younger, and he said he didn't need the help of marijuana or alcohol to further that. Florida voters will decide a ballot initiative in November on legalizing medical marijuana.

#### **ECONOMY: YELLEN TELLS INVESTORS TO EXPECT CONTINUITY FROM FED -**

Federal Reserve Chair Janet Yellen sought Tuesday to reassure investors that she will support the approach to interest-rate policy that her predecessor, Ben Bernanke, pursued before he stepped down as chairman last month (*Associated Press*). Yellen told Congress that if the economy keeps improving, the Fed will take "further measured steps" to reduce the support it's providing through monthly bond purchases. In her first public comments since taking over the top Fed job last week, Yellen said she expects a "great deal of continuity" with Bernanke. She signaled that she supports his view that the economy is strengthening enough to withstand a pullback in stimulus but that rates should stay low to further improve a still-lackluster economy. Yellen's remarks, delivered to a House committee, suggested that the Fed will keep its key short-term rate near zero for a prolonged period. "The recovery in the labor market is far from complete," Yellen said, an indication that the Fed is in no hurry to boost short-term rates. That message should be reassuring to investors. Stocks rose sharply higher Tuesday after the remarks. Yellen said the Fed is monitoring volatility in global markets but doesn't think it poses a serious risk to the United States at the current time. "Since the financial crisis and the depths of the recession, substantial progress has been made in restoring the economy to health and strengthening the financial system," Yellen said in her testimony for the House Financial Services Committee. "Still, there is more to do."

**AGRICULTURE: E.U. MOVES TO APPROVE U.S. GMO CORN -** Despite efforts by two-thirds of its 28 member states to block the move, the European Union took a large step toward approving a new genetically modified corn Tuesday (*NPR News*). It opponents say the corn, a DuPont Pioneer product called TC1507, has harmful qualities. They also predict the decision will prove to be controversial in Europe. The corn's initial approval was aided by procedural rules requiring that decisions by the European Commission, the union's executive body, are weighed according to countries' population size. reports: "A meeting of European Affairs ministers from the 28-member bloc could not establish a definitive position either way, Greek chairman Evangelos Venizelos said, citing EU procedural rules. Accordingly, TC1507 was allowed through and handed over to the European Commission for the next step in authorization." The corn is intended to resist herbicides and to produce an insecticide that can kill pests — qualities that have made it a source of argument in Germany, which abstained from today's vote. Three other countries also abstained, making it difficult to form a consensus.

### **AFGHANISTAN: U.S. CONDEMNS AFGHAN DECISION TO RELEASE DETAINEES**

- U.S. forces in Afghanistan on Tuesday condemned a decision by the Afghan government to proceed with plans to release additional detainees that the United States believes pose a militant threat (*Reuters*). The detainees have become one more issue fueling tension in U.S.-Afghan ties, as foreign troops, who have been in Afghanistan since 2001, steadily withdraw. The U.S. director of national intelligence said on Tuesday he did not expect President Hamid Karzai to sign a bilateral security agreement with Washington. "United States Forces-Afghanistan has learned that 65 dangerous individuals from a group of 88 detainees under dispute have been ordered released from the Afghan National Detention Facility at Parwan," the U.S. military force said in a statement. "The release of these detainees is a major step backward for the rule of law in Afghanistan," it said. "Some previously-released individuals have already returned to the fight, and this subsequent release will allow dangerous insurgents back into Afghan cities and villages." An Afghan government official said the prisoners could be released in a few days. The Pentagon believes it will happen on Thursday, U.S. Defense Department spokesman Colonel Steve Warren told reporters in Washington.

**TENNESSEE: VW PLANT MIGHT UNIONIZE CAUSING POLITICAL STIR** - The crusade by anti-union forces in Tennessee, including the state's governor and senior senator, is as much a fight with Volkswagen management as with the UAW (*USA TODAY*). Not only are Republican legislators accusing Volkswagen of backing the UAW, some of their leaders on Monday threatened to withhold tax incentives for future expansion of the 3-year-old assembly plant in Chattanooga if workers vote this week to join the UAW. About 1,500 workers will vote from Wednesday through Friday in an election that the National Labor Relations Board will conduct. The company plans to expand in Chattanooga or at a Mexican plant to produce a midsize SUV. Overall, Volkswagen intends to invest about \$7 billion in North America over the next five years to achieve a goal of selling more than 1 million Volkswagen and Audi vehicles in the U.S. by 2018. "It has been widely reported that Volkswagen has promoted a campaign that has been unfair, unbalanced and, quite frankly, un-American in the traditions of American labor campaigns," State Sen. Bo Watson, R-Chattanooga, said in a statement sent to the Free Press.

*Local*

**CITIES: KOKOMO RESIDENTS, MAYOR AGGRAVATED OVER CONDITION OF U.S. 31**

- Residents of Kokomo are complaining about the condition of the former U.S. 31 route through Kokomo that remains the state's responsibility despite the opening of the new bypass around the city last fall (*South Bend Tribune*). Mayor Greg Goodnight told the Kokomo Tribune that the city hasn't been able to reach a deal with the state highway department about taking over what is now Indiana 931 despite more than a year of talks. Goodnight said the two sides are millions of dollars apart on what the state would pay toward future road maintenance and that negotiations have been put on hold. Highway department spokesman Harry McGinity said it is properly clearing and maintaining Indiana 931 through the winter and plans to do so for the foreseeable future.

**CITIES: FORT WAYNE COUNCIL APPROVES, FUNDS HIGH-SPEED RAIL STUDY**

- Once again, the City Council has voted to support a study needed to bring high-speed passenger rail to the city, but this time council members backed it up with cash (Stockman, *Fort Wayne Journal Gazette*). The council voted unanimously Tuesday to give \$200,000 toward an environmental study of a high-speed rail line between Columbus, Ohio, and Chicago, with stops at several cities, including Fort Wayne. "I believe this is critically important. If we do not move forward diligently, this project could be in jeopardy," said Geoff Paddock, D-5th, who pushed the measure and has long championed the cause. If built, the rail line would move trains at 110 mph, allowing passengers to get from Fort Wayne to downtown Chicago in two hours or less. Paddock said \$200,000 represents about 10 percent of the expected cost of the 18-month, three-state study, which is required before federal officials will consider paying for 80 percent of the \$1.2 billion rail project. Northeast Indiana Passenger Rail Association officials have said the Indiana Department of Transportation could pay for half of Indiana's share in the study, but officials at INDOT and other cities are looking to Fort Wayne to commit funding first. The Allen County commissioners considered a request for \$50,000 last week and generally backed the idea, but they said they needed to draw up a formal proposal designating where the money would come from. Where Fort Wayne's money would come from has been an issue: Paddock, who is a Northeast Indiana Passenger Rail Association board member, introduced the idea in the fall, but council members didn't want to use Legacy Fund money, which comes from the lease and sale of the city's old electric utility.

**CITIES: FORT WAYNE COUNCIL TACKLES TRANSPORTATION FUNDING -**

Funding for roads, a rail study and establishment of a new connector flight with an East Coast city were on the plate Tuesday evening for Fort Wayne City Council (Neumeyer, *WPTA-TV*). Should Fort Wayne go full speed ahead in trying to determine if restoring passenger rail service through the city is a good idea? Council planned a vote

on whether to spend \$250,000 in CEDIT tax revenues for a feasibility study. Other communities on the proposed route from Columbus Ohio to Chicago are waiting and watching. "We have cities up and down the line, from Gary, Plymouth, Valparaiso, Warsaw, and even into Ohio, Lima and so on, that are looking to see what Fort Wayne does. It's very important we move forward on this," said 5th District Democratic Councilman Geoff Paddock, who has crusaded for a return of rail service in Fort Wayne. Republican Tom Smith would like to see the rail study happen, but he has a different priority. Officials with Fort Wayne International Airport are asking for \$600,000 in city Legacy monies to help an airline underwrite a new connector flight between the city and an East Coast hub, reportedly Philadelphia. Smith figures funds could be limited. "If push comes to shove and we don't have enough money to go around, I've got to choose air over rail, because air is a long standing need," said Smith, who represents constituents in the 1st Council District.

### **CITIES: TERRE HAUTE'S MAYOR BENNETT TALKS BIZ TAX, HJR-3, OTHER ISSUES**

- WFIU reporter Jimmy Jenkins sat down with Terre Haute Mayor Duke Bennett to ask him about several issues the city is facing (Jenkins, *Indiana Public Media*). We started with his thoughts on Indiana legislation that would eliminate the business personal property tax. Here are some highlights from their conversation: Bennett: I think the best thing is to step away from it, even if it's a temporary pause. We're all on the same page, we want Indiana communities to grow because of the environment we create. But we need replacement revenue. After the property tax caps, we lost \$9 million a year and if we lose another \$4.5 million a year through this business personal properties, we're getting close to 50% of our income gone forever. We can't afford to lose any more money to run local government. Jenkins: In the past you've remained neutral on the Indiana marriage amendment, HJR-3. Has your opinion changed? Bennett: I don't put my name on any lists, I've told everybody that. I know there are some mayors against guns and mayors for this and mayors for that. I don't put myself out there like that because I don't want to do anything related in my position just for political gain for me. I just don't think it's the right thing we need to be debating right now. Jenkins: We see they are tearing down some old buildings on Wabash Avenue to make way for a new development operated by Indiana State University. Bennett: We're having a lot of interest with housing downtown so this is what I believe to be the first of several projects. Jenkins: What about the need for parking in downtown? Bennett: We brought a firm on board to look at the whole downtown area, not only for parking, but from pedestrian and bicycles. We want to be sure as we build out the downtown, that we're conscious of these things.

### **CITIES: IMPD EFFORT WILL PUT HEROINE ANTIDOTE INTO HANDS OF OFFICERS**

- A resurgence in heroin use is troubling local law enforcement officials, but

efforts to combat the problem are underway, starting with the front-line police officers themselves (Disis, *Indianapolis Star*). Beginning next month, the Indianapolis Metropolitan Police Department is piloting a new program that puts a life-saving heroin and opioid prescription drug antidote in the hands of officers. The drug, naloxone, comes in the form of a nasal spray capable of reversing an opioid overdose. The program was formulated in response to an alarming statistic: Last year, the city recorded 95 heroin overdose deaths, a number that has more than doubled since 2011, Indianapolis Public Safety Director Troy Riggs said. "That's a lot of people needlessly losing their lives," Riggs said. "The main reason we're doing this is we value human life. If we can save a life, that's a win for us. We cannot be apathetic."

**CITIES: KOKOMO MOVES FORWARD WITH NEW TIF DISTRICT** - The city is moving forward with plans for another possible Tax Increment Finance District in hopes of revitalizing a major piece of its downtown through redevelopment (Smith and Slagter, *Kokomo Tribune*). The Kokomo Plan Commission unanimously agreed that the city's plans for a redevelopment area conform to its comprehensive plan, with the area in question located downtown near North Main Street, extending south from Jefferson Street to Apperson Way. The order will now go before the Kokomo Common Council for approval before going back to the Kokomo Redevelopment Commission for final approval. With the number of businesses that have come and gone in that area, the possibility for redevelopment is exciting, said Tom Tolen of the city's development department. "That's been an area that's kind of gone downhill a little bit," he said. "This is an opportunity to reinvest and capitalize on." The main target of the city's proposed new Tax Increment Financing district is the Patriot Porcelain plant on North Main Street, where private investment and more than \$6 million in loan guarantees from the federal government are combining to revive a plant shuttered for the better part of a decade.

**CITIES: CARMEL HIRING TRAPPERS TO CATCH COYOTES** - Carmel will hire trappers and use public education in response to complaints about coyotes (Penner, *Indianapolis Star*). "We continue to hear reports of dogs and cats being threatened or missing and we know that like other suburban areas this winter, we have a problem with coyotes," Mayor Jim Brainard said in a news release. "We plan to respond to those concerns through both education and by securing professional trappers who can help us trap and humanely relocate the animals if possible." Residents are urged to avoid confrontation with coyotes. They should call Carmel's non-emergency dispatch number — (317) 571-2580 — to file a report. Dispatchers will then alert the city's animal control officer, according to the news release.

**CITIES: MISHAWAKA UNLIKELY TO CLOSE SCHOOL** - It was welcome news to dozens of Hums Elementary School parents and hundreds of southeast-side community members who've signed petitions opposing the school's potential closure: At Tuesday evening's school board meeting, Mishawaka Superintendent Terry Barker said his goal — despite the financial crises facing School City of Mishawaka — is to keep all of the district's schools open (Kilbride, *South Bend Tribune*). On the heels of a failed \$28 million voter referendum last fall and in the midst of identifying options to save the district \$10 million in the next six years, Barker had previously said Hums, which needs a new heating system, as well as asbestos removal and repair, may be pegged to close. The school's closure was just one item on a long list of potential cost-cutting measures the district is considering. The money is needed to offset the impact of Circuit Breaker tax caps, meet increasing debt obligations and do high-priority facilities repairs.

**CITIES: ELKHART RV PLANT CLOSING ABRUPTLY, 125 JOBS TO END** - Nearly 125 workers are affected by a Florida company's decision to close a plant in Elkhart. Our partners at Fox 28 in South Bend report employees were "blindsided" Monday when Monaco Towable RV closed without notice. It is owned by Florida-based Allied Specialty Vehicles, which says it has decided to exit the RV Towable Market (*Inside INdiana Business*). Employees will receive severance pay later this month and will keep their health insurance through April 10 (WSJV-TV). A company spokesman tells Fox 28 a division that had been in Elkhart recently moved to Florida and much of the RV division is now in Decatur. The decision to close in Elkhart affects 85 full time and roughly 40 temporary workers, who had been told they would eventually become permanent employees. Workers have been told they will receive a check for 60 days of pay as severance on February 28th and they will be able to keep their insurance through April 10.

**COUNTIES: MADISON SPENDING \$2M ON PAVING THIS YEAR** - Madison County will be spending almost \$2 million this year on paving projects, thanks in part to the reinstatement of the county's wheel tax (de la Bastide, *Anderson Herald Bulletin*). The Madison County Council on Tuesday approved spending \$1,250,000 from the reinstated wheel tax and \$600,000 from Local Road & Street funds on paving projects throughout the county. An additional \$150,000 was approved from the Local Road & Street fund for pavement markings. Commissioner John Richwine said there is a list of roads to be paved in 2014, but the list is being re-evaluated. Richwine said the wheel tax revenues can only be used for materials.



## **COUNTIES: LAKE COUNCIL FUNDS TWO JUVENILE COURT POSITIONS -**

Juvenile court Judge Thomas Stefaniak will get a new chief deputy for the courts and a nurse for the juvenile detention center (Napoleon, *Post-Tribune*). The Lake County Council on Tuesday approved both positions and the transfers needed to fund them. Councilwoman Christine Cid, D-East Chicago, voted against both measures. Stefaniak said the way the system currently works is there are a number of individual managers across the departments under his supervision. His responsibilities include juvenile court, IV-D child support court and the detention center. "The chief deputy will coordinate everything," Stefaniak said. The chief deputy would be responsible for handling the day-to-day administration issues that the various managers bring forward freeing Stefaniak up to concentrating on the courts. He said the position will allow him to focus on the law and not administration. The chief deputy would also coordinate outside placements of detainees. Stefaniak moved \$30,000 from maintenance and services contracts to help pay for the position. The remainder of the salary will come from the commissioners' budget. He expects the department will be able to pay for the position on its own in 2015.

**Scott.A.Milkey**

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**From:** Quyle, Lindsay  
**Sent:** Tuesday, February 11, 2014 9:41 AM  
**To:** Cleveland, Bridget;Ahearn, Mark;Atkins, Chris;Bailey, Brian (OMB);Bauer, Zachary C;Berry, Adam (GOV);Brooks, Kara D;Brown, Hannah;Marshall, Sara (Cardwell);Joyner Burroughs (Cissel), Jackie;Crabtree, Chris;Craig, Lindsey M;Czarniecki, Cary (Lani);Denault, Christina;Espich, Jeff;Fritz, Pam (GOV);Gibson, Ashley;Jarmula, Ryan L;Kane, Kristen;Kossack, Andrew;Morales, Cesar (Diego);Myers, Janille;Neale, Brian S;Pavlik, Jennifer L;Pitcock, Josh;Price, Kendra;Schilb, Veronica J;Schmidt, Daniel W;Simcox, Stephen;Smith, William A;Spahr, Suzi;Springer, Marilee J;Streeter, Ryan T;Trexler, Christina;Fernandez, Marilyn;Hodgin, Stephanie;Hosier, Alexis (Lexie);Cardwell, Jeffery;Perdew, Abby J;Dowd, Jaclyn (CECI);Keefer, Sean (GOV);Norton, Erin (Ladd);Johnson, Matt;Heater, Ryan;Fiddian-Green, Claire;Rosebrough, Dennis;Spencer, Kyle;Mantravadi, Adarsh V;Rosebrough, Dennis (LG);Workman, James D;Crumb, Matthew;Quyle, Lindsay  
**Subject:** [GovClips] Howey  
**Attachments:** 02112014\_HPI Daily.pdf

Thank you,

Lindsay Quyle, Staff Assistant

Office of Governor Mike Pence

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## Feb. 12, 2014 HPI Daily Wire

Wednesday, February 12, 2014 8:05 AM

**HOUSE APPROVES DEBT LIMIT WITHOUT CONDITION:** Ending three years of brinkmanship in which the threat of a devastating default on the nation's debt was used to wring conservative concessions from President Obama, the House on Tuesday voted to raise the government's borrowing limit until March 2015, without any conditions (*New York Times*). The vote — 221 to 201 — relied almost entirely on Democrats in the Republican-controlled House to carry the measure and represented the first debt ceiling increase since 2009 that was not attached to other legislation. Only 28 Republicans voted yes, and only two Democrats voted no. Simply by holding the vote, Speaker John A. Boehner of Ohio effectively ended a three-year Tea Party-inspired era of budget showdowns that had raised the threat of default and government shutdowns, rattled economic confidence and brought serious scrutiny from other nations questioning Washington's ability to govern. In the process, though, Mr. Boehner also set off a series of reprisals from fellow Republican congressmen and outside groups that showcased the party's deep internal divisions.

**PENCE AGREES TO REPLACEMENT REVENUE FOR TAX REPEAL:** Hours after a bipartisan coalition of mayors called on Gov. Mike Pence to pull his proposed business personal property tax repeal or provide replacement revenue, the governor pledged to provide the revenue that would be repealed in SB1 (*Howey Politics Indiana*). Missing were details on the source of that replacement revenue and whether legislative Republicans would go along with the deal. Pence met mayors Lloyd Winnecke of Evansville, Greg Goodnight of Kokomo, Duke Bennett of Terre Haute, Joe Thallemer of Warsaw, Peter Buttigieg of South Bend, Huck Lewis of Lebanon and Tom Henry of Fort Wayne. Pence said in a statement, "I believe that reform of the business personal property tax will mean jobs for Hoosiers. After listening to local communities across our state, I have informed legislative leaders that I am open to full state replacement revenue for local governments to cover the cost of eliminating the business personal property tax on small businesses with less than \$25,000 in equipment, as proposed in Senate Bill 1. This would ensure that any reform of this tax does not unduly burden local governments or shift the cost of this tax onto hardworking Hoosiers. This reform, along with affording counties the option of ending the tax on new equipment as proposed in House Bill 1001, would make our communities and our state more attractive for the kind of investment that will create jobs for Hoosiers. In the end, Hoosiers and our local communities will benefit as business grow and companies bring new jobs to our state. I look forward to working together House and Senate leaders, as well as local officials, as we continue to advance these important reforms." Pence offered the mayors no details on a source of the replacement money (Hayden, *CNH*). Nor would his pledge cover the House version of the bill, which proposes giving counties the authority to kill the business equipment tax. And there's no promise from legislative leaders that they'll go along with the idea. To date, the Legislature's fiscal

leaders have vowed not to reopen the budget process, which is needed to find state replacement revenues. "It's not a major breakthrough. [Pence is] not able to promise anything," said Matt Greller, director of IACT, who joined the mayors' meeting with the governor. "But it's the first step we've had in the right direction." Less than a week ago, Pence sent a letter to mayors seeking support for what he's called his top legislative priority — repealing the tax that businesses pay on equipment in order to attract development to the state. He's courted mayors from the state's biggest cities, meeting with them personally last week.

### **MAYORS DENOUNCE BUSINESS PERSONAL PROPERTY TAX**

**ELIMINATION:** Mayors from across the state—including Terre Haute Mayor Duke Bennett — are in open revolt against Gov. Mike Pence's plan to cut a tax on business equipment, challenging his promises to protect their communities from the plan's effects (Hayden, *CNHI*). On Tuesday, about 50 mayors from big cities and small towns crowded into a press conference to denounce the plan that would eliminate \$1 billion in revenue collected by local governments, schools and libraries. The mayors — Republicans and Democrats — called for the Legislature to kill two Pence-supported bills that would begin to wind down the tax, unless the state comes up with revenue to offset the cuts. "I've never seen mayors so united in trying to defend our communities," said Angola Mayor Richard Hickman, president of the Indiana Association of Cities and Towns, known as IACT. The pressure may be working. Hours after the press conference, Pence met with a handful of mayors and told them he's "open" to the idea of the state replacing revenues lost under the Senate's version of his plan. The Senate bill would exempt smaller companies from paying the business equipment tax. The pushback was almost immediate, with some of the toughest criticism of the Republican governor's plan coming from Republican mayors who see the tax cut as a revenue-killer for critical services. "We've been incredibly frustrated," said Bennett, Terre Haute's Republican mayor. "We know what will happen if this goes through." Bennett said most cities "are already at their breaking point."

**BALLARD AGAINST TAX CUT WHICH WOULD COST INDY \$40M:** Indianapolis Mayor Greg Ballard, also a Republican, had been seen as a possible ally of the Pence plan because he supported the property tax caps of 2008, which went a long way toward limiting local revenue streams (Hayden, *CNHI*). Ballard disabused anyone of that notion Tuesday. "I have been a vocal advocate for finding efficiencies and creative cost-cutting measures in local government," said Ballard. "However, current proposals to eliminate even a portion of the business personal property tax do not take into account the impact additional revenue cuts will have on public safety, schools and the many other vital services local governments provide." Indianapolis stands to lose \$40 million a year if the tax is repealed in full. For months, Pence has promised that whatever plan

comes out of the Legislature won't "unduly burden" local governments or harm homeowners, who could end up paying more property taxes if the business equipment tax is repealed or lowered. But Pence hadn't, until Tuesday, offered any details on how he'd mitigate the harm. Last week, he told reporters that he didn't support the idea of the state replacing the lost revenues. Mayors said Tuesday they're angry at being kept in the dark about revenue replacements. "We're a month and half into the session, and no one has said a word about it," Ballard said. Democratic mayors were just as tough in their criticism as Republicans. Goodnight said the House version of Pence's plan — which gives counties authority to permanently roll back the business tax — could pit communities against each other. That undermines the advice of economic development experts who urge cooperation, he said. Goodnight said he's asked which respected economist supports eliminating the business tax. He said he's still waiting for an answer. Evansville Mayor Lloyd Winnecke, a Republican, said mayors view the House and Senate bills with deep suspicion, even though neither would completely repeal the tax. "We get the [current] bills don't call for total elimination," he said. "But we also get that, based on prior experience, this will be first step in a total ban."

### **SUPREME COURT RULES EVANSVILLE CANNOT SELECTIVELY BAN**

**SMOKING:** The Indiana Supreme Court ruled on Tuesday that Evansville's only casino could not be treated differently than area bars and clubs under the city's smoking ban (*Rund, Statehouse File*). The ruling concluded that the 2012 ordinance conflicted with the Equal Privileges and Immunities Clause of the Indiana Constitution. "Today we hold that this clause invalidates an Evansville ordinance expanding the city's smoking ban to bars and restaurants but exempting its only riverboat casino," Chief Justice Brent Dickson said in the decision, which comes over five months after the Supreme Court heard oral arguments in the case. The decision said a legislative body — such as a city council — can "attack a problem incrementally." But the court said the "resulting disparate treatment must be reasonably related to the inherent characteristics that distinguish the unequally treated classes." "The 2012 amendment to the smoking ban fails this requirement," the decision said. A number of bars and clubs jointly filed the lawsuit against the Evansville City Council, which unanimously passed the ordinance. Justices Steven David and Mark Massa concurred with Dickson's opinion. The ruling of the Supreme Court did not come unanimously, however. Justices Robert Rucker and Loretta Rush disagreed with the majority opinion. They said a riverboat casino has "inherent characteristics" that make it different from restaurants, bars, and private clubs in the area. The characteristics include the "fiscal impact on the local economy and tax revenues, and out-of-town clientele that other local businesses lack," said Rush in her written dissent. Evansville Mayor Lloyd Winnecke released a statement expressing his dissatisfaction with the court's decision. "We are disappointed by today's ruling of the Indiana Supreme Court. The ordinance that was struck down was a bipartisan piece of legislation," Winnecke said. "The legislation was designed to protect the health and safety of Evansville residents, not to create the so called unequal

treatment between bars, taverns, private clubs and the riverboat casino. We encourage businesses to continue to enforce a no smoking policy, while the city continues to evaluate the legal implications of this ruling."

**HPI DAILY ANALYSIS:** In tomorrow's weekly edition of Howey Politics Indiana, you'll find the most comprehensive analysis of Indiana General Assembly primary races and our first race status forecasts. We'll also look at Gov. Pence's political vulnerability within the GOP over the proposed business tax repeal. Finally, check out the HPI website for a CBS News video on a federal cellphone scandal that has an Indiana angle. - *Brian A. Howey*

## *Campaigns*

**2014: ALLEN COUNTY FORUM FOR GOP CANDIDATES** - The Allen County Republican Women's organization will host a forum for candidates running in the 2014 primary election at 6 p.m. Thursday at Allen County Republican Party Headquarters, 135 W. Main St. (*Fort Wayne Journal Gazette*). The event will focus on candidates for local offices, such as township and county positions. A similar forum for statewide candidates will take place March 13. "This will be the first opportunity voters have to hear from a number of 2014 candidates at once," said Teresa Sutton, president of Allen County Republican Women. "Information is essential to making the right choices in this year's races and we hope voters take every chance they can get to hear from and question the people seeking office." Candidates will give prepared comments followed by questions from attendees.

**2016: CHRISTIE SAYS BRIDGE SCANDAL WILL NOT IMPEDE WORK** - Landslide re-election behind him and a possible presidential bid ahead, New Jersey Gov. Chris Christie was forced Tuesday to talk instead about the bridge-closing scandal that has haunted his debut as a national political leader and sparked talk about whether he can withstand the scrutiny (*Associated Press*). Asked about the flap, Christie told a crowd of influential Chicago-area business executives that he found the matter disappointing but not a distraction from his agenda. "While the last six weeks have not been the most enjoyable of my life, the fact is we have to do our work," Christie told about 1,600 people at the Economic Club of Chicago. It was the only question about the scandal posed to Christie during his first major public appearance since the January news conference in which he acknowledged that his administration had ordered lanes leading to the George Washington Bridge closed in September. "If there's more action that

needs to be taken, I'll take it," Christie said in Chicago. "But it won't curtail for the long term a second-term agenda." The hourlong question-and-answer session at a downtown hotel ballroom was supposed to be about Christie the national political figure and possible 2016 presidential contender. But the bridge closure lingered, and showed no signs of abating. As Christie spoke, about a dozen New Jersey residents returned to the scene of a notorious traffic jam, urging people to sign a petition demanding Christie's resignation.

**2016: PALIN TO SPEAK TO CPAC** - Former Alaska Gov. Sarah Palin will speak at the Conservative Political Action Conference next month, according to a report (*Politico*). "We are pleased to again welcome Governor Sarah Palin to CPAC in March," ACU Chairman Al Cardenas said in a statement to Breitbart News on Tuesday. "Governor Palin electrified the crowd in 2013, and we are thrilled to welcome her back this year." CPAC, a showcase for possible GOP presidential candidates in 2016, will take place March 6 through March 8 at the Gaylor National Resort and Convention Center just outside of DC. Other speakers include Rep. Paul Ryan, New Jersey Gov. Chris Christie, Louisiana Gov. Bobby Jindal, Sens. Rand Paul of Kentucky, Ted Cruz of Texas, and Marco Rubio of Florida, and former Pennsylvania Rep. Rick Santorum.

### *General Assembly*

**'THE BILL FRIEND EXPERIENCE' WINS 'HOOSIER IDOL':** Last night's 'Hoosier Idol' benefit concert at the Indiana Roof Ballroom had Rep. Bill Friend's band, 'The Bill Friend Experience,' winning the annual competition (*Howey Politics Indiana*). The competition raised funds for Mental Health America of Indiana was judged by Abdul Hakim-Shabazz, Jim Shella, and Angela Buchman. Friend's victory continues Miami County's prowess of providing musical talent that includes Cole Porter and Tim Noble.

**NEW YOUNG HOOSIER COALITION SUPPORTS HJR-3:** A group of about 100 young Hoosiers voiced their support Tuesday at the Statehouse for passing the constitutional amendment banning same-sex marriage (Berggoetz, *Indianapolis Star*). Young Hoosiers for Marriage, a coalition of young adults and college students from around the state, encouraged lawmakers to pass the amendment with the second sentence, which also bans civil unions. The House passed it without that sentence. The full Senate will consider whether to restore it, possibly as early as Thursday. "The

Senate should restore the second sentence because without it marriage remains vulnerable to redefinition and will more likely face prolonged litigation in court,” said Shane Weist, of Lafayette. He said group members found each other through Facebook posts on the issue. “The media claims we don’t exist. Freedom Indiana claims there are none of us left. But as young Hoosiers, we are here today,” he said. “We are committed to rebuilding culture to ensure that children are not intentionally deprived of a mother and a father.” Freedom Indiana is coalition of Hoosiers who oppose the amendment. Jennifer Wagner, coalition spokeswoman, said the group’s polling shows 83 percent of young Hoosiers believe same-sex relationships should be legally protected. But the new group stressed polls show young Hoosiers do not have a unified view of marriage, citing a survey by Wilson Perkins Allen Opinion Research showing 54 percent of Hoosier 18- to 34-year-olds support the amendment. Chris Knight, of Indianapolis, said it’s important for all Hoosiers to get the chance to vote on the issue. “The government should not decide for us.” Julie Kitchel, Purdue University junior, said marriage is not something that changes with each generation and government should not “incentivize” motherless or fatherless unions.

**SENATE WILL HEAR DEBATE OVER PRE-K PROGRAM:** A bid to expand state financial aid for preschool gets a hearing in the Senate on Wednesday, with better prospects than it found a year ago (McInerny, *Indiana Public Media*). Last year, the Senate sharply scaled back a House proposal for preschool vouchers for low-income students. But this year, Governor Pence made it one of his legislative priorities and says the lack of state aid for preschool is allowing Indiana to fall behind. “Indiana is only one of nine states that doesn’t make investment in high quality, pre-k education,” Pence said. “I think for the sake of our kids and for the sake of education in Indiana, and for the sake of our future, it is an idea whose time has come.” Legislators in both parties agree the real challenge will be to figure out how to fund the program. The preschool grants wouldn’t begin until 2015, allowing legislators to incorporate it into next year’s budget talks, but fiscal leaders have said they want to avoid over committing resources down the road.

**FIGHT BREWING OVER WHO GETS \$4M FROM LAKE TAX CREDIT FIX:** Nine Northwest Indiana Democratic state lawmakers decided Tuesday they will fight to return the \$4 million expected to be saved by closing a Lake County tax loophole to the county and the three casino cities that generate the revenue (Carden, *NWI Times*). Senate Bill 367, which is awaiting action by the House Ways and Means Committee, directs that money to the Northwest Indiana Regional Development Authority. The Senate last week rejected an attempt by state Sen. Earline Rogers, D-Gary, to send the \$4 million to Hammond, East Chicago, Gary and Lake County. However, during a meeting featuring Rogers and other members of the region’s legislative delegation,



state Rep. Charlie Brown, D-Gary, said they agreed the measure should be changed in the House to ensure the revenue goes back where it came from. "There was consensus among everyone there that it would make more sense, and it should be a local decision about how that money is distributed, since it comes from the local community," said Brown, the delegation's leader. State Rep. Ed Soliday, R-Valparaiso, did not attend the delegation meeting and said he doesn't agree that's the best use for the money. "Rather than just spend it wherever, we should assign it to a specific project and build a fence around it," Soliday said. "We can accomplish some bigger things with it, or it can just disappear." The Senate-approved legislation is an 80-page proposal that includes a 16-line fix to a Lake County income tax loophole that has allowed homeowners with more than \$18,000 in annual income to claim a \$300 credit intended to help low-income homeowners with their property taxes.

**BILLS SEEK TO BOLSTER DIGITAL PRIVACY:** Indiana lawmakers fed up with the National Security Agency scandal and other government snooping are pushing bills that would ban high-tech searches of cellphones, computer tablets and other digital devices without a warrant (Wilson, *Post-Tribune*). Two bills that would protect Hoosiers from illegal electronic eavesdropping remain alive at the Statehouse. Another bill that would have made warrantless digital searches a felony died in a Senate committee. A bill sponsored by Rep. Eric Koch of Bedford covers a wide range of digital devices, ranging from email to police drones. Sen. Brent Waltz of Greenwood has proposed prohibiting police from extracting data from motorists' cellphones without a warrant or probable cause.

**LAWMAKERS MUST TACKLE PROBATION, CORRECTIONS FUNDING:** Every day at her criminal court in Indianapolis, Judge Barbara Cook Crawford sees low-level offenders accused of drug possession and theft. She sentences the majority of them to either probation or community corrections programs (Jenkins, *Indiana Public Media*). "Because the whole point of all of this is that people don't end up back into the system again," Cook Crawford says. "If they commit a crime – fine. But let's get them through the system, get them into a program so that we do not see them again." State lawmakers say local options are not only more effective at reducing recidivism. They're also cheaper. Months of interim study committees at the Indiana legislature failed to result in a consensus as to whether the criminal code changes passed last year will actually increase or decrease the state's prison population. One thing everyone could agree on is that more programs, and therefore more funding, will be needed in the short term to prepare local institutions for an influx of offenders who normally would have gone to the state-run Department of Corrections. But in this short legislative session, appropriating additional dollars is highly unlikely. Sen. Luke Kenley, R-Noblesville instead recommends a belt-tightening in the Criminal Justice System. "Fiscal

people tend to look at these a little differently and we're going to say 'Ok, what new programs are you putting in here? How can they be delivered?'" he says, meaning the legislature needs to consider how can they be paid for. Speaking on the Senate floor at the beginning of this year's session, Kenley said he supports the findings of the study committees, but he challenged them to find ways to save the DOC money so it could be re-directed into new and enhanced local programming. "A lot of counties have both a probation department and a community corrections department," Kenley said. "Why should you have two of these entities in a county? So, can we consolidate this and help offset some of the costs in that way?" Sen. Michael Young, R-Indianapolis, responded to Kenley's challenge by crafting Senate Bill 171, which would have established a pilot program in Marion County consolidating probation and community corrections into one entity. But that suggestion ignited opponents...In response to the testimony and pushback from criminal justice officials, Sen. Young changed the language of Senate bill 171. Instead of forced consolidation, the bill now requires collaboration. "We're not telling you how you have to write it," Young says. "We're just saying there's certain criteria you have to meet, but you write it the way you think it works best based on best practices and the evidence that shows that these things work in cutting recidivism and controlling our prison population while they're back at home." In its current form, SB 171 gives counties three years to come up with a plan for their probation and community corrections departments to cooperate on cost saving measures before they can apply for additional funding from the state. The bill passed the Senate and is now being considered in the House.

### **LOCAL OFFICIALS SKEPTICAL OF COMBINING PROBATION, COMMUNITY**

**CORRECTIONS:** As Vice Chairman for the Marion County Community Corrections Advisory Board, Judge Barbara Cook Crawford takes issue with the notion that the two agencies perform similar tasks (Jenkins, *Indiana Public Media*). She says probation and community corrections are inherently different. If an offender is sentenced to probation the individual is monitored and has to do certain things. "His life remains the same except he has to follow certain rules," Crawford says. "He has to report to a probation officer periodically – take drug tests maybe. There are certain conditions placed on it, but his liberty is not restricted." If an offender is sentenced to a community corrections center, the process can be much more intense. The offender is usually subject to electronic monitoring or in some cases confined to a work release center. Crawford says there are more than 40,000 people who go through the criminal justice system in Marion County each year, and consolidation would be a massive undertaking. Bill Watson, the executive director of the Vigo County Community Corrections Center, works in a building that is part jail, part counseling center, administering a work release program as well as home detention and electronic monitoring services. Watson says his department is already doing everything it can to save money. More than half of his budget comes not from the state, but from user fees. "When they're sentenced to our

program, they have a set fee they have to pay to be on electronic monitoring or work release. They rent their equipment in electronic monitoring," Watson says.

### **SOME COUNTIES HAVE CONSOLIDATED PROBATION,**

**CORRECTIONS:**Consolidation isn't a new concept to Monroe County Chief Probation Officer Linda Brady (Jenkins, *Indiana Public Media*). "At first I didn't understand the use of the term pilot project, because its being done already, in other counties," she says. Brady presides over a system that has been consolidated for 30 years. Monroe County is one of nine counties that has already unified its probation and community correction departments. "We're able to share one receptionist. We're able to share one person that collects the money, one chief probation officer, Brady Says. "We just share resources with one another and share expertise and share training." While she supported the initial legislation, Brady says she understands a forced consolidation might not work for everyone. Brady is also the head of a statewide association of Probation Officers. From her office in Bloomington, she hears from probation officers throughout the state. "For example I just talked to the chief probation officer in a county where community correction and probation are completely separate and she told me they're happy that way," Brady says. "They think it works the best. They don't duplicate resources, and they work very well together."

### **SENATE BILL SB 114 SEEKS EXCUSED ABSENCES FOR STATE FAIR**

**WORK:**Students attending the Indiana State Fair to show animals or take part in other learning opportunities would be granted up to five excused absences under proposed legislation (Weddle, *Indianapolis Star*). Senate Bill 114 comes in response to increasingly earlier school start dates that now overlap with the fair, making it more difficult for some school children to participate in 4-H and other learning experiences at the fair. Many school districts have been adopting a summer vacation that's two weeks shorter than usual. School leaders see the so-called "balanced calendar" as a way to reduce the loss of learning over longer summer vacations. But others have complained it cuts into traditional summertime activities. The legislation by Sen. Jean Leising, R-Oldenburg, would require a public school board or nonpublic school chief officer to excuse up to five absences for a student who participates in fair activities through FFA, 4-H or similar organizations. On Tuesday, it passed the House Education Committee 11-0 after being amended to be identical to a similar bill sponsored by Rep. Robert Cherry, R-Greenfield. The change to Leising's bill extends the number of excused absences to five days from three. The bill now moves to the full House for consideration. The Indiana School Board Association said it supports the idea but questions the need for a statewide policy. The Department of Education has taken a "neutral" stance.

**GOVERNOR: PENCE'S SCHEDULE** - 11:00 a.m. – Governor Mike Pence to chair February Career Council Meeting. Indiana Government Center South, Conf. Room A, 402 W. Washington Street, Indianapolis. 7:00 p.m. – Governor Mike Pence to offer remarks at Indiana Chamber's Annual Legislative Dinner. Indiana Roof Ballroom, 140 W. Washington Street, Indianapolis.

**GOVERNOR: PENCE ANNOUNCES COLLEGE COMPLETION INITIATIVE -**

Governor Mike Pence announced Tuesday that Indiana is one of only three states selected to lead a national initiative aimed at ensuring more college students graduate on time and with less debt (*Howey Politics Indiana*). "Indiana faces a serious skills gap that demands bold reforms that support Hoosiers—particularly working students and returning adults—in their efforts to complete college and succeed in their chosen careers," said Pence. "Today we're charting a new path forward that equips more students to finish faster with the education and training they need to thrive in a 21st century economy." Called "Guided Pathways to Success," or GPS, the effort will combine highly structured degree programs, default course schedules and proactive advising practices that simplify choices for students and provide clearer paths to on-time graduation. Indiana's work will be supported by a three-year grant valued at \$1 million in financial and technical assistance from the Lumina Foundation for Education in partnership with Complete College America. "Keeping students on track and on time is a key factor in increasing college attainment nationwide," said Jamie Merisotis, Lumina Foundation's president and CEO. "That's why we're proud to support Complete College America as it launches the GPS program here in Indiana." Fewer than 5 percent of Indiana's two-year college students graduate on time, and less than a third of the state's four-year college students finish on time. By creating "guided pathways," state officials believe they can help students make better choices and significantly improve their chances of graduating on time, saving students thousands of dollars in the process.

**GOVERNOR: EDUCATORS REACT** - "It's clear that too many students drift through college without a clear plan or a purposeful path to graduation, and too often leave with no degree and debt as a result," said Indiana Higher Education Commissioner Teresa Lubbers, whose agency will coordinate the GPS effort in partnership with the Governor's office, the Center for Education and Career Innovation, and the state's colleges (*Howey Politics Indiana*). "We are committed to working with our colleges to help close Indiana's education attainment and skills gap through increased college

completion." By the fall of 2016, the state anticipates that the majority of students enrolled in the largest programs of study at Indiana's participating two- and four-year colleges will be in Guided Pathways to Success. The GPS project builds upon a related effort—also supported by a \$1 million grant from Complete College America—that is redesigning the delivery of remediation at Ivy Tech Community College through a new "co-requisite" model that will be scaled statewide. "In our efforts to ensure more students graduate from college, Indiana has become a bold national leader," said Stan Jones, president of Complete College America. "This grant strengthens those efforts and ensures Indiana students have their own GPS, a clear and timely pathway to graduation."

**GOVERNOR: PENCE RECEIVES NOMINEES FOR IN UTILITY REGULATORY COMMISSION**

- The Indiana Utility Regulatory Commission Nominating Committee announced today the names of the six nominees they are submitting to Gov. Mike Pence for appointment to the Indiana Utility Regulatory Commission (*Howey Politics Indiana*). The nominees are Carol Drake (Whitestown), Robert Hartley (Indianapolis), Michael Musa (Indianapolis), Jim Ray (Fishers), Carol Stephan (Indianapolis), and Angela Weber (Indianapolis). The Nominating Committee has put forth these candidates to fill current vacancies on the Indiana Utility Regulatory Commission created by the resignations of Commissioners Kari Bennett and Larry Landis. Governor Mike Pence will appoint two of the nominees to fill the remainder of Bennett and Landis' terms. Commissioner Bennett's term expires March 31, 2014. Commissioner Landis' term expires December 31, 2015.

**LT. GOVERNOR: ELLSPERMANN'S SCHEDULE** – 10:00 a.m. Lt. Gov. Sue Ellspermann will join Indiana Office of Tourism Development executive director Mark Newman to announce the launch of a new consumer brand and subsequent advertising platform. Indiana Historical Society, 450 West Ohio Street, Indianapolis.

**STATEHOUSE: ZOELLER PROPOSES FEDS CREATE STATE GRANTS TO CONTAIN ASIAN CARP**

- Indiana Attorney General Greg Zoeller proposed a portion of federal funds used for Asian carp control efforts in the Great Lakes be offered to states as grants to contain or eradicate the invasive fish in their rivers and streams (Farnshaw, *NWI Times*). Zoeller spoke Tuesday at a meeting in Portage during which the U.S. Army Corps of Engineers discussed its report identifying eight options for preventing the spread of Asian carp and other invasive fish into the Great Lakes from Chicago's waterways and shipping canal. His concern is the Great Lakes and Mississippi River Interbasin Study does not recommend any option and did not address the

Wabash River or other Indiana rivers and streams where the carp already have invaded. He said the options are too limited and states should receive federal grant support to pursue their own efforts in their own waterways. He said some of the study's options would cost billions of dollars and take many years to complete. "My proposal is a simple one — use some of the federal funds already enacted or eventually approved to establish grants for the Great Lakes states," Zoeller said. "The states then could undertake programs to determine how to push the highly mobile Asian carp back downstream to be potentially contained or removed and away from entrances to the Great Lakes." Many of the concerns of those at the meeting involved the cost and time of the options. Five of the eight options come with an estimated completion time of 25 years and some of the billions of dollars in cost for several of the options would go to fixing Chicago infrastructure.

**EDUCATION: ACCOUNTABILITY RULES MAY FORCE OUT PRINCIPALS** - The Indiana Department of Education has hosted school accountability meetings across the state with leaders of schools that earned a D or an F, and how to meet state and federal guidelines (McCollum, *NWI Times*). In 2013, 40 public schools in Lake and Porter counties had poor grades, some with several consecutive years of failure. Every public charter school in Lake County received a D or an F in 2013 except East Chicago Urban Enterprise Academy, which earned a C; Discovery Charter School in Porter earned an A. Most private schools in Lake and Porter counties earned a passing grade except Ambassador Christian Academy, in Gary, and St. Stanislaus School, in East Chicago, which both earned an F in 2013. In Porter County, no private school earned less than a C. IDOE Assistant Superintendent Teresa Brown, who leads the division of Outreach and School Improvement, has placed schools in two categories — focus and priority. A focus school has received a D for one year. A priority school has received an F for one year or a combination of two D grades, or D and F for two consecutive years. The state is directing schools to use the turnaround process of school improvement, which means removing any principal in charge of the school for the past three consecutive years. The School City of Hammond already has notified five principals they will be removed. They are Hammond High School's principal and principals at Hess, Harding, Edison and Irving Elementary schools. The Gary Community School Corp. has notified four elementary and secondary principals they may be removed from their jobs. Superintendent Cheryl Pruitt declined to identify the schools.

**ECONOMY: AUTO DEALERS BLAME WINTER FOR FLAT JANUARY SALES** - Auto sales were flat for the month of January in Indiana, according to the Automobile Dealers Association of Indiana (*Network Indiana*). Automobile Dealers Association of Indiana Vice President Marty Murphy blames the frigid, snowy winter. "We have some extra good deals going on right now, particularly in the domestic trucks—a lot of good

rebates and packages coming in, so they're selling a lot of those," Murphy says. "You would just expect because of that for the number to be higher than it is. They're right at dead even right now." Murphy says even though this winter presents a great argument for sport utility vehicles, those sales have also remained flat. He expects pent up demand to give a boost to overall sales come spring the latest.

#### **TRANSPORTATION: INDOT SPENDS ALMOST \$3M ON POTHOLE REPAIRS -**

Potholes have turned some roads into obstacle courses for Indiana drivers (*Network Indiana*). The Indiana Department of Transportation says this winter has been relentless when it comes to addressing potholes. INDOT spokesman Nathan Riggs says the state has already spent \$2.9 million filling them this winter. He says the state has also used close to 7,000 tons of cold mixed asphalt and logged more than 8,100 employee hours. INDOT is responsible for potholes on state and U.S. roadways. But Riggs says about 40 percent of the pothole tweet reports they've gotten have been for roads managed by localities – not INDOT.

**ENERGY: LOW TEMPS, HIGH DEMAND SUSTAIN PROPANE SHORTAGE -** The Midwest propane shortage continues as frigid temperatures send demand for propane soaring and people struggle to heat their homes (Dierckman, *Indiana Public Media*). Officials from the Propane research and education council are considering ideas for more strategically placed propane stockpiles that could service the Midwest in the future. Even after employing all methods of delivery, Propane business owner, Dennis Clark says the propane supply to the Midwest still isn't enough. "The price has gone down as much as a dollar, or a dollar and a quarter, so I think things are looking up just a little bit," Clark says. Clark has raised his propane cap from 200 to 250 gallons a delivery and the price has decreased since January from around \$4.79 to \$3.59 per gallon. "We're still hauling, we're still keeping everybody warm. It's just kind of difficult," Clark says. More propane is consumed in the Midwest than any other region because of the rural landscape and agricultural businesses. But the closest propane stockpile is located in Conway, Kansas – nearly 700 miles away. Propane Research and Education Council CEO, Roy Willis, says after years of mild winters, this winter has exposed weaknesses. "I'm hoping that this winter gives us an opportunity to look at the weaknesses in storage, transportation, and production of propane in the Midwest," Willis says. Plans are still developing, but Willis says he would like to see laws created that help fund and expand storage infrastructure in the Midwest and for the federal government to consider a strategic reserve of propane, similar to petroleum reserves.

**ENERGY: INDUSTRY GROUP SAYS 960 SOLAR JOBS CREATED IN 2013 - A**

group that works to promote solar energy says Indiana's fledgling solar power industry added nearly 1,000 jobs last year, mostly in the manufacturing and installation sectors (Associated Press). Tuesday's annual report by The Solar Foundation summarizes jobs in that industry for each of the 50 states and found that Indiana saw 960 new solar jobs last year. That was a 178 percent increase from 2012 and pushed the state up two notches nationally to rank it 25th in solar industry jobs. The report by the Washington, D.C.-based advocacy group also says Indiana had 50 solar industry companies and more than 400 homes powered by the sun last year. The report says the U.S. solar industry employed more than 142,000 Americans last year, with a third of those jobs in California.

**ENVIRONMENT: REACTION TO FEDERAL INVASIVE SPECIES, ASIAN CARP**

**STUDY** - Nearly 50 people gathered Tuesday at the first public hearing in Indiana on a U.S. Army Corps of Engineers study that offers eight alternatives to stopping aquatic invaders, including the Asian carp, from wreaking havoc on the Great Lakes and the Mississippi River system (Robbins, *Post-Tribune*). Public comments were taken following the presentation at the Northwestern Indiana Regional Planning Commission headquarters in Portage. The Great Lakes and Mississippi River Interbasin Study looks at the cost of controlling the risk of aquatic nuisance species between Lake Michigan and the Mississippi River system through five transfer points in the Chicago area, two of which are in Indiana. The eight options range from continuing the present course of action, which involves electric fish barriers installed in the rivers, to completely separating the Mississippi River watershed from the Great Lakes watershed, at a potential cost of over \$18 billion and 25 years of work. The study identifies 254 aquatic nuisance species in the study area. Only 13 are considered a significant threat and the study targets these for control. While the focus in the past has been on Asian carp overtaking Lake Michigan, the study makes clear that the threat works in both directions — from the Mississippi River to Lake Michigan and from Lake Michigan to the Mississippi River...The study acknowledges that due to the proposed time frame, some invasive species may jump from one watershed to the other and become established before adequate controls are installed.

**MEDIA: FORT WAYNE STATIONS WPTA, WISE BEING SOLD -**

New York-based Granite Broadcasting Corp. is selling its Fort Wayne television operations. Illinois-based Quincy Newspapers Inc. has announced the acquisition of WPTA and SagamoreHill Broadcasting LLC will own WISE (*Inside INdiana Business*). Quincy, which will operate the stations, expects the deals to be complete later this year. WPTA and WISE have been operating with combined news operations for around a decade. The two stations



are newsgathering partners of Inside INdiana Business. Quincy also owns another IIB partner, Fox 28 in South Bend.

**MEDIA: EMMIS TO BUY 2 NYC RADIO STATIONS FOR \$131M** - Emmis

Communications announced Tuesday night that it has agreed to purchase two New York City radio stations for \$131 million in cash (*Indianapolis Star*). Emmis entered into an agreement with YMF Media to purchase urban adult contemporary WBLS-FM (107.5), the No. 2 radio station in New York, and its sister station, WLIB-AM (1190), which offers an urban gospel format. Emmis already owns WQHT-HOT 97 in New York. The acquisition not only will expand the Indianapolis-based radio broadcasting company's footprint in New York, but it will nearly double its annual station operating income, the company said in a news release. "Today's announcement is indicative of our belief in the U.S. radio industry and our desire to increase our footprint in the nation's largest market," said Jeff Smulyan, president & CEO of Emmis, in a prepared statement. "Emmis has deep ties to the New York African-American community, and it is with great pride we take the helm of these iconic stations." Deon Levingston, CEO of YMF Media and general manager of WBLS and WLIB, will become general manager of Emmis' New York cluster, after the acquisition is approved. Levingston previously worked for Emmis in various management roles.

*National*

**WHITE HOUSE: OBAMA HOSTS FRENCH PRESIDENT** — President Barack Obama welcomed French President Francois Hollande to the White House Tuesday morning for a lavish state visit, an honor typically bestowed on America's closest allies (*Associated Press*). However, the visit has been overshadowed somewhat by Hollande's recent romantic woes. The 59-year-old split last month from his longtime girlfriend and French first lady, Valerie Trierweiler, after it was revealed that he was having an affair with an actress. The White House has carefully avoided any mention of Hollande's personal problems and welcomed him to the U.S. with all of the grandeur that normally accompanies a state visit. The president and first lady Michelle Obama, along with a military honor guard, greeted Hollande during an arrival ceremony Tuesday morning on the South Lawn. With no date to accompany him, the French leader was seated between Obama and the first lady at an opulent state dinner in his honor. Prominent businessmen and politicians joined A-list celebrities like Stephen Colbert, Bradley Cooper and Jason Collins in a giant party tent on the South Lawn, where guests dined on American caviar and wine as they prepared to enjoy a performance by singer Mary J. Blige.

## **WHITE HOUSE: OBAMA SAYS U.S. DEAL HARSHLY WITH VIOLATORS OF IRAN SANCTIONS**

President Barack Obama issued a sharp warning on Tuesday to companies eyeing business deals with Iran, saying the United States would come down like a "ton of bricks" on those that violated sanctions against Tehran (Reuters). Obama, speaking at a joint news conference with French President Francois Hollande, said France and other allies were committed to enforcing existing sanctions even as they worked together on a possible a diplomatic deal over Iran's nuclear program. Iran and six world powers struck an interim deal in November under which Tehran agreed to limit parts of its nuclear work in return for the easing of some sanctions. The White House and Western governments are eager to show that, despite diplomatic talks for a longer-term agreement, pressure on Iran remains high. Last week the Obama administration targeted a host of businesses across Europe and the Middle East for evading sanctions against Iran, the second time Washington has done so since the November agreement. Obama cited those actions in his warning to companies around the world. "Businesses may be exploring, 'are there some possibilities to get in sooner rather than later if and when there is an actual agreement to be had?'" Obama said. "They do so at their own peril right now, because we will come down on them like a ton of bricks with respect to the sanctions that we control." Hollande appeared somewhat on the defensive about the issue. Last week Iran welcomed a delegation of more than 100 French executives, telling them the far-sighted among the group would gain in the race for businesses following an easing of economic sanctions. The French president stressed that he warned the businesses that sanctions were still in place.

## **CONGRESS: BREAKING DOWN GOP SUPPORT FOR RAISING DEBT CEILING -**

The House voted 221-201 to pass a clean debt ceiling hike for more than a year — and there are a few interesting trends hidden in the breakdown (Roll Call). Twenty-eight Republicans voted for the bill, which means this debt ceiling vote was the most extreme example of violating the principle that the speaker does not bring a bill to the floor without a "majority of the majority" — the so-called Hastert Rule, named after former Speaker J. Dennis Hastert, R-Ill., who broke that principle 12 times himself. Before Tuesday, the greatest number of majority defections on a bill that passed the House was 41. (Coincidentally, Democrats and Republicans both achieved that same watermark. Democrats in 2007 with the "Protect America Act" and Republicans in 2002 with the "Bipartisan Campaign Reform Act.") But Tuesday's debt limit vote now stands alone with the fewest number of votes from a majority on a bill that passed the House since at least 1991, when digital records of roll call votes became available. Of the 28 Republicans voting for the debt ceiling, there were only four members of GOP leadership: Speaker John A. Boehner of Ohio, Majority Leader Eric Cantor of Virginia, Majority Whip Kevin McCarthy of California, and Chief Deputy Whip Peter Roskam of Illinois The No. 4 Republican in the House, Conference Chairwoman Cathy McMorris

Rodgers of Washington, voted against the legislation, as did other members of GOP leadership including National Republican Congressional Committee Chairman Greg Walden of Oregon, House GOP Conference Vice Chairwoman Lynn Jenkins of Kansas, Republican Conference Secretary Virginia Foxx of North Carolina, and GOP Policy Committee Chairman James Lankford of Oklahoma.

**CONGRESS: BROOKS VOTES AGAINST LIFTING DEBT CEILING** – U.S. Rep. Susan W. Brooks released the following statement after voting against a measure to raise the federal debt ceiling without decreasing federal spending (*Howey Politics Indiana*): “Historically, the President and Congress have worked together to increase the debt ceiling alongside reforms that save taxpayer dollars and create opportunities for more Americans to succeed. Unfortunately, President Obama has shown no interest in a team process that previous Presidents and previous Congresses have followed. His refusal to come to the negotiating table has wasted an opportunity for us to come together and make real progress. Our \$17.3 trillion national debt is a national crisis now and for future generations. Hoosiers expect to see politicians from both sides of the aisle work together to change the trajectory of our debt. Sadly, this bill does not reflect a commitment to accomplishing this critical goal. In a divided government, no one gets everything they want and I’m willing to work with elected leaders from both parties on solutions to our nation’s biggest challenges. But it is time for the President and Senate Democrats to recognize that Americans want to see bipartisan spending reforms that reduce our debt.”

**CONGRESS: MESSER VOTES AGAINST, COMMENTS ON LIFTING DEBT CEILING** – U.S. Rep. Luke Messer released the following statement after voting against a measure to increase the debt ceiling (*Howey Politics Indiana*): “Today’s debt ceiling increase was a missed opportunity for the American people. The cynical cycle of taxing, spending and borrowing continues. This cycle is hurting our economy and drowning future generations in debt. Dozens of times over the last several decades, debt ceiling increases have been coupled with spending reforms. Rather than continue this trend, the President insisted on a blank check. He may have won today, but the American people will be worse off in the long run.”

**CONGRESS: ROKITA VOTES AGAINST, COMMENTS ON LIFTING DEBT CEILING** – U.S. Rep. Todd Rokita issued the following statement after casting his vote against raising the nation’s spending limit, or debt ceiling (*Howey Politics Indiana*): “Responsible solutions to help all Americans and their children live better lives continue to be cast aside in favor of short term political gain. Hitting the debt ceiling is a

symptom of our overspending. As much as some want to stick their heads in the sand and ignore the problem, it does not change the math. We simply spend too much. The only way to avoid hitting the debt ceiling and running into economic turmoil—now or in the future—is to cut spending and reform entitlement programs,” said Rokita.

#### **CONGRESS: STUTZMAN VOTES AGAINST, COMMENTS ON LIFTING DEBT**

**CEILING** – U.S. Rep. Marlin Stutzman, a member of the Financial Services Committee, issued the following statement ahead of today’s vote to suspend the nation’s debt limit (*Howey Politics Indiana*). “The American people can’t afford to write President Obama a blank check. Default isn’t an option and that’s exactly why the debt limit warns Washington when too much spending threatens our economy and our children. Today, our nation’s \$17 trillion of debt is the greatest threat to growing a healthy economy but, instead of solving problems, a majority of Washington politicians are ignoring our dependency on debt.”

#### **CONGRESS: COATS OFFERS AMENDMENT TO REFORM, PAY FOR**

**UNEMPLOYMENT INSURANCE** – Tuesday, Senators Rob Portman (R-Ohio) and Dan Coats offered an amendment to the Military Pension COLA bill – currently under consideration in the Senate – that would pay for an extension of the emergency unemployment insurance benefits for three months and include measures to reform the program (*Howey Politics Indiana*). “With a record number of long-term unemployed in America, it’s time to reform a system that clearly is not working to get the unemployed back in a job. We need an extension of unemployment insurance for the millions who are suffering from Washington’s failed policies,” said Portman. “But we should pay for that extension so as not to add to our record debt, and we should include reforms that connect the unemployed with the jobs that are available. Our amendment is a reasonable solution based on bipartisan proposals to pay for an extension of emergency unemployment insurance benefits and reform the program so it works for the American people.” “This amendment is based on bipartisan proposals and will help ensure that only those Americans who truly cannot find work will have the help they need to get back on their feet,” said Coats. “This is a reasonable solution that pays for an extension of emergency unemployment insurance benefits and reforms the program.”

**CONGRESS: DETAILS OF THE PORTMAN-COATS AMENDMENT** - The Portman-Coats amendment would (*Howey Politics Indiana*): Fully offset the three-month extension of emergency unemployment insurance benefits by using proposals originally supported by Senate Democrats. The offsets include: Prohibiting overlapping payments for unemployment insurance benefits and Social Security disability benefits; Providing

pension funding relief to accommodate for unrealistically low interest rates; Extending savings proposed by the Majority for an additional year at the end of the current 10-year budget window. This amendment also exempts Medicare providers from further cuts and includes specific language to ensure that sequestration of defense resources is not increased. Reform the program by strengthening existing requirements to ensure unemployment benefits are going to individuals actively trying to return to the labor force. This amendment would prohibit individuals from receiving Emergency Unemployment Compensation benefits if they fail to accept any offer of suitable work or if they refuse to apply for suitable work referred to them by a state employment agency. States would have flexibility to enforce this requirement consistent with their state laws.

**CONGRESS: COATS' STAFF PLANS THREE NORTHWEST AREA VISITS** - Staffers for Sen. Dan Coats, R-Ind., will be in Kendallville on Thursday and Warsaw and Columbia City on Friday to meet Hoosiers and help those facing problems with federal agencies (*Fort Wayne Journal Gazette*). Hours will be 9:30 a.m. to noon at Kendallville Public Library, 221 S. Park Ave.; 9:30 a.m. to noon Friday at Warsaw Community Public Library, 310 E. Main St.; and 2:30 to 5 p.m. Friday, Peabody Public Library, 1160 E. Indiana 205, Columbia City.

**CONGRESS: DONNELLY TALKS SKILLS GAP WITH IN SKILLS2COMPETE COALITION** - Monday, Senator Joe Donnelly met with three representatives from the Indiana Skills2Compete Coalition, a bipartisan group of state legislators, education policymakers, and business, labor, and community leaders (*Howey Politics Indiana*). Donnelly and representatives from the coalition discussed their efforts to close Indiana's skills gap and to provide research and data to promote policies that will help match the skills of Hoosier workers with the needs of employers.

**CONGRESS: BUCSHON'S PILOT SLEEP APNEA BILL PASSES HOUSE** - On Tuesday, the House approved H.R. 3578, a bipartisan bill sponsored by U.S. Rep. Larry Bucshon and his colleagues Reps. Frank LoBiondo (R-NJ), Rick Larsen (D-WA), Daniel Lipinski (D-IL), and Sam Graves (R-MO). H.R. 3578 ensures that any new or revised requirement providing for the screening, testing, or treatment of an airman or an air traffic controller for a sleep disorder follows proper rulemaking proceedings. "Less than 6 months ago, the House passed my bill which requires the Department of Transportation to address the issue of sleep apnea for truck drivers through a rule and not guidance - potentially saving the industry \$1 billion. Unfortunately, our nation's pilots and air traffic controllers are facing a similar, arbitrary guidance issued by the

FAA. As a doctor, I know firsthand that sleeping disorders are incredibly serious and can be very dangerous. However, I also know that you can't diagnose any patient by a set of arbitrary guidelines and stereotypes. Like any major disease, it can only be diagnosed through the proper testing and conversation with a doctor. Issuing guidance, based on non-medical factors, on this issue for pilots and air traffic controllers will cause doctors to order unnecessary tests, driving up the cost of healthcare and potentially affecting our nations' airline travelers. I'm happy to join with my colleagues from across the aisle to address this concern for the airline industry."

**CONGRESS: BUCSHON INVITES STUDENTS TO ENTER CONGRESSIONAL STEM CHALLENGE**

- On Tuesday, U.S. Rep. Larry Bucshon announced he is inviting high school students in Indiana's Eighth District to participate in, "The House STEM APP Challenge," his first annual Congressional Science, Technology, Engineering, and Math (STEM) Academic Competition (*Howey Politics Indiana*). The competition is designed to engage student's creativity and encourage their participation in STEM education fields through the process of creating and exhibiting a software application, or "app," for mobile, tablet, or computer devices on a platform of their choice. "As someone who was active in science as a student, I'm excited to invite Eighth District students to participate in our inaugural STEM Challenge," said Bucshon.

**CONGRESS: WALORSKI TOURS WALTER REED MEDICAL CENTER**

- U.S. Rep. Jackie Walorski, a member of the House Armed Services and Veterans' Affairs Committees, visited the Walter Reed National Military Medical Center in Bethesda, Maryland on Monday to tour the facility with medical staff and learn more about treatment options available for injured servicemembers and their families (*Howey Politics Indiana*). "I was deeply humbled to visit the Walter Reed Medical Center where our servicemembers receive cutting-edge treatment after their brave service to our nation. It was incredibly moving to witness the individual progress gained through innovative therapy and rehabilitation efforts that assist on the road to recovery," said Walorski.

**CONGRESS: RUBIO WON'T TALK ABOUT HIS POT USE** - Sen. Marco Rubio is declining to say whether he ever smoked marijuana (*CBS News*). The Florida Republican and potential presidential candidate dodged a direct question at an education forum Monday, saying his own drug experience is irrelevant. In his words: "If I tell you that I haven't, you won't believe me. And if I tell you that I did, then kids will look up to me and say, 'Well, I can smoke marijuana because look how he made it.'"

Rubio opposes legalizing the recreational use of marijuana. He said like most teenagers he made dumb decisions when he was younger, and he said he didn't need the help of marijuana or alcohol to further that. Florida voters will decide a ballot initiative in November on legalizing medical marijuana.

#### **ECONOMY: YELLEN TELLS INVESTORS TO EXPECT CONTINUITY FROM FED -**

Federal Reserve Chair Janet Yellen sought Tuesday to reassure investors that she will support the approach to interest-rate policy that her predecessor, Ben Bernanke, pursued before he stepped down as chairman last month (*Associated Press*). Yellen told Congress that if the economy keeps improving, the Fed will take "further measured steps" to reduce the support it's providing through monthly bond purchases. In her first public comments since taking over the top Fed job last week, Yellen said she expects a "great deal of continuity" with Bernanke. She signaled that she supports his view that the economy is strengthening enough to withstand a pullback in stimulus but that rates should stay low to further improve a still-lackluster economy. Yellen's remarks, delivered to a House committee, suggested that the Fed will keep its key short-term rate near zero for a prolonged period. "The recovery in the labor market is far from complete," Yellen said, an indication that the Fed is in no hurry to boost short-term rates. That message should be reassuring to investors. Stocks rose sharply higher Tuesday after the remarks. Yellen said the Fed is monitoring volatility in global markets but doesn't think it poses a serious risk to the United States at the current time. "Since the financial crisis and the depths of the recession, substantial progress has been made in restoring the economy to health and strengthening the financial system," Yellen said in her testimony for the House Financial Services Committee. "Still, there is more to do."

**AGRICULTURE: E.U. MOVES TO APPROVE U.S. GMO CORN -** Despite efforts by two-thirds of its 28 member states to block the move, the European Union took a large step toward approving a new genetically modified corn Tuesday (*NPR News*). It opponents say the corn, a DuPont Pioneer product called TC1507, has harmful qualities. They also predict the decision will prove to be controversial in Europe. The corn's initial approval was aided by procedural rules requiring that decisions by the European Commission, the union's executive body, are weighed according to countries' population size. reports: "A meeting of European Affairs ministers from the 28-member bloc could not establish a definitive position either way, Greek chairman Evangelos Venizelos said, citing EU procedural rules. Accordingly, TC1507 was allowed through and handed over to the European Commission for the next step in authorization." The corn is intended to resist herbicides and to produce an insecticide that can kill pests — qualities that have made it a source of argument in Germany, which abstained from today's vote. Three other countries also abstained, making it difficult to form a consensus.

### **AFGHANISTAN: U.S. CONDEMNS AFGHAN DECISION TO RELEASE DETAINEES**

- U.S. forces in Afghanistan on Tuesday condemned a decision by the Afghan government to proceed with plans to release additional detainees that the United States believes pose a militant threat (*Reuters*). The detainees have become one more issue fueling tension in U.S.-Afghan ties, as foreign troops, who have been in Afghanistan since 2001, steadily withdraw. The U.S. director of national intelligence said on Tuesday he did not expect President Hamid Karzai to sign a bilateral security agreement with Washington. "United States Forces-Afghanistan has learned that 65 dangerous individuals from a group of 88 detainees under dispute have been ordered released from the Afghan National Detention Facility at Parwan," the U.S. military force said in a statement. "The release of these detainees is a major step backward for the rule of law in Afghanistan," it said. "Some previously-released individuals have already returned to the fight, and this subsequent release will allow dangerous insurgents back into Afghan cities and villages." An Afghan government official said the prisoners could be released in a few days. The Pentagon believes it will happen on Thursday, U.S. Defense Department spokesman Colonel Steve Warren told reporters in Washington.

**TENNESSEE: VW PLANT MIGHT UNIONIZE CAUSING POLITICAL STIR** - The crusade by anti-union forces in Tennessee, including the state's governor and senior senator, is as much a fight with Volkswagen management as with the UAW (*USA TODAY*). Not only are Republican legislators accusing Volkswagen of backing the UAW, some of their leaders on Monday threatened to withhold tax incentives for future expansion of the 3-year-old assembly plant in Chattanooga if workers vote this week to join the UAW. About 1,500 workers will vote from Wednesday through Friday in an election that the National Labor Relations Board will conduct. The company plans to expand in Chattanooga or at a Mexican plant to produce a midsize SUV. Overall, Volkswagen intends to invest about \$7 billion in North America over the next five years to achieve a goal of selling more than 1 million Volkswagen and Audi vehicles in the U.S. by 2018. "It has been widely reported that Volkswagen has promoted a campaign that has been unfair, unbalanced and, quite frankly, un-American in the traditions of American labor campaigns," State Sen. Bo Watson, R-Chattanooga, said in a statement sent to the Free Press.

*Local*



**CITIES: KOKOMO RESIDENTS, MAYOR AGGRAVATED OVER CONDITION OF U.S. 31**

- Residents of Kokomo are complaining about the condition of the former U.S. 31 route through Kokomo that remains the state's responsibility despite the opening of the new bypass around the city last fall (*South Bend Tribune*). Mayor Greg Goodnight told the Kokomo Tribune that the city hasn't been able to reach a deal with the state highway department about taking over what is now Indiana 931 despite more than a year of talks. Goodnight said the two sides are millions of dollars apart on what the state would pay toward future road maintenance and that negotiations have been put on hold. Highway department spokesman Harry McGinity said it is properly clearing and maintaining Indiana 931 through the winter and plans to do so for the foreseeable future.

**CITIES: FORT WAYNE COUNCIL APPROVES, FUNDS HIGH-SPEED RAIL STUDY**

- Once again, the City Council has voted to support a study needed to bring high-speed passenger rail to the city, but this time council members backed it up with cash (Stockman, *Fort Wayne Journal Gazette*). The council voted unanimously Tuesday to give \$200,000 toward an environmental study of a high-speed rail line between Columbus, Ohio, and Chicago, with stops at several cities, including Fort Wayne. "I believe this is critically important. If we do not move forward diligently, this project could be in jeopardy," said Geoff Paddock, D-5th, who pushed the measure and has long championed the cause. If built, the rail line would move trains at 110 mph, allowing passengers to get from Fort Wayne to downtown Chicago in two hours or less. Paddock said \$200,000 represents about 10 percent of the expected cost of the 18-month, three-state study, which is required before federal officials will consider paying for 80 percent of the \$1.2 billion rail project. Northeast Indiana Passenger Rail Association officials have said the Indiana Department of Transportation could pay for half of Indiana's share in the study, but officials at INDOT and other cities are looking to Fort Wayne to commit funding first. The Allen County commissioners considered a request for \$50,000 last week and generally backed the idea, but they said they needed to draw up a formal proposal designating where the money would come from. Where Fort Wayne's money would come from has been an issue: Paddock, who is a Northeast Indiana Passenger Rail Association board member, introduced the idea in the fall, but council members didn't want to use Legacy Fund money, which comes from the lease and sale of the city's old electric utility.

**CITIES: FORT WAYNE COUNCIL TACKLES TRANSPORTATION FUNDING -**

Funding for roads, a rail study and establishment of a new connector flight with an East Coast city were on the plate Tuesday evening for Fort Wayne City Council (Neumeyer, *WPTA-TV*). Should Fort Wayne go full speed ahead in trying to determine if restoring passenger rail service through the city is a good idea? Council planned a vote

on whether to spend \$250,000 in CEDIT tax revenues for a feasibility study. Other communities on the proposed route from Columbus Ohio to Chicago are waiting and watching. "We have cities up and down the line, from Gary, Plymouth, Valparaiso, Warsaw, and even into Ohio, Lima and so on, that are looking to see what Fort Wayne does. It's very important we move forward on this," said 5th District Democratic Councilman Geoff Paddock, who has crusaded for a return of rail service in Fort Wayne. Republican Tom Smith would like to see the rail study happen, but he has a different priority. Officials with Fort Wayne International Airport are asking for \$600,000 in city Legacy monies to help an airline underwrite a new connector flight between the city and an East Coast hub, reportedly Philadelphia. Smith figures funds could be limited. "If push comes to shove and we don't have enough money to go around, I've got to choose air over rail, because air is a long standing need," said Smith, who represents constituents in the 1st Council District.

### **CITIES: TERRE HAUTE'S MAYOR BENNETT TALKS BIZ TAX, HJR-3, OTHER ISSUES**

- WFIU reporter Jimmy Jenkins sat down with Terre Haute Mayor Duke Bennett to ask him about several issues the city is facing (Jenkins, *Indiana Public Media*). We started with his thoughts on Indiana legislation that would eliminate the business personal property tax. Here are some highlights from their conversation: Bennett: I think the best thing is to step away from it, even if it's a temporary pause. We're all on the same page, we want Indiana communities to grow because of the environment we create. But we need replacement revenue. After the property tax caps, we lost \$9 million a year and if we lose another \$4.5 million a year through this business personal properties, we're getting close to 50% of our income gone forever. We can't afford to lose any more money to run local government. Jenkins: In the past you've remained neutral on the Indiana marriage amendment, HJR-3. Has your opinion changed? Bennett: I don't put my name on any lists, I've told everybody that. I know there are some mayors against guns and mayors for this and mayors for that. I don't put myself out there like that because I don't want to do anything related in my position just for political gain for me. I just don't think it's the right thing we need to be debating right now. Jenkins: We see they are tearing down some old buildings on Wabash Avenue to make way for a new development operated by Indiana State University. Bennett: We're having a lot of interest with housing downtown so this is what I believe to be the first of several projects. Jenkins: What about the need for parking in downtown? Bennett: We brought a firm on board to look at the whole downtown area, not only for parking, but from pedestrian and bicycles. We want to be sure as we build out the downtown, that we're conscious of these things.

### **CITIES: IMPD EFFORT WILL PUT HEROINE ANTIDOTE INTO HANDS OF OFFICERS**

- A resurgence in heroin use is troubling local law enforcement officials, but

efforts to combat the problem are underway, starting with the front-line police officers themselves (Disis, *Indianapolis Star*). Beginning next month, the Indianapolis Metropolitan Police Department is piloting a new program that puts a life-saving heroin and opioid prescription drug antidote in the hands of officers. The drug, naloxone, comes in the form of a nasal spray capable of reversing an opioid overdose. The program was formulated in response to an alarming statistic: Last year, the city recorded 95 heroin overdose deaths, a number that has more than doubled since 2011, Indianapolis Public Safety Director Troy Riggs said. "That's a lot of people needlessly losing their lives," Riggs said. "The main reason we're doing this is we value human life. If we can save a life, that's a win for us. We cannot be apathetic."

**CITIES: KOKOMO MOVES FORWARD WITH NEW TIF DISTRICT** - The city is moving forward with plans for another possible Tax Increment Finance District in hopes of revitalizing a major piece of its downtown through redevelopment (Smith and Slagter, *Kokomo Tribune*). The Kokomo Plan Commission unanimously agreed that the city's plans for a redevelopment area conform to its comprehensive plan, with the area in question located downtown near North Main Street, extending south from Jefferson Street to Apperson Way. The order will now go before the Kokomo Common Council for approval before going back to the Kokomo Redevelopment Commission for final approval. With the number of businesses that have come and gone in that area, the possibility for redevelopment is exciting, said Tom Tolen of the city's development department. "That's been an area that's kind of gone downhill a little bit," he said. "This is an opportunity to reinvest and capitalize on." The main target of the city's proposed new Tax Increment Financing district is the Patriot Porcelain plant on North Main Street, where private investment and more than \$6 million in loan guarantees from the federal government are combining to revive a plant shuttered for the better part of a decade.

**CITIES: CARMEL HIRING TRAPPERS TO CATCH COYOTES** - Carmel will hire trappers and use public education in response to complaints about coyotes (Penner, *Indianapolis Star*). "We continue to hear reports of dogs and cats being threatened or missing and we know that like other suburban areas this winter, we have a problem with coyotes," Mayor Jim Brainard said in a news release. "We plan to respond to those concerns through both education and by securing professional trappers who can help us trap and humanely relocate the animals if possible." Residents are urged to avoid confrontation with coyotes. They should call Carmel's non-emergency dispatch number — (317) 571-2580 — to file a report. Dispatchers will then alert the city's animal control officer, according to the news release.

**CITIES: MISHAWAKA UNLIKELY TO CLOSE SCHOOL** - It was welcome news to dozens of Hums Elementary School parents and hundreds of southeast-side community members who've signed petitions opposing the school's potential closure: At Tuesday evening's school board meeting, Mishawaka Superintendent Terry Barker said his goal — despite the financial crises facing School City of Mishawaka — is to keep all of the district's schools open (Kilbride, *South Bend Tribune*). On the heels of a failed \$28 million voter referendum last fall and in the midst of identifying options to save the district \$10 million in the next six years, Barker had previously said Hums, which needs a new heating system, as well as asbestos removal and repair, may be pegged to close. The school's closure was just one item on a long list of potential cost-cutting measures the district is considering. The money is needed to offset the impact of Circuit Breaker tax caps, meet increasing debt obligations and do high-priority facilities repairs.

**CITIES: ELKHART RV PLANT CLOSING ABRUPTLY, 125 JOBS TO END** - Nearly 125 workers are affected by a Florida company's decision to close a plant in Elkhart. Our partners at Fox 28 in South Bend report employees were "blindsided" Monday when Monaco Towable RV closed without notice. It is owned by Florida-based Allied Specialty Vehicles, which says it has decided to exit the RV Towable Market (*Inside INdiana Business*). Employees will receive severance pay later this month and will keep their health insurance through April 10 (WSJV-TV). A company spokesman tells Fox 28 a division that had been in Elkhart recently moved to Florida and much of the RV division is now in Decatur. The decision to close in Elkhart affects 85 full time and roughly 40 temporary workers, who had been told they would eventually become permanent employees. Workers have been told they will receive a check for 60 days of pay as severance on February 28th and they will be able to keep their insurance through April 10.

**COUNTIES: MADISON SPENDING \$2M ON PAVING THIS YEAR** - Madison County will be spending almost \$2 million this year on paving projects, thanks in part to the reinstatement of the county's wheel tax (de la Bastide, *Anderson Herald Bulletin*). The Madison County Council on Tuesday approved spending \$1,250,000 from the reinstated wheel tax and \$600,000 from Local Road & Street funds on paving projects throughout the county. An additional \$150,000 was approved from the Local Road & Street fund for pavement markings. Commissioner John Richwine said there is a list of roads to be paved in 2014, but the list is being re-evaluated. Richwine said the wheel tax revenues can only be used for materials.

## **COUNTIES: LAKE COUNCIL FUNDS TWO JUVENILE COURT POSITIONS -**

Juvenile court Judge Thomas Stefaniak will get a new chief deputy for the courts and a nurse for the juvenile detention center (Napoleon, *Post-Tribune*). The Lake County Council on Tuesday approved both positions and the transfers needed to fund them. Councilwoman Christine Cid, D-East Chicago, voted against both measures. Stefaniak said the way the system currently works is there are a number of individual managers across the departments under his supervision. His responsibilities include juvenile court, IV-D child support court and the detention center. "The chief deputy will coordinate everything," Stefaniak said. The chief deputy would be responsible for handling the day-to-day administration issues that the various managers bring forward freeing Stefaniak up to concentrating on the courts. He said the position will allow him to focus on the law and not administration. The chief deputy would also coordinate outside placements of detainees. Stefaniak moved \$30,000 from maintenance and services contracts to help pay for the position. The remainder of the salary will come from the commissioners' budget. He expects the department will be able to pay for the position on its own in 2015.

## Feb. 11, 2014 HPI Daily Wire

Tuesday, February 11, 2014 8:00 AM

**HJR-3 PASSES COMMITTEE WITHOUT SECOND SENTENCE:** By an 8 to 4 party line vote, the Indiana Senate Rules Committee voted to send the constitutional marriage amendment to the floor of the upper chamber in its current form, with a final vote likely coming Thursday (Butler and Howey, *Howey Politics Indiana*). The vote early Monday evening came after more than three hours of testimony that featured proponents of HJR-3 seeking to restore the second sentence that was removed by the House. That second sentence has been a lightning rod of criticism because it would prevent future General Assemblies from creating civil unions or domestic partnerships. Proponents like Curt Smith of the Indiana Family Institute openly called for a restoration of the second sentence. "We're going to focus on restoring the original language. I know it is one sentence. It is not enough to define marriage, you have to defend marriage," said Smith, who finally said, "I ask you to restore the second sentence." Senate President David Long, R-Fort Wayne and chairman of the committee, countered Smith, saying, "I ask you to stay within the process." Long has said that he wanted amendments to be made on the Senate floor. Sen. Long said afterwards, "As I've said, once it hits the floor it's open for any amendment that someone may propose as long as it's germane. I expect we will see a potential amendment, not for sure — I don't know what that'll look like. Nothing should surprise you at this point. It is to the floor as I hoped it would be, un-amended so that the entire Senate will have an opportunity to debate this and we'll have a robust discussion." Long was asked: Do you favor the amendment? Do you want that second sentence put back in? Long responded, "I'll talk about that on Thursday and I will talk about it." Asked if putting the second sentence back in will kill the amendment in the House, Long said, "That's one theory, yes. It's hard to know what may or may not happen. There are those that say people have changed their minds. There are those that say that's not at all what's happened. And we really have to just stick to what we think we should do here in the Senate. What the majority of Senators decide to do will be what ultimately happens. We can't speculate on what the House will or will not do." Senate Minority Leader Tim Lanane said HJR-3 is an amendment whose "time has come and gone." He called it an amendment "that discriminates against one group of people" and added, "There will be a court challenge." State Sen. Dennis Kruse, R-Auburn, introduced the measure by reading the one sentence that says that "marriage is between one man and one woman." Terre Haute attorney Jim Bopp reiterated his testimony in the House, telling senators that without the second sentence, "it is vulnerable to that challenge." The Senate will likely vote on the measure on Thursday. If it votes for the amendment that includes the second sentence, it will go back to the House for concurrence. If it passes without the second sentence, it will not appear on the November 2014 ballot and will likely be decided in 2016.

**LONG TIES TAX REPEAL TO ECONOMY:** Senate President David Long is keeping a close eye on sagging state revenues when it comes to the business personal property tax repeal (Butler, *Howey Politics Indiana*). "Obviously the economic report is going to be important here too and we've had some brutal out there that's effected the income for the state, for every state, probably two-thirds of the country are going through that right now, so we're not alone but it's a factor," Long said Monday. "We have to see what those numbers are as we go forward. We're getting some new reports every week and that will effect the outcome of those bills. Revenue has been not as good as we hoped but that's a lot of things. I think some federal actions out there, uncertainty in the economy, unwillingness to invest because a lot of laws have been passed out there by the federal government right now, just not Obamacare, but Dodd-Frank, and a lot of things are affecting the United States' economy right now in a negative way and hopefully we'll get some relaxation on all the stringent regulations that I think are affecting investment in the United States, but that's a another discussion." Asked about Gov. Mike Pence's position, Long said, "We're in discussion. The Governor's Office, the Senate leadership with their fiscal people, and the House leadership and their fiscal leaders, we're all meeting weekly and talking. It's a process and we're in that process right now. The Governor, obviously, would like to see positive outcome for the proposals. He is also respectful to the fact that it's in the legislature right now and he's trying not to trample on our need to work through it in the Senate right now. I appreciate his respecting that, but he is involved in the discussions absolutely."

**OBAMA PUSHES BACK BUSINESS MANDATE:** The Obama administration on Monday announced it is delaying the employer mandate in ObamaCare until 2016 for some businesses (*The Hill*). This delay in the mandate — the second so far — would only apply to businesses with between 50 and 99 employees, who would have until January 2016 to decide whether to offer insurance to their employees or pay a penalty. Businesses would also be barred from cutting their workers in order to fall under the threshold. The employer mandate, a cornerstone of the healthcare reform law, was initially set to take effect in January, but the administration announced in July that companies would have until January of 2015 to comply. A senior Treasury Department official stressed that the new language on the mandate was not meant to influence decisions about hiring or downsizing. "We're not trying to interfere with what the business necessities might be," he said. The new rules clarify the definition of a 30-hour-work week, the basis for how the law counts full-time employees. Treasury said the changes are meant to give companies more flexibility by them allowing to average employee hours over the course of an entire year as they tally their worker counts. Speaker John Boehner (R-Ohio) accused Obama of "rewriting law on a whim." "If the administration doesn't believe employers can manage the burden of the [healthcare] law, how can struggling families be expected to?" Boehner said in a statement. U.S. Sen. Dan Coats reacted, saying, "This is an issue of basic fairness. Individuals and families deserve the same exemption from these mandates that the Obama

Administration continues to provide to businesses. The Senate should pass my bill to delay both Obamacare mandates until 2015 and ultimately allow the American people to decide the law's fate later this year."

**GOP LEADERS PITCH DEBT LIMIT SWEETNER:** House Republican leaders pitched their members a deal Monday night that would pair raising the nation's borrowing cap for one year with a rollback of military pension cuts — with a vote possible Wednesday (*Roll Call*). Republicans posted the text of the bill Monday night, including a \$2.3 billion fund that could be used for a patch for Medicare doctor reimbursements. The debt limit would be suspended until March 15, 2015. Rep. Devin Nunes, R-Calif., said Republicans planned to whip the newest proposal during Monday evening votes. "I think the goal is to put it on the floor Wednesday," Nunes said. "We're just going to whip it." The deal is designed to attract Democratic support, which became necessary when GOP leaders found last week that none of their plans could garner 218 votes from Republicans alone.

**HOUSE WAYS & MEANS DEBATES SENATE VERSION OF BUSINESS TAX CUT:** Indiana House lawmakers took up a Senate proposal to cut business taxes on Monday, as fiscal leaders continued working behind the scenes to craft a compromise package of cuts this legislative session (LoBianco, *Associated Press*). Members of the House Ways and Means Committee trudged through three hours of testimony from business leaders seeking further tax cuts, and school and local government officials looking to be spared further budget cuts. The Senate plan would eliminate the state tax on business equipment for small business owners while also trimming back the corporate income tax from 6.5 percent to 4.9 percent—the second major cut across the board in recent years. House Republicans, including some who heard testimony Monday, drew up a different plan that would give county leaders the option of eliminating the state's business-equipment tax. House Ways and Means Committee Chairman Tim Brown, R-Crawfordsville, hinted that he would like to see more of the House's approach — with the decision placed on local leaders — inside the Senate measure. Eliminating the tax would hit different counties in very different ways, he said. "We have different transfers (of tax burdens) to other property taxpayers within those counties," Brown said. He said that was why the House Republican plan, House Bill 1001, "is a unique conversation to every county, so it therefore lends itself to better representation at the county level rather than us doing a blanket thing across the state."

**PENCE TAX PLAN STILL NOT WINNING OVER LOCAL OFFICIALS:** Gov. Mike Pence has spent months pushing the idea of repealing the tax on business equipment



that provides \$1 billion a year to schools, libraries and local governments (Hayden, *CNH*). He's yet to come up with a plan to replace those lost tax dollars. Pence argues freeing businesses from the burden of taxes on their equipment will spur growth. That, in turn, will lead to prosperity that will boost the fortunes of local communities. Elkhart County Commissioner Mike Yoder has another idea. To replace the tax revenue lost by the locals, the state should go after dollars lost to offshore tax havens used by businesses. "Why aren't we recouping some of that tax revenue?" Yoder said. "The state could go after that money and turn it over to the locals as replacement revenue." It's a question asked only half in jest. According to a new report published in *Governing* magazine, state governments failed to collect more than \$20 billion in taxes in 2011 from corporations that socked away money in the Cayman Islands and other well-known tax havens. The report, by the U.S. Public Interest Research Group, identified 31 states that saw more than \$100 million in corporate tax revenue go uncollected in 2011. Indiana is one. According to the report, it lost \$463 million to offshore tax havens. Just two states, Montana and Oregon, have passed laws to recoup some of that money by requiring companies to report profits from subsidiaries in foreign countries known for their tax-dodging loopholes. The owner of a family farm who's in his third term as a commissioner, Yoder already has witnessed what happens when local government loses revenue. Between 2009 and 2010, Elkhart County cut \$11 million in expenses. He's proud to say officials did it without cutting essential public services. He's doubtful he can make that claim again. The end of the business personal property tax would take about \$2.4 million from the Elkhart County government each year, on top of \$4.6 million it already loses due to property tax caps imposed by the Legislature in 2008. In all, Elkhart County's local governments, schools and libraries could lose more than \$23 million a year.

**IRAQI SUICIDE BOMB INSTRUCTOR KILLS HIS CLASS:** A group of Sunni militants attending a suicide bombing training class at a camp north of Baghdad were killed on Monday when their commander unwittingly conducted a demonstration with a belt that was packed with explosives, army and police officials said (*New York Times*). The militants belonged to a group known as the Islamic State of Iraq and Syria, or ISIS, which is fighting the Shiite-dominated army of the Iraqi government, mostly in Anbar Province. But they are also linked to bomb attacks elsewhere and other fighting that has thrown Iraq deeper into sectarian violence. Twenty-two ISIS members were killed, and 15 were wounded, in the explosion at the camp, which is in a farming area in the northeastern province of Samara, according to the police and army officials. Stores of other explosive devices and heavy weapons were also kept there, the officials said. Eight militants were arrested when they tried to escape, the officials said. The militant who was conducting the training was not identified by name, but he was described by an Iraqi Army officer as a prolific recruiter who was "able to kill the bad guys for once."

**HPI DAILY ANALYSIS:** The economy may be the element that decides the business personal property tax repeal this session, lending credence to SB1 that taking a year to study the issue more thoroughly is the prudent route. – *Brian A. Howey*

## *Campaign*

**2014: FISHERS MAYORAL RACE DRAWS CROWDED FIELD** - Fishers residents will elect their first mayor this year, and six Republicans are vying to lead the fast-growing suburb that officially will become a city on Jan. 1 (Davis, Indianapolis Business Journal). Mayoral candidates include longtime Town Council President Walt Kelly, current Town Manager Scott Fadness, first-term Town Council member Renee Cox, and Marvin Scott, who has run unsuccessfully for the U.S. House of Representatives and Senate. Also in the race are political newcomers Maurice Heitzman and Elaine Viskant. No Democrats entered the mayoral race by the Feb. 7 primary-election filing deadline, but the party can appoint a candidate before the general election. Hamilton County Democratic Party chief Keith Clock said officials will "continue to recruit candidates" until the summer deadline fill vacancies on the ballot. There's another noticeable absence on the candidate list released by the Hamilton County elections office: 19-year Town Council member Scott Faultless has not filed to run for any office, including a seat on the soon-to-be-formed City Council. Faultless, who served as council president for more than a decade, told IBJ on Monday that he is sitting out the upcoming election for personal reasons. He didn't rule out a return to politics in the future, but said he is satisfied with the progress Fishers has made in the past two decades. "I hope that people can say there's been an improvement, that the town is better now than it was," he said. Voters choose partisan candidates for mayor, city council and city clerk in the May 2014 primary—typically the most-contentious election in the overwhelmingly Republican community—and return to the polls in November. The winners will take office Jan. 1. Almost immediately, they'll have to decide whether to run again. Another election is scheduled for 2015 to get Fishers on the state's regular municipal election schedule. With the exception of Cox and Faultless, all the current Town Council members are running for a seat on the new, nine-person City Council. Six will be elected from geographic districts, and three will be chosen from a field of at-large candidates. Council President John Weingardt has no primary opponent in his south-central district, but he will face Democrat Greg Purvis on the November ballot. Vice President Pete Peterson is unopposed in the southeast district.

**2014: LUSHIN ENDING 32-YEAR POLITICAL CAREER IN HOWARD** - The longest-serving elected official in Howard County is calling it quits after eight terms (Smith, *Kokomo Tribune*). Center Township Trustee Jean Lushin announced in a statement that he won't run again late last week, just after the filing deadline for the

May primary election. The decision clears a path, possibly, for Rev. Robert A. Lee, who retired last year as head pastor of Second Missionary Baptist Church, and who filed to run for the Democrat trustee nomination. Monday, another Democrat, Bruce R. Kellar, dropped out of the race, leaving Lee the sole candidate on the Democrat side. No Republican filed for the office, although the party could still appoint a candidate for the general election. Lee's candidacy, however, is now the subject of a legal challenge brought Friday by Lushin's daughter, Dawn Manfredi, who noticed Lee hadn't signed the first page of his declaration of candidacy. Howard County Clerk Kim Wilson notarized Lee's candidacy forms when they were filed, but said Monday a special meeting of the Howard County Election Board will be held to discuss Manfredi's challenge. Any decision by the election board — which consists of two Republicans and a Democrat — could be appealed to the state election board.

**2016: HILLARY SAW MONICA AS 'LOONEY TUNE':** An archive of correspondence, diary entries, memos and notes from conversations kept by one of Hillary Clinton's closest friends portray her as "a strong, ambitious and ruthless Democratic operative," according to a conservative website that went through the documents (*CBS News*). The papers offer a look at Hillary Clinton's mindset through some of the most difficult parts of her husband's presidency, including the Monica Lewinsky scandal. According to the friend, Diane Blair -- a political science professor whose papers were donated to the University of Arkansas Special Collections library -- Hillary Clinton credited Bill Clinton with trying to break away from Lewinsky, whom she called a "narcissistic loony toon." She also said Hillary Clinton said a series of personal tragedies like the death of friend Vince Foster, her father and Bill's mother took a toll on their marriage, as did the "ugly forces" that attacked them, according to the Washington Free Beacon, which reported on the documents. "They adopted strategy, public strategy, of acting as tho it didn't bother them; had to. [Hillary] didn't realize toll it was taking on him," Blair wrote. "She thinks she was not smart enough, not sensitive enough, not free enough of her own concerns and struggles to realize the price he was paying."

### *General Assembly*

#### **FREEDOM INDIANA REACTS TO HJR-3 PASSING SENATE RULES COMMITTEE:**

Freedom Indiana campaign manager Megan Robertson issued the following statement after the Senate Rules Committee voted 8-4 to send the amended version of HJR-3 to the full Senate for consideration (*Howey Politics Indiana*): "We want to thank Senator Long and members of the Rules Committee for hearing the voices of so many Hoosiers opposed to HJR-3, people who've come from across our state to share their stories about how this amendment will harm their families, friends, neighbors and communities. We remain determined to defeat HJR-3, but we are grateful that the

committee voted today to keep at bay the extremely dangerous second sentence that would permanently prohibit civil unions, domestic partnerships and other legal protections for same-sex couples. We look forward to continuing this discussion with all members of the Indiana Senate and reaching an outcome that protects the liberties of all Hoosiers."

**FREEDOM INDIANA'S MESSAGE TO THEIR SUPPORTERS:** Freedom Indiana's campaign manager, Megan Robertson, sent the following email to supporters Monday evening following the Senate Rules Committee's passage of HJR-3 along an 8-4 party-line vote (*Howey Politics Indiana*): There's good news and bad news. The good news: We are one step away from keeping HJR-3 off the ballot this year. The Senate Rules Committee has approved the House-amended version of the bill, by a vote of NUMBERS. The bad news: The House amended version of HJR-3 now advances to the full Senate floor. I know the legislative process can be confusing. But one thing is simple, as HJR-3 moves to the Senate in the coming days, our commitment to stopping this amendment has never been stronger. Given the legislative calendar, the full Senate vote should be on Thursday. Let us know you can join us at the Statehouse on Thursday and ask your Senators to oppose HJR-3. We're disappointed that HJR-3, in any form, advanced today. But because the Senate passed the amended version of HJR-3 -- which doesn't include the especially dangerous second sentence limiting all protections for same-sex couples -- this divisive amendment would not appear on the ballot until 2016 at the earliest. Without the tens of thousands of Hoosiers who have already taken action, there's no doubt that HJR-3 would have passed as is and now, it would be just one vote away from appearing on the ballot this fall. From the beginning, our campaign has been the under-dog. But together, we've achieved so much -- so much more than most people expected. We're proving what's possible when we work together, across party lines, generations and in every region of the state. We've built one of the strongest grassroots movements in Indiana's history -- and we're not done yet... Since day one, we've been defying the odds, and that's what we're going to have to do to stop this bill permanently in the Senate."

**SENATE DEMOCRATS COMMENT ON HJR-3 PASSING RULES COMMITTEE:** Committee members from the Indiana Senate Democratic Caucus voted in unison to oppose the passage of HJR-3 and issued the following statements: Senate Democratic Leader Tim Lanane (D-Anderson): "I'm certain if the Senate is guided by the principles of fairness and decency, and what's in the best interest of the future of Indiana, discrimination will ultimately be defeated. This debate affects the lives of our neighbors, the lives of our friends, the lives of Hoosiers. It's time to listen. Nearly 60 percent of those folks oppose locking discrimination into our constitution." Assistant Senate Democratic Leader Jean D. Breaux (D-Indianapolis): "Strong communities are the

cornerstone of a thriving economy. Strong communities are not built by limiting the rights of some. They are instead founded on the notion that every Hoosier has the opportunity to pursue happiness.” Senate Democratic Caucus Chair Jim Arnold (D-LaPorte): “If job creation is job one, why then are we making it more difficult for some of Indiana’s top employers to recruit and retain top talent? What sort of signal does locking intolerance into our state’s guiding document send to prospective employers? To future generations?” Senate Democratic Caucus Whip Lindel Hume (D-Princeton): “Real leadership is standing up for what’s right. Real leadership recognizes the value of setting aside this divisive amendment and focusing on issues that bring our state together.”

**‘HOOSIER IDOL’ WILL FEATURE LAWMAKERS ENTERTAINING TO RAISE FUNDS FOR MENTAL HEALTH:**

For one night, members of the General Assembly will unite under a different type of limelight – on stage for the annual Hoosier Idol competition (Metheny, *Statehouse File*). The event – hosted by the Mental Health America of Indiana – is a legislative talent show with media judges. It takes place Tuesday at the Indiana Roof Ballroom. Since its creation seven years ago, Hoosier Idol has grown from an audience of a few hundred to an estimated 600 for Tuesday’s event, said Tiffany Peak, the assistant vice president to the chief executive officer of MHAI. “When we started doing it, it was a fun small group activity,” said MHAI President Steve McCaffrey. Now, he said, Hoosier Idol has become a “go to event.” House Speaker Brian Bosma, R-Indianapolis, is the emcee for this year’s show. Celebrity judges are WTHR-13 meteorologist Angela Buchman, WISH-TV Statehouse reporter Jim Shella, and radio host and blogger Abdul Hakim-Shabazz. “It’s a lot of fun and for a good cause,” Shabazz said. That’s why he said he likes to be a part of it. This is Shabazz’s second year judging the event. He said he was invited last year and had a lot of fun. When the group asked this year, Shabazz said he was “more than happy” to return. This year’s show will feature a number of acts, including Sen. Pete Miller, R-Avon, singing a duet with Sen. Greg Walker, R-Columbus. Rep. Bill Friend, R-Macy, will be playing saxophone with a band. And the audience will see an encore performance by last year’s winner, Sen. Lindel Hume, D- Princeton, on the guitar. “It’s a fun time for them [the legislators] to put themselves out there,” Peak said. This year’s special guest will be a George W. Bush impersonator. Hoosier Idol takes place Tuesday in the Indiana Roof Ballroom with a reception at 6 p.m. and the program to follow at 7 p.m. For tickets, go to [www.mhai.net](http://www.mhai.net).

*State*

**GOVERNOR: SALE OF STATE PLANE NETS MORE THAN ASKING PRICE** - The State of Indiana’s 2001 Beechcraft Super King Air B200 twin turbine aircraft sold on

January 30 for \$1,834,000, which was \$134,000 beyond the asking price of \$1.7 million (*Howey Politics Indiana*). The King Air was purchased by American Aviation from Brooksville, Florida. Payment for the plane has been received in full, and the new owners took possession on February 6. Upon advertisement of the plane's sale in mid-December 2013, general interest included approximately 25 calls and e-mails. Upon the deadline for sealed bids mid-afternoon on January 30, three bids in total were received from Florida, Mississippi and Alberta, Canada. The State plans to use funds received from the sale to help support public safety duties of the Indiana State Police.

**GOVERNOR: PENCE'S SCHEDULE** - 10:30 a.m. – Gov. Mike Pence to join the Lumina Foundation and Complete College America to announce a grant to support Indiana's two- and four-year universities to improve college completion rates. Statehouse, Room 101, 200 W. Washington Street, Indianapolis. 12:00 p.m.– Gov. Mike Pence to offer remarks celebrating Black History Month. Statehouse, Rotunda, 200 W. Washington Street, Indianapolis.

**GOVERNOR: FIRST LADY'S SCHEDULE** - 10:00 a.m.– First Lady Karen Pence to visit Helen Griffith Elementary School. Helen Griffith Elementary School, 803 E. National Highway, Washington. 10:30 a.m. CST – First Lady Karen Pence to visit Joshua Academy. Joshua Academy, 1230 E. Illinois Street, Evansville. 1:00 p.m. CST – First Lady Karen Pence to visit Signature School. Signature School, 610 Main Street, Evansville.

**EDUCATION: IVY TECH CONSOLIDATES EVANSVILLE, BLOOMINGTON, TELL CITY INTO ONE REGION** - Ivy Tech Community College will combine its Bloomington and Southwest regions and appoint one chancellor to oversee the campuses in both areas as part of a larger reorganization of the statewide school (*Statehouse File*). The change comes as chancellors in both regions retire and the school is moving toward larger regions in other parts of the state. The new region will encompass campuses in Bloomington, Evansville and Tell City. "Ivy Tech will continue its focus on being responsive to the needs and workforce development efforts in Evansville and the surrounding areas along with Bloomington and its surrounding communities," said Ivy Tech President Thomas Snyder in a statement. "These changes will allow us to best assess existing skill gaps between available jobs and Indiana's workforce in these markets and partner with business and industry to fill those gaps," he said. In January, the Ivy Tech Board of Trustees announced the combination of the East Central region which includes the degree-granting locations of Anderson, Marion, Muncie and New Castle with the Richmond region which includes the Richmond and Connersville

locations. In addition the board moved forward on the combination of the Columbus region with the Southeast region, which includes locations in Batesville, Lawrenceburg and Madison. Ivy Tech will now operate with 10 regional chancellors, a number that was as high as 14 in the past. Chancellors will continue to oversee the 31-degree granting locations and more than 75 educational sites throughout the state within the various regional boundaries. While the college is consolidating administrative functions across the newly combined regions, the 14 regional boards of trustees will continue to operate. The college earlier announced plans to name what it will refer to as campus presidents for an estimated 20 educational sites throughout the state, many of the college's degree granting locations. This new title will replace the current title of vice chancellor/dean that exists in many of the locations. The campus presidents will report to the chancellors within the sites they serve.

**EDUCATION: DEPAUW ANNOUNCES MILLIONS IN GIFTS** - President Brian W. Casey announced today that the University's Board of Trustees, during its meeting over this past weekend, formally accepted \$14.4 million in new gifts, including a \$10 million gift to endow programming at the Prindle Institute for Ethics, a \$3.4 million gift for athletics, and a \$1 million gift to create a new endowed fund for the humanities (*Howey Politics Indiana*). "These gifts represent a profound investment in the University's academic program and in a campus that provides one of the most well-rounded student experience of any in the nation," said Dr. Casey in acknowledging the three commitments. \$10 million Endowed. The lead gift to support the Prindle Institute comes from Janet W. Prindle '58, who first established the Institute with a 2005 gift supporting the its construction. Her latest gift will provide new endowed resources to undergird the Institute's programming, which is dedicated to the study of ethics, incorporating ethical inquiry into the University's curriculum and hosting a wide range of lectures and symposia centered on ethics, philosophy, and leaders.

**COURTS: CHURCH SCAM INVESTORS MAY BE REPAYED BY END OF YEAR -**

Thousands of devout investors who lost savings after an Indiana brokerage persuaded them they were helping to build churches will get the last of their share of the money that's being repaid by the end of the year, the official overseeing the payback said Monday (*Associated Press*). Receiver Michael Rusnak said he hopes to finish distributing funds to investors who lost money in the Alanar scam by the end of the year. But most may get back as little as 50 percent. About \$60 million had been repaid to investors through the end of January, and a few more million dollars may be distributed. But Rusnik said the exact amount is up to the federal court in Indianapolis that appointed him. "We're hoping to make a final distribution this year," Rusnik said. "Ultimately, what they get is what we collect."

**ENERGY: VECTREN WILL MATCH DOLLAR-FOR-DOLLAR WEATHERIZATION OF HOOSIER HOMES**

- An Indiana-based company announced Monday it would match all public donations dollar-for-dollar to help weatherize Hoosier homes (Clark, *Statehouse File*). However, the company said the amount it will cap the matches at \$200,000. The donations will go to the company's Share the Warmth program. It is designed to help weatherize homes for single family homeowners that are at or below the state and federal guidelines for poverty. "Many low-income families are faced with higher than average energy bills because they often reside in older, inefficient homes with outdated furnaces and inadequate insulation," said Jeff Whiteside, Vectren's vice president of community sustainability and president of the Vectren Foundation. "If fully utilized, this program could yield an additional \$400,000 to weatherize even more households in need." Share the Warmth has helped Hoosiers weatherize more than 235 homes since 2007. Vectren customers can donate to Share the Warmth by rounding up to the nearest dollar when paying their bill online. Other Hoosiers can send in donations via mail.

**TRANSPORTATION: INDOT PLANNING TO ADD LANES TO I-69** - State highway officials are working on plans to add lanes to a busy section of Interstate 69 through central Indiana (Associated Press). The Indiana Department of Transportation's proposal would add a third travel lane to both northbound and southbound I-69 in a 14-mile stretch between State Road 37 in Fishers and Indiana 38 near Pendleton. The highway now has at least three lanes from I-465 in Indianapolis to near the Indiana 37 interchange. Agency spokesman Harry Maginity told The Herald Bulletin that state money for the estimated \$79 million project is expected to be included in a highway funding package by legislators this year. The highway department is planning to start construction work on the additional lanes next year, with work being completed in late 2016 or early 2017.

**CASINOS: JANUARY REVENUE FELL DUE TO COMPETITION, WEATHER**

- Revenues at Northwest Indiana's five casinos fell along with the snow and temperatures last month (Caffarini, *Post-Tribune*). Total revenues from the five casinos fell 17 percent from the previous January, plunging from \$79 million to \$65.5 million, according to the Indiana Gaming Commission monthly revenue report released Monday. While casino insiders didn't know if this set a record locally, Indiana gaming analyst Ed Feigenbaum said Monday this was the worst month for revenues state-wide since January 2002. "And we had fewer casinos and no racinos back then," Feigenbaum said. Dan Nita, senior vice president and general manager of Horseshoe Hammond, said January's results were not surprising, given the region had more than 60 inches of snow this year.



compared to just 8 inches last year, and that eight of the last 11 weekends had some sort of snow. "That obviously hurt. Plus, when it stopped snowing, we had subzero weather," Nita said, adding the weather affected gaming in both Indiana and Illinois. He said the Hammond casino closed briefly last month for only the third time since it opened, this time for the safety of its employees and guests. Nita said the casino also closed during the blizzard of 2011 and after 9/11. February already is off to a shaky start, with snow falling the first weekend. Ameristar in East Chicago pulled in \$14.9 million last month compared to \$18.3 million the previous January, Blue Chip Casino in Michigan City took in \$9.3 million compared \$11.9 million, Horseshoe Hammond raked in \$30 million compared to \$35.5 million and the two Majestic Star Casinos in Gary took in \$11.3 million compared to \$14.3 million. Nita said he's trying to reach out to a Chicago weather person to do a report at the Hammond casino. "When they say there'll be one inch of snow in Chicago and 5 inches in Indiana, they could be talking about LaPorte or Michigan City. Our snowfall is much more consistent with the western or southern Loop," Nita said. Nita also said he is in discussion with Northern Indiana Public Service Co. and other utilities about the possibility of giving away gas gift cards as rewards to guests. He said worries about utility bills could be keeping people away from the casinos.

*National*

### **WHITE HOUSE: PENTAGON UNDER PRESSURE TO RELEASE SEX CRIMES**

**INFO** - The Pentagon is coming under pressure to give Congress detailed information on the handling of sex crime cases in the armed forces following an *Associated Press* investigation that found a pattern of inconsistent judgments and light penalties for sexual assaults at U.S. bases in Japan (*Associated Press*). Democratic Sen. Kirsten Gillibrand of New York, who's led efforts in Congress to address military sexual crimes, is pressing the Defense Department to turn over case information from four major U.S. bases: Fort Hood in Texas, Naval Air Station Norfolk in Virginia, the Marine Corps' Camp Pendleton in California, and Wright-Patterson Air Force Base in Ohio. Such records would shed more light on how military commanders make decisions about court martials and punishments in sexual assault cases and whether the inconsistent judgments seen in Japan are more widespread.

### **CONGRESS: BUCSHON REACTS TO NEW ACA DELAY FOR SMALLER**

**BUSINESSES** - On Monday, U.S. Rep. Larry Bucshon, a physician from Southern Indiana, released the following statement after the Administration again unilaterally delayed part of ObamaCare (*Howey Politics Indiana*): "As the President tells the American people his signature law is a success that is working, his Administration unilaterally delays it again. Why are hardworking families expected to face the burden

of higher premiums, huge deductibles, and restricted physician networks, while other parts of the law are delayed at the whim of the President? I agree with the President – businesses shouldn't have to deal with this disastrous law, but neither should families. He should join with House Republicans to delay this train wreck for the families who are struggling to find the affordable coverage they were promised. If the President has the power to delay the law for some Americans, he can certainly delay it for everyone. Why is he waiting?"

### **CONGRESS: WALORSKI REACTS TO NEW ACA DELAY FOR SMALLER**

**BUSINESSES** – U.S. Rep. Jackie Walorski released the following statement after the Administration's announcement that the employer mandate in Obamacare will be delayed for a second year, meaning employers with less than 100 employees will not have to provide health insurance in 2015 (*Howey Politics Indiana*): "The Administration's decision to delay the employer mandate—for the second time in less than a year—proves the fundamental provisions of this law are bad policies for American families and businesses. Just last week, the non-partisan Congressional Budget Office confirmed that Obamacare will slow down the economy and incentivize millions of Americans to work less—moving our nation in the wrong direction. When it comes to Obamacare, Hoosiers do not want another Band-Aid. Instead, they want lawmakers to eliminate unworkable provisions, like the employer mandate, that prevent individuals from getting back into the workforce and supporting their families. It is time for the Obama Administration to face the music and listen to the American people, who want Washington to focus on commonsense solutions to improve our broken health care system without causing more damage to the economy."

**CONGRESS: YOUNG'S 40-HOUR ACA BILL GAINS DEMOCRATIC SUPPORT** - On Monday afternoon, U.S. Reps. Todd Young and Dan Lipinski (D-IL3) announced they would be consolidating their efforts to redefine full-time employment as the traditional 40-hour work week under the Affordable Care Act (*Howey Politics Indiana*). Lipinski—who authored H.R. 2988, the Forty Hours is Full Time Act—has joined Young's H.R. 2575, the Save American Workers Act, as a co-sponsor. "As we prepare for possible floor action to restore the traditional understanding of full-time employment, I'm grateful to Congressman Lipinski for his support of this effort," said Young. "By helping to restore the hours of hardworking Americans across the country, we're protecting their paychecks. That should be a principle we can all get behind, regardless of our party affiliation." "Last summer I introduced the Forty Hours is Full Time Act to change the ACA's definition of full time work from 30 to 40 hours," said Lipinski. "Today I am happy to join with Rep. Young on his Save American Workers Act to make a bipartisan push to a floor vote on this commonsense issue. This needed change to the ACA will protect part-time workers from losing work schedule flexibility and potentially losing 10 hours of wages a week." The Ways and Means Committee held a hearing on the impact

of the 30-hours-is-full-time provision of the Affordable Care Act on January 28. Testimony from representatives of the retail, restaurant and education sectors focused on hourly workers seeing their hours cuts to 29 hours or less, resulting in effective pay cuts for as many as 2.6 million employees nationwide. On February 4, the Ways and Means Committee held a markup of Young's bill, and referred it to the full House of Representatives. In addition to Lipinksi, three other Democrats signed on as co-sponsors to H.R. 2575. A similar bill has been introduced on a bipartisan basis in the Senate.

**CONGRESS: YOUNG TO VISIT NEW ALBANY THURSDAY, BLOOMINGTON**

**FRIDAY** - On Thursday, U.S. Rep. Todd Young will be in the New Albany area for several meetings (*Howey Politics Indiana*). More information will be coming shortly on these visits. On Friday morning from 11:00 AM to 1:00 PM, Rep. Young will meet with constituents one-on-one and in small groups at the Bloomington Constituent Service Center. Appointments can be scheduled on a first-come, first-serve basis by calling that office at (812) 336-3000.

**CONGRESS: BUCSHON SUPPORTS DROUGHT RELIEF BILL** - On Monday, U.S. Rep. Larry Bucshon joined the House of Representatives to pass, H.R. 2431, the National Integrated Drought Information Systems Reauthorization Act of 2013 (*Howey Politics Indiana*). The bill reauthorizes the National Integrated Drought Information System (NIDIS) Program through FY2018 and makes important program improvements that help better equip states and local communities with the resources necessary to reduce drought related impacts and costs. Bucshon released the following statement regarding passage of H.R. 2431: "We all remember how devastating the severe 2012 summer drought was on our farms and our communities. Looking to the future, it is important that we do everything we can to ensure federal, state, and local governments and individual citizens can better prepare for droughts and deal with the impacts once they hit. Effective and timely information is a critical part of the equation, and I'm happy to reauthorize and improve the capability of NIDIS to provide this resource our communities."

**CONGRESS: HOUSE WILL CONSIDER FINANCIAL SERVICES REFORM** - On Tuesday and Wednesday, the House will consider H.R. 3193, the Consumer Financial Protection and Soundness Improvement Act (*Howey Politics Indiana*). This a package of five bills from the Financial Services Committee that would convert the Consumer Financial Protection Bureau to a five-member independent commission, remove the Financial Product Safety Commission from the Federal Reserve System; and make other changes to CFPB's rulemaking and data-collection processes.

**MARIJUANA: MEDICAL POT FINDS TRACTION IN DEEP SOUTH** - Medical marijuana has been a non-starter in recent years in the Deep South, where many Republican lawmakers feared it could lead to widespread drug use and social ills. That now appears to be changing, with proposals to allow a form of medical marijuana gaining momentum in a handful of Southern states (*CBS News*). Twenty states and the District of Columbia have legalized medical marijuana, and this year powerful GOP lawmakers in Georgia and Alabama are putting their weight behind bills that would allow for the limited use of cannabis oil by those with specific medical conditions. Other Southern states are also weighing the issue with varying levels of support. The key to swaying the hearts of conservative lawmakers has been the stories of children suffering up to 100 seizures a day whose parents say they could benefit from access to cannabidiol, which would be administered orally in a liquid form. And proponents argue the cannabis oil is low in tetrahydrocannabinol, or THC, the psychoactive compound in marijuana that makes users feel high. "I'm an unlikely champion for this cause," said Georgia Rep. Allen Peake, a businessman from Macon who attended the evangelical Dallas Theological Seminary. "Once people realize it's not a 6-year-old smoking a joint, most folks realize this is the compassionate thing to do."

**HOLLYWOOD: CHILD STAR SHIRLEY TEMPLE BLACK DIES AT 85** - Shirley Temple Black, the curly-haired child star who put smiles on the faces of Depression-era moviegoers, has died (*Associated Press*). She was 85. Publicist Cheryl Kagan says Temple, known in private life as Shirley Temple Black, died surrounded by family at her home near San Francisco. A talented singer, dancer and actress, Shirley Temple was America's top box-office draw from 1935 - the year she turned 7 - until 1938. She was credited with helping save 20th Century Fox from bankruptcy with films such as "Curly Top" and "The Littlest Rebel." She retired from films at 21 and later became active in politics. She held several diplomatic posts, including ambassador to Czechoslovakia in the late 1980s.

**NEW ORLEANS: JURY DELIBERATES EX-MAYOR RAY NAGIN'S FATE** - Jury deliberations in the complex 21-count criminal case against former New Orleans Mayor Ray Nagin were set to resume Tuesday after an overnight break (*Associated Press*). The jury broke for the evening Monday after hearing closing arguments in the morning and deliberating for more than three hours in the afternoon. They were expected to get back to work on the case Tuesday morning. Prosecutors claim Nagin took bribes worth more than \$500,000 in a string of alleged crimes that began before Hurricane Katrina struck in 2005 and continued during the recovery from the catastrophic storm. Defense attorney Robert Jenkins said the prosecution misled jurors with a case largely built on testimony from businessmen who entered plea deals in the case and told prosecutors what they wanted to hear in hopes of getting light sentences. The trial opened with jury

selection Jan. 27 and was interrupted for two days when a blast of icy weather hit the deep South. Jurors heard seven days of testimony. Among more than two dozen prosecution witnesses were five who said they were involved in bribing the former mayor. The alleged graft included money, free vacation travel and truckloads of granite for Stone Age LLC, a business Nagin and his sons owned. Nagin himself, a Democrat who served two terms from 2002-2010, was the chief defense witness. He vehemently denied taking bribes. He said he was duty-bound to OK contracts awarded to low-bidders or through a process in which committees recommended contractors and denied that the contracts were tied in any way to money, materials or favors he or his family business received.

### **SYRIA: U.N., AID OFFICIALS RUSH TO EVACUATE CIVILIANS FROM HOMS -**

Aid officials rushed to evacuate more women, children and elderly from rebel-held areas that have been blockaded by government troops for more than a year in Syria's third-largest city, Homs, after a U.N.-brokered cease-fire in the city was renewed for three more days Monday (*Associated Press*). The truce, which began Friday, has been shaken by continued shelling and shooting that prevented some residents from escaping and limited the amount of food aid officials have been able to deliver into the besieged neighborhoods. U.N. humanitarian chief Valerie Amos sharply criticized the two sides, saying U.N. and Syrian Red Crescent workers were "deliberately targeted." The drama in Homs, where Amos said around 800 civilians have been evacuated so far, played out as activists on Monday reported new sectarian killings in Syria's civil war. Al-Qaida-inspired rebels killed more than two dozen civilians, including an entire family, when they overran a village populated by minority Alawites on Sunday, Rami Abdurrahman of the British-based Syrian Observatory for Human Rights said. They also killed around 20 local fighters in the village, he said.

### *Local*

### **CITIES: VISIT INDY TO FORMULATE STRATEGY FOR CITY'S TOURISM -**

Does Indianapolis need a zip line connecting the heart of downtown to White River State Park—not only for entertainment but also as a mode of transportation? (Schoetle, *Indianapolis Business Journal*) How about a water taxi along White River from downtown to the Indianapolis Museum of Art—or even all the way to Conner Prairie Interactive History Park in Fishers? Should the next Indiana Convention Center expansion go up or out? If out, on the site of Victory Field? Or should the railroad tracks south of the convention center be cleared for an expansion and possibly a new hotel?

Local tourism officials hope for answers to these questions and more as Indianapolis undertakes its first-ever tourism master plan. The city's Capital Improvement Board in December approved spending \$178,000 for a study leading to a plan looking to 2020. "With this plan, we're going to be looking at the big picture and the fine details," said Leonard Hoops, CEO of the city's tourism marketing arm, Visit Indy. "We're going to get down to granular levels of planning like we've never done before."

### **CITIES: DOWNTOWN INDY DEVELOPMENTS SPUR TOURISM PLANNING -**

Although a tourism master plan has been pondered periodically, the initiative took wing last summer after Visit Indy officials attended a seminar led by officials in Vancouver, British Columbia, about tourism master planning (Schoetle, *Indianapolis Business Journal*). A spate of new development in recent years—including Lucas Oil Stadium, the midfield Indianapolis International Airport terminal, the 1,005-room JW Marriott, and the Indiana Convention Center expansion—have positioned Indianapolis to grow its tourism and convention business. But having that infrastructure is not enough, Hoops said. "Indianapolis [officials] are not going to sit on their hands and say 'We're good,'" Hoops said. "There's a lot of stuff that needs to be fleshed out. That's why this is going to be a significant study." Master plans are nothing new for city planning commissions. More recently, hospitality and other groups have begun to see the value in such planning. Last year, Indianapolis Downtown Inc. crafted its own master plan—dubbed "Velocity"—mapping development and use of the city's center from several different points of view.

### **CITIES: PORTAGE SUPERINTENDENT WILL RESIGN IN JULY -**

Portage Township Schools Superintendent E. Ric Frattaccia announced Monday he is resigning from his post effective July 1 (Robbins, *Post-Tribune*). "Ten years and a cloud of dust," said Frattaccia in describing his total years of service to the district. In 2012, Frattaccia succeeded previous superintendent Michael Berta in the post after serving as associate superintendent since 2005. His original contract, signed in March 2012, called for only a two year term, ending June 30, 2014. The only surprise is that Frattaccia is actually sticking to his guns in announcing his decision to leave. He informed the board of his plans to leave within the last few weeks. He declined a request from the board to stay, he said Monday. Frattaccia, who was named the Indiana Association of Superintendents 2014 District I Superintendent of the Year, said he believes he is leaving the district in good shape after a decade in various roles. The school system is Porter County's largest and most diverse. Nearly 60 percent of its pupils are from economically disadvantaged households. Budget woes have dogged the district. But Frattaccia leaves the school system in healthy fiscal shape, recently closing the books on the last school year with a half-million dollar savings. And the school system is ranked among the best in the state.

**CITIES: GARY AIRPORT OPERATOR LOOKING FOR GENERAL MANAGER -**

Gary/Chicago International Airport's new private operator is already talking to prospects for the post of airport manager and plans to have someone on the job by the end of March at the latest (Benman, *NWI Times*). AvPorts, the Dulles-Va.-based company picked last month to run the airport, has the right to pick the new manager, Airport Interim Director B.R. Lane told the Airport Authority on Monday. The authority will not be making that decision. The hunt for a new manager to run the airport shows how much responsibilities have shifted there, just two weeks after the authority signed a 40-year privatization deal with Aviation Facilities Company Inc. and its AvPorts subsidiary. In response to questions about her own job after the meeting, Lane said it is her understanding her own position will continue to exist. "They will still need an airport director that reports directly to the board and is accountable to them," she said. The new manager will oversee airport operations. They will be an employee of AvPorts and paid by AvPorts, not the airport, Lane said.

**CITIES: ELKHART COUNCIL APPROVES FUNDING FOR LERNER THEATRE -**

Funding for three positions at the Lerner Theatre were approved unanimously Monday night, Feb. 10 (Spalding, *Elkhart Truth*). The positions are part of the SoMa initiative and will be used to help market and coordinate special events and entities that are part of the downtown. Mayor Dick Moore's administration initially planned to pay for the \$175,566 for the positions with tax increment finance revenues, but agreed last year to look for other funding sources after an advisory letter from a state department suggested the use of TIF money might not be appropriate. Ultimately, the administration chose to use money accumulating in a Lerner budget fund to pay for the positions. The council approved the request by a 9-0 vote following nearly an hour of discussion that came after a committee meeting that also focused on the issue for nearly an hour. While the council continues to whole-heartily support the renovated Lerner, some of the Republicans on the council voiced concern over whether the increased overhead would yield worthwhile results. Councilman Brian Dickerson said he'll be interested to see how the return on investment works out a year from now for the Lerner and the results of jazz fest which is one of several entities that is expected to benefit from the new positions.

**CITIES: GOSHEN PUBLIC WORKS PURCHASING EMERGENCY DUE TO**

**WEATHER -** The city's Board of Public Works and Safety declared a purchasing policy emergency for the street department Monday, Feb. 10 (Wesman, *Elkhart Truth*). The unusually harsh and prolonged winter has kept the Street Department busy the past few months. And as the department continues to work to keep roads clear and safe,

they wanted the flexibility to acquire additional resources in times of urgent need without having to wait for approval. A memo to the board said this season has "maximized the Street Department's materials and equipment." Declaring the purchasing emergency means that the department can make the necessary purchases of materials and equipment without having to go through the normal processes. The policy will stand until the first week of March, when the street department anticipates the emergency declaration is no longer needed. The declaration of a purchasing emergency is just the latest effort by the department to combat the hard winter experienced in the area. Last week, Street Commissioner Denny Long requested, and was granted, a \$60,000 additional appropriation to help cover the costs of repairs and replacements of equipment that has taken a beating since December. The appropriation did not, however, address the issue of overtime hours. At the time, Long said he would likely have to return to city council in the spring to discuss the overtime worked by his employees, which is already nearing the entire year's limit just five weeks into the year.

#### **CITIES: SOUTH BEND COUNCIL APPROVES COMPROMISE SEWER RATE**

**INCREASE** - Common Council voted 7-1 Monday to increase sewer rates by 5 percent each of the next three years to help pay for an ongoing, EPA-mandated sewer project (Blasko, *South Bend Tribune*). Homeowners can expect a rate hike of about \$2 per month in the near term, to about \$40.40, and about \$6.40 per month in the long term as a result of the increase, which is set to take effect next month. The city had been pushing for a 9 percent increase over four years but backed off in the face of pressure from the council to take a step back and look at ways to reduce the cost and scope of the 20-year project. Council member Dave Varner, in particular, warned of certain economic ruin if the city were to move forward with the \$667 million project as proposed under agreement with the Justice Department and EPA. That agreement was signed under the direction of then-Mayor Stephen Luecke in late 2011, less a month before the current mayor, Pete Buttigieg, took office. As it is, the increase is expected to generate about \$4.8 million over the next three years to help pay for the project, the purpose of which is to reduce the flow of raw sewage into the river and people's basements.

**CITIES: SOUTH BEND HIGH SCHOOLS PARTNERING WITH IVY TECH** - Seven area high schools in fall 2014 will partner with Ivy Tech Community College to launch early college programs that offer students the opportunity to earn associate degrees or technical certificates by the time they receive high school diplomas (Fosmoe, *South Bend Tribune*). Those who successfully complete such a program may transfer into a four-year college or university with up to two years of college credit completed. For motivated students, it's a way to move through college more quickly and save substantial money on tuition. Area high schools that will offer early college programs



next fall are: Penn High School, Elkhart Central, Elkhart Memorial, Concord, Goshen, Triton and the Elkhart Area Career Center. "It's a way to get a head start in college. In the ideal scenario, the student will complete their first two years of college (by high school graduation)," said Thomas Coley, chancellor of Ivy Tech's north-central region.

#### **CITIES: EVANSVILLE COUNCIL GRANTS 10-YEAR TAX PHASE-IN FOR BERRY PLASTICS**

- Berry Plastics on Monday received a property tax phase-in from the Evansville City Council worth about \$4 million over the next 10 years, as the plant expands its local workforce (Martin, *Evansville Courier & Press*). The company announced in January that it will invest \$31 million and add 280 new jobs at its First Avenue headquarters and Evansville Regional Airport locations. The tax phase-in applies to property and equipment. It was approved by Council in an 8-0 vote. Berry Plastics in the past always has met or exceeded job-creation promises when it has received tax phase-ins from local government, said Chris Kinnett, business development director with Growth Alliance for Greater Evansville. News of the company's local expansion came less than two months after Berry announced plans to close five of its manufacturing plants in other communities, citing a slow economy. Those closures are slated by the end of September. In addition to the 280 jobs at Evansville, the company plans to add roughly 50 more at its sites in Princeton, Ind., and Richmond, Ind. Berry officials have said the company will increase production in a number of different product lines, and the new jobs will pay an average \$18.50 per hour, plus benefits.

#### **CITIES: TERRE HAUTE APPROVES STUDY ON FUNDING HULMAN CENTER -**

The idea of creating a sports district to help pay for renovations of Hulman Center took a step forward Monday (Foulkes, *Terre Haute Tribune Star*). The Terre Haute Board of Public Works and Safety authorized a feasibility study and a lobbying agreement for the proposal. The feasibility study, known as a Convention, Sports and Leisure study (CS&L), will be conducted by Nations Wright, a Scottsdale, Ariz.-based professional services firm that specializes in sports arenas and convention centers. Meanwhile, Taft, Stettinius & Hollister, an Indianapolis law firm, will handle the lobbying effort in the Statehouse. The Nations Wright contract is not to exceed \$20,000, said Chou-il Lee, city attorney. The Taft contract will not exceed \$25,000. Lee is employed by Taft but will not benefit financially from the contract, he told the board. Another Taft employee is handling the project, he said. Funding for the study and the lobbying agreement will come from the city's Economic Development Income Tax, Lee said. State Rep. Bob Heaton, R-Terre Haute, put forward the idea for a sports district for Hulman Center this legislative session. It is hoped the General Assembly could approve the measure this year, Lee said. It is joined with a proposal for a sports district in Indianapolis, which could help the effort, he said. A sports district is established by the state legislature and allows a portion of sales taxes from specific businesses to be diverted back to a

particular project – in this case, renovating Hulman Center. The sales taxes used for the renovations would come from certain hotels in the area, Hulman Center and Honey Creek Mall, Lee said.

#### **CITIES: PLANNED CUT IN RICHMOND BUS HOURS MIGHT NOT HAPPEN -**

Richmond city officials appear to be backing away from plans to cut hours at Roseview Transit (Engle, *Richmond Palladium-Item*). The city bus service is facing a shortfall this year mainly because of increased costs of fuel, health insurance and local contributions to the public employees retirement fund. Weather forced officials to cancel a planned public meeting last week in which Roseview operations manager Terri Quinter had planned to explain the cut in hours — one hour each day, from 5:45 p.m. to 4:45 p.m. Monday through Friday. But before that meeting, Mayor Sally Hutton told the Richmond Common Council she hoped to abandon the plan by using economic development income tax funds to cover the shortfall. "I think it's important to keep those buses running an extra hour. I may be coming back to (council) to use \$17,000 for Roseview," she said. Quinter said she had planned a series of public meetings to discuss the changes with potential riders. She said the decision was made jointly after discussions in 2013. "I hate to cut services. I have been here 26 years, and I have never cut services," she said. "But a lot of communities (around Indiana) are cutting fixed-route public transportation. It's because local governments cannot afford their local match." Roseview Transit operates on a budget of about \$1.3 million annually.

#### **CITIES: HAMMOND UNION BOOKKEEPER PLEADS GUILTY TO**

**EMBEZZLEMENT** - A Hammond woman will plead guilty to embezzling almost \$10,000 from a local union (Schultz, *Post-Tribune*). According to Karen L. Stone's plea agreement, filed in U.S. District Court in Hammond, Stone, 57, started working as a bookkeeper for the International Brotherhood of Boilermakers Local 374, based in Hammond, in 2008. Starting in 2011, Stone began using signature stamps to write herself nine checks. She also used the union's computers to send herself 71 unauthorized extra weekly payments. The plea agreement says the losses added up to \$9,170. Stone faces up to five years in prison in exchange for pleading guilty to one count of embezzlement of union funds. Her agreement was filed Friday, the same day she was charged by information.

**Scott.A.Milkey**

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**From:** Quyle, Lindsay  
**Sent:** Tuesday, February 11, 2014 8:32 AM  
**To:** Hodgins, Stephanie;#All Governor's Office;Bailey, Brian (OMB);Pitcock, Josh;Baker, Lou Ann (CECI);Hosier, Alexis (Lexie);Rosebrough, Dennis (LG);Dowd, Jaclyn (CECI);Rossier, Sarah;Wickham, Michelle (CECI);Fiddian-Green, Claire;Crumb, Matthew;Whiting, Colleen  
**Subject:** Morning Clips - February 11, 2014

## **GOVERNOR**

### [Governor: Lawmakers Should Release \\$400M INDOT Fund](#)

Indiana Public Media

Governor Mike Pence says he wants the legislature to free up \$400 million in transportation dollars for the state to use on what he calls major projects.

### [Pence reveals state efforts for post-weather road repairs](#)

The Journal Press

Record snowfall, low temperatures and repeated freeze-thaw cycles have taken a toll on Hoosier highways, and Gov. Mike Pence said the state, through the efforts of the Indiana Department of Transportation, is taking action to repair state roadways.

### [Governor honors law enforcement, first responders during Portage stop](#)

The Post-Tribune

Gov. Mike Pence began a three-stop tour through northern Indiana on Friday at Fire Station No. 1 in Portage.

### [\\$1.8M plane sale to boost Indiana State Police](#)

Indy Star

The Indiana governor's office says more than \$1.8 million raised by selling a state airplane is going to support the state police.

### [Mayors, Governor Square off on Tax Proposal](#)

Inside Indiana Business

A group of mayors will meet with Gov Mike Pence Tuesday afternoon to discuss business personal property tax proposals being considered at the Statehouse.

## **LEGISLATIVE**

### [Committee votes 8-4 to send HJR-3 to full Senate](#)

Indy Star

Local black ministers, state and national family and conservative groups, a Catholic leader and a former lesbian all had their chance Monday to sway senators to vote for a constitutional ban on same-sex marriage.

### [Study weighs effects of business tax-cut plan](#)

Journal Gazette

Indiana's legislature first got serious about eliminating personal property taxes in 1966, when Hoosiers approved a constitutional amendment separating taxes on property and personal property.

### [HJR-3 debate heads to Indiana Senate Committee](#)

Indy Star

Indiana Senate Rules Committee votes 8-4 to send HJR-3 to Senate floor.

[Hoosier Idol will feature lawmakers Miller, Friend, Walker, and more](#)

Statehouse File

For one night, members of the General Assembly will unite under a different type of limelight – on stage for the annual Hoosier Idol competition.

\*Subscription, full text below.

[Senate committee passes marriage measure-without second sentence](#)

The Statehouse File

A Senate committee on Monday passed the proposed amendment to ban same-sex marriage in Indiana – without re-instating the controversial second sentence.

\*Subscription required, full text below.

[Plan to cut business equipment tax draws debate](#)

NWI Times

House lawmakers took up a Senate proposal to cut business taxes on Monday, as fiscal leaders continued working behind the scenes to craft a compromise package of cuts this legislative session.

[Marriage amendment set for Senate showdown](#)

NWI Times

The marriage amendment debate could effectively be concluded as soon as Thursday after Senate President David Long, R-Fort Wayne, kept his word and advanced House Joint Resolution 3 out of the Senate Rules Committee on Monday with no changes.

[Lawmakers side with business over environment](#)

Journal Gazette

**Steuben County residents** opposed to a proposed 4,800-animal hog farm learned this month that the Indiana Department of Environmental Management has given the go-ahead to the operation, which will be located less than three miles from one of the county's 101 natural lake.

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**AROUND THE STATE**

['Ridiculous' propane prices pinch local families](#)

JC Online

The Tippecanoe County residents heat their modular home with propane from [Lafayette Bottled Gas](#). They're enrolled in the budget payment plan, so until April 30st they're locked in at a price of \$1.89 per gallon of propane.

[Propane shortage hits rural residents hardest](#)

NWI Times

Local township offices and community service agencies are seeing the effects of the propane shortage on rural residents, where the fuel is commonly used for home heating.

[Indiana flu deaths rise to 37; hits ages 25-64](#)

Journal Gazette

State health officials say at least seven more people have died in Indiana from flu-related illnesses as this year's strains are hitting some young and middle-aged adults harder than usual.

### [Report tallies deaths expected from Medicaid opt out](#)

NWI Times

Between 240 and 758 Hoosiers could die annually because Indiana has not opted to expand Medicaid, according to researchers at Harvard Medical School and City University of New York.

### [Purdue Extension offers propane shortage tips](#)

Journal Gazette

Hoosiers trying to cope with the propane shortage may find helpful hints on a new Purdue Extension website.

### [Indiana to announce new slogan](#)

Inside Indiana Business

The state of Indiana is establishing a new tourism brand.

## **AGENCIES**

### [Roosevelt heating problems resolved](#)

Gary Crusader

A lack of heat at the Roosevelt College and Career Academy caused the school to be closed for several days in January. Below zero temperatures burst pipes and resulted in a breakdown of the schools boiler.

### [Works Council Announces \\$4.3M in Grant Funding for Local CTE Innovations](#)

Portage Life

The Indiana Works Council and the Center for Education and Career Innovation (CECI) announce the availability of \$4.3 million in grant funding for Innovative Career and Technical Education (CTE) Curricula.

### [State proposes more I-69 lanes from Fishers to Pendleton](#)

Indy Star

State highway officials are working on plans to add lanes to a busy section of I-69 between Indianapolis and Anderson.

### [Adoption subsidy waiting list leaves many in bind](#)

WRAL

Debbie Moss can easily recite the unexpected conversation with a judge that led to her adopting her three grandsons from Mishawaka.

### [State Gaming Revenue Dips Again](#)

Inside Indiana Business

The Indiana Gaming Commission says monthly casino revenue fell in January.

## **JOBS/ECONOMY**

### [Minnesota Company to Bring Operations to Bristol](#)

Inside Indiana Business

A Minnesota-based portable sanitation equipment supplier is adding jobs in Elkhart County.

### [Owner closes Elkhart Monaco RV plant, idling 85](#)

NWI Times

The owner of Elkhart's Monaco RV plant closed the factory's doors Monday, idling 85 permanent employees and turning away those who arrived for work in the morning.

## [Auto Supplier Expanding in Northeast Indiana](#)

Inside Indiana Business

Shiloh Die Cast Midwest plans to invest nearly \$8M to renovate and expand operations in Auburn and Pierceton.

## **EDITORIALS**

### [Indiana should expand Medicaid](#)

NWI Times

Indiana Gov. Mike Pence's continued fight against expanding Medicaid coverage for Hoosiers remains a political football. But the ones getting tackled are uninsured Hoosiers.

### [Rich James: GOP legislators making session divisive](#)

NWI Times

As is the case in Washington, politics in the Indiana Legislature has become more divisive.

### [Pence's flip endangers work-share](#)

Journal Gazette

President John F. Kennedy wisely observed that the time to repair the roof is when the sun is shining.

### [Commentary: Sexual assaults and Statehouse politics](#)

The Statehouse File

In this session of the Indiana General Assembly, state Rep. Christina Hale, D-Indianapolis, introduced a bill that would gather more information about why the Hoosier state has such an appalling record when it comes to teen sexual assaults.

\*Subscription required, full text below.

### [Editorial: Indiana doesn't need extra education agency](#)

NWI Times

House Republicans stood up for costly duplication of services when they thwarted Democratic leader Scott Pelath's attempt to pull the financial plug on the Center for Education and Career Innovation.

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## **Hoosier Idol will feature lawmakers Miller, Friend, Walker and more**

February 11, 2014 | Filed under: [People](#), [Top stories](#) | Posted by: [Lesley Weidenbener](#)

**By Emily Metheny**

**TheStatehouseFile.com**

INDIANAPOLIS – For one night, members of the General Assembly will unite under a different type of limelight – on stage for the annual Hoosier Idol competition.

The event – hosted by the Mental Health America of Indiana – is a legislative talent show with media judges. It takes place Tuesday at the Indiana Roof Ballroom.

Since its creation seven years ago, Hoosier Idol has grown from an audience of a few hundred to an estimated 600 for Tuesday's event, said Tiffany Peak, the assistant vice president to the chief executive officer of MHAI.

"When we started doing it, it was a fun small group activity," said MHAI President Steve McCaffrey.

Now, he said, Hoosier Idol has become a "go to event."

House Speaker Brian Bosma, R-Indianapolis, is the emcee for this year's show. Celebrity judges are WTHR-13 meteorologist Angela Buchman, WISH-TV Statehouse reporter Jim Shella, and radio host and blogger Abdul Hakim-Shabazz.

"It's a lot of fun and for a good cause," Shabazz said. That's why he said he likes to be a part of it.

This is Shabazz's second year judging the event. He said he was invited last year and had a lot of fun. When the group asked this year, Shabazz said he was "more than happy" to return.

This year's show will feature a number of acts, including Sen. Pete Miller, R-Avon, singing a duet with Sen. Greg Walker, R-Columbus. Rep. Bill Friend, R-Macy, will be playing saxophone with a band. And the audience will see an encore performance by last year's winner, Sen. Lindel Hume, D- Princeton, on the guitar.

"It's a fun time for them [the legislators] to put themselves out there," Peak said.

This year's special guest will be a George W. Bush impersonator.

Hoosier Idol takes place Tuesday in the Indiana Roof Ballroom with a reception at 6 p.m. and the program to follow at 7 p.m. For tickets, go to [www.mhai.net](http://www.mhai.net).

*Emily Metheny is a reporter for TheStatehouseFile.com, a news website powered by Franklin College journalism students.*

### **Senate committee passes marriage measure – without second sentence**

February 10, 2014 | Filed under: [Social issues](#), [Top stories](#) | Posted by: [Lesley Weidenbener](#)

**By John Sittler**

**TheStatehouseFile.com**

INDIANAPOLIS – A Senate committee on Monday passed the proposed amendment to ban same-sex marriage in Indiana – without re-instating the controversial second sentence.

But President Pro Tem David Long, R-Fort Wayne, said he expects amendments will be offered when the measure hits the Senate floor on Thursday.

"Nothing should surprise you at this point," Long said. "It is to the floor as I hoped it would be – un-amended – so that the entire Senate will have an opportunity to debate this and we'll have a robust discussion."

House Joint Resolution 3 would define marriage in Indiana as the union between one man and one woman. It originally contained a clause that also banned any legal relationship "identical or substantially similar" to marriage, but the House voted last month to strip that language, which could have banned civil unions.

If the amendment passes the General Assembly in its current form, it would need to be approved a second time – in either 2015 or 2016 – before it could be placed on the ballot for ratification. But if the Senate puts the second sentence back in and the House approves that, it would go to the ballot this year.

Without exception, everyone that testified in support of HJR 3 Monday also supported the reintroduction of that sentence.

Curt Smith, president of the Indiana Family Institute, even said he would rather see the amendment defeated than placed on the ballot in its current form.

"Civil unions do not serve as a compromise or middle ground," he said.

Smith also asked President Pro Tem David Long, R-Fort Wayne, to author an amendment that would replace the second sentence. Long quickly reprimanded Smith saying his request was "out of order."

Kellie Fiedorek, an attorney for the Alliance Defending Freedom, agreed with Smith, saying neither supporters nor opponents of HJR 3 are happy with the constitutional measure in its current form.

The testimony from both sides mirrored the comments the House heard last month.

Supporters cited studies that said children do best when raised in a home with both a mother and a father.

“Marriage brings together men and women for the reproduction of the human race and keeps them together to raise the children of their union to maturity,” said Peter Sprigg, senior fellow for policy studies at the Family Research Council.

But executives from both Cummins and Eli Lilly & Co. said the passage of HJR 3 would be harmful for business.

Steve Fry, senior vice president of human resources and diversity at Lilly, said that even a statewide campaign and November vote on the issue would “negatively impact our ability to recruit and retain talent.”

Jackie Simmons, vice president and general council for Indiana University, said she was pleased with the removal of the second sentence and hoped the Senate would keep the clause out of HJR 3.

She said if HJR 3 passed with the second sentence, IU would be forced to alter its partner benefit plan to accommodate it – creating rules that would make the plan more cumbersome and possibly more expensive. That happened at the University of Kentucky after a similar amendment passed in the commonwealth and the state attorney general ruled the school’s benefits package was substantially similar to marriage.

“At IU, we don’t want to have to follow Kentucky in anything,” Simmons said to laughter in the Senate chamber.

Senate Minority Leader Tim Lanane, D-Anderson, questioned whether the proposal is even one that should be put to the voters. “There is not a rational basis for this kind of proposal,” he said.

Lanane said HJR 3 is an idea whose time has come and gone.

“Should we let it have a long, lingering death, or put it out of its misery at this time?” he said.

The Senate Rules Committee voted 8-4 along party lines to pass HJR 3 in its current form.

*John Sittler is a reporter with TheStatehouseFile.com, a news website powered by Franklin College journalism students.*

### **Commentary: Sexual assaults and Statehouse politics**

February 10, 2014 | Filed under: [Commentary](#), [Top stories](#) | Posted by: [jlkrull59](#)

**By John Krull**

**TheStatehouseFile.com**

INDIANAPOLIS – Maybe it’s just a question of priorities.

In this session of the Indiana General Assembly, state Rep. Christina Hale, D-Indianapolis, introduced a bill that would gather more information about why the Hoosier state has such an appalling record when it comes to teen sexual assaults.

A recent study revealed that Indiana ranks second in the nation in this disturbing competition. The study showed that 17.3 percent of Indiana girls have been raped or sexually assaulted before they graduate from high school.



Hale's bill was designed to collect information so that we Hoosiers could begin combating the problem. Just before the legislature adjourned for the half-time break of the 2014 session, Hale found out that her bill wouldn't make it out of committee, presumably because the legislators just didn't have time to deal with it.

I'm talking with Hale during my radio show. We're joined by Anita Carpenter of the Indiana Coalition Against Sexual Assault and Malea Crosby, who was assaulted as a teen-ager and now counsels other victims.

Hale, Carpenter and Crosby discuss the difficulties of finding solutions to this problem – or series of problems – until we discover more of the factors that produced that disturbing 17.3 percent number. That was the point of Hale's bill.

As Hale, Carpenter and Crosby talk, I find myself thinking about the measures the Indiana General Assembly did have time to address before going on break.

The Indiana House of Representatives couldn't get to this bill to study sexual assaults, but the members – under the leadership of House Speaker Brian Bosma, R-Indianapolis – did schedule prolonged hearings in not one but two committees on a proposed state constitutional amendment to restrict marriage to one man and one woman.

Bosma said, over and over again, that the marriage amendment wasn't a priority for him and his caucus.

Apparently there are things that aren't priorities for the House GOP members, such as the marriage amendment, and things that *really* aren't priorities for them – like figuring out ways to prevent teen-agers and children from being sexually assaulted.

Crosby tells her story. She was attacked when she was in high school. She was out with a boy she knew and agreed to get into the back seat of a car with him. Things went too far too fast.

She tried to tell him no.

Then she screamed and cried no.

He didn't listen.

Afterward, she blamed herself. She didn't feel that she could tell anyone about what had happened because she'd agreed to get into the back seat.

For more than 15 years, she fought battles with depression and self-loathing. She felt isolated from family and friends. It was only when she went to graduate school and became a counselor to others who have been attacked that she found some measure of peace.

The House also found time to consider and approve a bill that would require welfare recipients to take drug tests – despite the fact that the courts have struck down similar measures around the country.

Maybe it was a priority.

Carpenter says that, if anything, the problem of teen sexual assaults is worse than we know. Because so many of the teen-age girls, boys and young children who are attacked struggle with a sense of isolation and doubts about their self-worth in the aftermath, they – like Crosby – don't tell anyone what happened to them until long afterwards. If anything the real numbers are likely much higher.

As Carpenter speaks, Crosby nods her head in agreement, sadness etched on her face.

Hale's bill still has a chance on the Senate side.

Maybe the state's senators will do what the members of the Indiana House of Representatives couldn't or wouldn't do – focus their attention on figuring out why between one in five and one in six Hoosier girls doesn't make it through high school without being raped or sexually assaulted.

Maybe on the Senate side they will take the time to find ways to protect our daughters, our sisters, our neighbors and our friends from having their bodies violated and their lives damaged.

Maybe.

You see, it's a question of priorities.

*John Krull is director of Franklin College's Pulliam School of Journalism, host of "No Limits" WFYI 90.1 Indianapolis and publisher of TheStatehouseFile.com, a news website powered by Franklin College journalism students.*

Thank you,

Lindsay Quyle, *Staff Assistant*

**Office of Governor Mike Pence**

[lquyle@gov.in.gov](mailto:lquyle@gov.in.gov)

Phone: (317) 232-4567

Fax: (317) 234-3854



**Scott.A.Milkey**

---

**From:** Charles Hiltunen, III <chiltunen@[REDACTED]>  
**Sent:** Monday, February 10, 2014 3:51 PM  
**To:** Espich, Jeff  
**Subject:** Hoosier Idol Event Tomorrow  
**Attachments:** Hoosier Idol.pdf

Jeff

Please accept this invitation on behalf of Mental Health America of Indiana to be their guest for the MHAI Indiana Hoosier Idol tomorrow night at the Roof Ballroom, 6:00 p.m. (details below.) If you can join us, just reply to this email or call me at (317) [REDACTED] and I will have a seat for you at the event at the MHAI table.

The event benefits the programs and services of Mental Health America of Indiana, an Indiana 501(3)3 charitable organization. The Idol event is a great and annual tradition where legislators showcase their talent for the benefit of mental health programs in Indiana. (Your invitation is complimentary, but your presence would be an honor.)

I hope you can join us!!!

Charlie Hiltunen



# Hoosier Idol - Details

Registration for this event is open from: Jan 01, 2014 6:00 - Feb 11, 2014 18:00

**Indiana Roof Ballroom** , 140 W. Washington St., Indianapolis IN 46204 (US).

Where:

We are conveniently located in downtown Indianapolis, within the heart of the city's convention, shopping, entertainment and business districts. Connected via skywalk to the Embassy Suites Hotel, Circle Centre, the Conrad Hotel, the Indiana Convention Center and Lucas Oil Stadium, this unique Indianapolis venue specializes in ambiance, excellent service and an unforgettable atmosphere.

Date:

Feb 11, 2014 - Feb 11, 2014

Time:

18:00 - 22:00

## Event description:

Join MHAI, Speaker Brian Bosma, Phil Terry, Roger Harvey, and our panel of Celebrity Judges on February 11, 2014 as members of the Indiana General Assembly showcase their hidden talents to compete for the title of the 2014 Hoosier Idol. You will not want to miss this event.



**Emcee**  
**Speaker Brian Bosma**



**Dinner Chair**  
**Phil Terry**



**Celebrity Host**  
**Roger Harvey**



**Celebrity Judge**  
**Angela Buchman**



**Celebrity Judge**  
**Jim Shella**



**Celebrity Judge**  
**Abdul-Hakim**  
**Shabazz**

**This fundraiser benefits the programs and services of Mental Health America of Indiana!**

Download Hoosier Idol Event Flyer [here!](#)

## Sponsors

Download mail-in registration form [here](#). Online registration available below.

**Scott.A.Milkey**

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**From:** Charles Hiltunen, III <chiltunen@[REDACTED]>  
**Sent:** Monday, February 10, 2014 3:46 PM  
**To:** Keefer, Sean (GOV)  
**Subject:** MHAI Hoosier Idol Event Tomorrow  
**Attachments:** Hoosier Idol.pdf

Sean

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**Angela Buchman**



**Celebrity Judge**  
**Jim Shella**



**Celebrity Judge**  
**Abdul-Hakim**  
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Download Hoosier Idol Event Flyer [here!](#)

## Sponsors

Download mail-in registration form [here](#). Online registration available below.



**Scott.A.Milkey**

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**From:** Knight, Margaret  
**Sent:** Thursday, January 02, 2014 9:38 AM  
**To:** Knight, Margaret;Ahearn, Mark;Atkins, Chris;Bailey, Brian (OMB);Bauer, Zachary C;Berry, Adam (GOV);Brooks, Kara D;Brown, Hannah;Marshall, Sara (Cardwell);Joyner Burroughs (Cissel), Jackie;Crabtree, Chris;Craig, Lindsey M;Czarniecki, Cary (Lani);Denault, Christina;Espich, Jeff;Fritz, Pam (GOV);Gibson, Ashley;Jarmula, Ryan L;Kane, Kristen;Kossack, Andrew;Morales, Cesar (Diego);Mulligan, Tiffany;Myers, Janille;Neale, Brian S;Pavlik, Jennifer L;Pitcock, Josh;Price, Kendra;Schilb, Veronica J;Schmidt, Daniel W;Simcox, Stephen;Smith, William A;Spahr, Suzi;Springer, Marilee J;Streeter, Ryan T;Trexler, Christina;Gerber, Brenda;Fernandez, Marilyn;Hodgin, Stephanie;Hosier, Alexis (Lexie);Cleveland, Bridget;Cardwell, Jeffery;Perdew, Abby J;Berkshire, Lacey;Dowd, Jaclyn;Keefer, Sean (GOV);Norton, Erin (Ladd);Johnson, Matt;Heater, Ryan;Fiddian-Green, Claire;Rosebrough, Dennis;Spencer, Kyle;Mantravadi, Adarsh V;Rosebrough, Dennis (LG);Workman, James D;Bausman, David;Rice, Zachary  
**Subject:** [Govclips] Howey, 1/2/2014  
**Attachments:** 010214 Howey.pdf; 010114 Indiana Legislative Insight.pdf; 010114 Indiana Gaming Insight.pdf

## Not putting on a game face in '14

*Short session, new PubPol chair suggest action will wait until 2015*

The price of entry into Indiana's riverboat casino market is the \$50,000 license fee – and eternal vigilance, to borrow a political catchphrase 50 years old this year. And while it appears as we prepare to open the 2014 session of the Indiana General Assembly that any significant issues of direct concern to the gaming industry will not be on the table, nothing can ever be certain until the gavel falls on March 14, signaling adjournment *sine die*.

Several factors are working against gaming law changes being a target-rich environment this session, with one being inherent: legislators are typically reluctant to tackle major issues with lots of moving parts during a short (non-budget) session year as Indiana holds in even-numbered years. Of course, the fact that the election filing deadline falls with about 30 days left in the session and primary elections loom about six weeks after adjournment has nothing to do with any lawmaker reluctance to be bold (wink, wink), but the fact is that in a normal short session year, you shouldn't anticipate much significant in the way of gaming law action.

Another key factor is that the chair of the House Committee on Public Policy, the key House committee dealing with gaming law matters, is new to the game. The panel is also responsible for a slew of other controversial matters that can make gaming look non-controversial by comparison (and crowd it off the table), including abortion, alcohol distribution and sales regulation, and perhaps even the constitutional amendment defining marriage as between one man and one woman (and banning civil unions – or not) this session.

Rep. Tom Dermody (R) of LaPorte, as we told you, will be taking over the panel after not having served on it, and outside of his long-standing interest in protecting Blue Chip Casino (in his home county and the district of his father-in-law, Sen. Jim Arnold (D) of LaPorte), he really has not been part of the core group of lawmakers associated with gaming bills.

The House panel is important because it has proven over the past 15 years to be a venue where Republican and Democratic lawmakers who don't have any "skin in the game" have been successfully tasked by their respective party leaders to work together as honest brokers to promote good public policy as it relates to gaming. The House committee has been much more of a positive filter than its Senate counterpart, which has often sent gaming Christmas trees over to the House or to the Senate fiscal committees.

Rep. Dermody, who owns and manages a small manufacturing business, pledges to bring himself up to speed quickly on the history of gaming regulation in the state, the state of the Hoosier gaming industry, the economics surrounding it, and issues confronting it and its host communities. He seems to be sympathetic to the need for modernizing Indiana's laws to account for changes in the industry, technology, and competition (from surrounding states and on-line) . . . but he is already convinced that the state and its local units of government, the industry itself, and lawmakers would benefit from a comprehensive look at all aspects of Hoosier gaming without the pressure of a compact legislative session and other items competing for attention.

The LaPorte lawmaker also promises to be inclusive in his approach.

*For more, please see the following page . . .*

## Is Lake tax appeal in the Stars?

*Credits could be used instead of a refund*

Lake County and some of its governmental units ponder an appeal in the property tax case involving Gary's riverboat casinos that will cost the county and City of Gary millions of dollars of tax revenue.

Officials are deciding whether to appeal to the U.S. Court of Appeals for the Third Circuit in Philadelphia from the ruling by a U.S. District Court judge in the District of Delaware affirming a U.S. Bankruptcy Court ruling that Lake County, the City of Gary, and certain other local taxing districts must refund \$7.4 million in property taxes to Majestic Star Casino from using improper assessment standards from 2006-2010.

This was news we exclusively broke for you in the most recent issue of your favorite gaming newsletter (after being first to report the original trial court decision a few years back).

"We are weighing our options of whether to proceed to the 3rd Circuit (U.S. Court of Appeals) to continue the appeal or to seek federal mediation," Gary Mayor Karen Freeman-Wilson (D) tells the Gary Post-Tribune. "The sum and substance of the argument is why would you insure something for more than its worth?" Freeman-Wilson said, referring to a technical argument over the method used to value Majestic's two gaming boats. Of the \$7.4 million, Freeman-Wilson said the city and Redevelopment Department refund would total between \$5.5 million and \$6 million. The rest would be owed by the Gary Community School Corp. and Lake County. An appeal must be filed within 30 days." Gary's mayor adds that "The county has indicated they would fund the appeal, but if they decide not to fund it, I think we would agree to pursue it. I think it's worth it to us."

Mayor Freeman-Wilson once oversaw state appellate work when she served as Indiana's attorney general early this century.

While the City of Gary would owe the lion's share of any refund, Keith Benman reports in the *Times of Northwest Indiana* about intramural discussions afoot that could see the County offer Majestic Star tax credits going forward to lessen the burden on local government units that would otherwise be forced to cough up cash perhaps already spent.

At The Legislative Conference that INGroup co-hosted with Bingham Greenebaum Doll LLP in December, Rep. Dermody emphasized that “We have to make sure that we’re including everybody at the table, all the stakeholders, so we can all sit around, have difficult discussions about how we allow gaming to continue in Indiana and be as competitive as possible,” adding that by “just doing nothing, we’re not going to stay at the same level we are now.”

Look for Rep. Dermody to team with a Senate partner (perhaps the guy who has always tried to be the adult at the gaming table, Senate Committee on Appropriations Chair Luke Kenley (R) of Noblesville, who tried to do much the same proactively in 2009) over the 2014 interim, overseeing a major study of all things gaming and what would work best for the state, rather than simply serving balkanized industry, corporate, and local interests.

Beyond the fact that we’re entering a short session with a new House PubPol chair, there are some session-specific reasons why nothing big will be aggressively advocated.

The three biggest potentially achievable gaming law changes would potentially be reform of the tax structure; land-based gaming; and live table games for the racinos.

“We have to look at our whole business model,” Casino Association of Indiana President Mike Smith said at The Legislative Conference. But reform of the tax framework as it applies to casinos and racinos will not be an agenda item this year, in large part because the 2013 law that provided some capped FY 2013 and FY 2014 tax deductions for promotional play will be formally evaluated by lawmakers after June 30 to determine how effective it has proven.

While the very fact of the study being pending is enough to rule out tax law changes this session, we’ll go a step further to tell you something else (not that it would be relevant this session anyway): the analysis of the data from the capped free play deduction will be inconclusive insofar as the data may show (anecdotal, however, the industry will make a strong play for extending free play deductions), with the researchers finding that the short duration of the experiment, the inability to access proprietary corporate marketing data, and volatile market conditions (including the massive free play deductions offered by Ohio, and how any potential cap there might affect an Indiana change) make it impossible to ascertain with any certainty what an appropriate state tax policy might best be.

The admissions tax was also debated in 2013, with discussion oriented toward trading off the elimination of that tax for an increase in the wagering tax . . . but there were too many unanswered questions about how that would impact the host communities and state entities currently benefiting from the direct allocation of some of those admission tax dollars.

We also heard some concern about how such a change would fit into the emerging attendance trends in the Cincinnati market given the new competition of 2013 and 2014.

Some lawmakers will also be asking questions about how the lowering of the corporate income tax for all Indiana corporations has specifically affected the casinos and racinos, which cannot deduct the wagering tax from their gross income, as is largely permitted in other gaming states.

Land-based gaming will remain on the back-burner until the City of Gary assembles its long-awaited larger-scale local economic development package (of which land-based gaming at a highway site further inland from Buffington Harbor is a fiscal centerpiece). That package could also be impacted should Boeing seriously be considering a Gary site for its prospective \$10 billion investment in a new brownfield assembly complex.

But the longer Gary waits, the better the infrastructure paving the way to Buffington Harbor becomes, and the more difficult it is for Wayzata Investment Partners to make any long-term capital commitment to its Majestic Star Casino property, further leaving it in limbo.

But since the Gary land-based component is the piece around which all other land-based changes will pivot (a Gary move would mean an immediate slash in revenues for the state’s most lucrative casino, in Hammond, as well as the East Chicago property) as it potentially frees up a license as well (changing statewide dynamics), much needs to be considered before changes are made to whether gaming can occur in new jurisdictions, territory, or just within current footprints . . . and this is not a positive-sum game (and could be worse than a zero-sum proposition); there will be winners and losers.

Finally, live table games at the racinos died last session as House Speaker Brian Bosma (R) and then-Public Policy chair Bill Davis (R) of Portland carried the Governor’s water on this constituting an impermissible expansion of gaming (even as the governor and others expressed no objections to the so-called mobile gaming provision which passed). We never heard anyone take issue with repeated assertions by lawmakers who advocated live table games that they had the votes to pass it both in committee and on the House floor, but the Guv and his selective hang-up over expansion (which oddly didn’t seem to apply to other provisions in the gaming bill) killed it.

Rep. Dermody has been sympathetic to live table games, but he understands that he has a larger role to play in the process as chair of the key panel handling gaming legislation, and wants to keep his powder dry for now as he reviews everything, and sees how this element would fit in a larger gaming reform rubric. He also understands the philosophical concern at play here (riverboat casinos that believe the racinos have a land-based advantage and that the intent of the 2007 slots at the tracks authorization was not to make them equal players geographically close to existing casinos and the Indianapolis market; racinos that believe they were forced to overpay for licenses just as the economy crashed, and that they had to pay five times as much for their licenses without live table games as the riverboats paid for theirs).

While the industry will continue to push for some marginal changes as it has throughout the years, and individual members (as we tipped you recently, keep your eye on Rising Star Casino • Resort, while French Lick Resort • Casino fell short of its goals in the last session and may be back to tap the historic hotel fund and to keep its subsidy) may be active on the periphery as well, the 2014 session should be a quiet one on the gaming front . . . giving you some time to catch up on your sleep for what should be an extremely active 2014 interim and perhaps historic 2015 legislative session.

“I don’t think anything is going to happen [on gaming] this session,” Rep. Dermody said at LegCon, and his comments were echoed by the Casino Association’s Smith, who added that “I would think with all the things that are going to go on in the legislature this year we’ll probably be looking at 2015 [for serious changes]. I think that’s probably a more realistic time period.”

## IN General

- The Indiana Gaming Commission renews its contract for administrative law judge services with retired trial court judge Michael D. Cook for \$10,000 through 2016 at a below-market rate of \$160 per hour. Judge Cook has been an IGC ALJ for four years, and oversaw the sensitive Indianapolis Downs and Indiana Downs disciplinary proceedings that petered out from the Commission’s perspective when the racino was poised to change management.

- The Indiana Gaming Commission plans to release 2014 monthly revenue reports on the following dates:

Month Covered	Report Release Date	Day
December 2013	January 8	Wednesday
January 2014	February 10	Monday
February 2014	March 10	Monday
March 2014	April 8	Tuesday
April 2014	May 8	Thursday
May 2014	June 9	Monday
June 2014	July 8	Tuesday
July 2014	August 8	Friday
August 2014	September 9	Tuesday
September 2014	October 8	Wednesday
October 2014	November 10	Monday
November 2014	December 9	Tuesday

- The revised Indiana General Fund Revenue forecast released December 20 significantly ratchets down FY 2014 and FY 2015 riverboat wagering tax collections from the April forecast used to guide the biennial budget, but bumps up the racino wagering take.

	Forecast		Difference		Growth % Over 2013
	Prior 2014	New 2014	\$	%	
Riverboat Wgrng	\$ 409.8M	\$ 392.6M	-\$17.2M	- 4.2%	-12.5%
Racino Wagering	\$ 99.6M	\$ 111.8M	\$12.2M	12.3%	5.6%
Riverboat Admits	\$ 13.7M	\$ 13.0M	-\$ 0.7M	- 5.4%	- 9.8%

	Forecast		Difference		Growth % Over 2014
	Prior 2015	New 2015	\$	%	
Riverboat Wgrng	\$ 396.8M	\$ 383.1M	-\$13.7M	- 3.5%	- 2.4%
Racino Wagering	\$ 95.6M	\$ 107.0M	\$11.3M	11.8%	- 4.3%
Riverboat Admits	\$ 13.7M	\$ 13.1M	-\$ 0.6M	- 4.1%	0.8%

□ In case you want to compare the differences between the original April and the subsequent updated December forecasts for overall gaming revenues across recent years, here are some numbers to help you do just that:

Fiscal Year	April Forecast	December Forecast	Difference (\$) April - Dec.	Difference (%) April - Dec
2012	\$ 684.2M	\$ 617.5M	-\$ 66.7M	- 10.0%
2013	\$ 651.8M	\$ 567.1M	-\$ 84.7M	- 13.0%
2014	\$ 523.1M	\$ 517.4M	-\$ 5.7M	- 1.1%
2015	\$ 506.1M	\$ 503.2M	-\$ 2.9M	- 0.1%

□ While continued disappointing numbers resulting from increased Ohio competition and a lagging regional economy account for much of the disappointing projections, some assorted statutory and changes related to taxation are also partially responsible for the drop-off we’ve seen and which is projected. Here are details from some of the April and December forecast models that help to explain for you some of the differences in assumptions made by members of the bipartisan Revenue Forecast Technical Committee in the months separating the respective forecasts:

### APRIL:

Reduce the estimated adjusted gross wagering receipts for Belterra Casino, Grand Victoria Casino [sic], and Hollywood Casino by 26.6% in the last quarter of FY 2013, and 33.3% in FY 2014 and FY 2015 to account for potential competitive impacts from new casino operations in Cincinnati, Ohio, and Columbus, Ohio, beginning in Fall 2012 and Spring 2013.

### DECEMBER:

Reduce the estimated adjusted gross wagering receipts for Belterra Casino, Grand Victoria Casino [sic], and Hollywood Casino by 33.3% in FY 2014 and FY 2015 to account for potential competitive impacts from new casino operations in Cincinnati, Ohio, and Columbus, Ohio.

### APRIL:

Reduce the estimated adjusted gross wagering receipts for the Hoosier Park racino by 21.7% in FY 2013, 22.9% in FY 2014, and 24.1% in FY 2015 to account for: (1) potential competitive impacts from new gaming facilities in neighboring states, (2) statutory reduction in taxable AGR from 100% to 99% starting July 1, 2012, and (3) the U.S. Bankruptcy Court’s ruling reducing the slot machine wagering tax base.

### DECEMBER:

Reduce the estimated adjusted gross wagering receipts for the Hoosier Park racino by 16.2% in FY 2014, 17.5% in FY 2015, to account for: (1) potential competitive impacts from new gaming facilities in neighboring states, (2) statutory reduction in taxable AGR from 100% to 91.5%.

**APRIL:**

Reduce the estimated adjusted gross wagering receipts for the Indiana Downs racino by 15.9% in FY 2013, 17.0% in FY 2014, and 18.2% in FY 2015 to account for: (1) potential competitive impacts from new gaming facilities in neighboring states, (2) statutory reduction in taxable AGR from 100% to 99% starting July 1, 2012, and (3) the U.S. Bankruptcy Court's ruling reducing the slot machine wagering tax base.

**DECEMBER:**

Reduce the estimated adjusted gross wagering receipts for the Indiana Downs racino by 9.8% in FY 2014, 11.1% in FY 2015 to account for: (1) potential competitive impacts from new gaming facilities in neighboring states, (2) statutory reduction in taxable AGR from 100% to 91.5%.

● Figures are now in from the Indiana Department of Workforce Development for November unemployment, and the numbers are once again discouraging.

□ During November 2013, Indiana's "Gambling Industries" directly employed only 12,100 people, down from October to the lowest level since February following the first over-the-month gains the state had seen since May to June. This is the 14th successive month in which the state has seen the direct gaming employment level below 13,000 direct jobs.

□ Compared to November 2012, the number of direct gaming jobs dipped by 200 jobs (- 1.63%) from 12,300 such jobs in the previous November (adjusted significantly down from preliminary estimates of 12,800) - even before the full impact of direct competition from racinos and casinos in Ohio. Jobs fell by 500 (- 3.97%) from October levels, the largest month-over-month decline in real jobs since the same period in 2012 (which saw a 600-job decline).

**Direct Gaming Employment - Past 16 Months**

<u><b>11/13</b></u>	<u><b>10/13</b></u>	<u><b>09/13</b></u>	<u><b>08/13</b></u>	<u><b>07/13</b></u>	<u><b>06/13</b></u>	<u><b>05/13</b></u>	<u><b>04/13</b></u>
12,100	12,600	12,500	12,800	12,800	12,900	12,600	12,400
<u><b>03/13</b></u>	<u><b>02/13</b></u>	<u><b>01/13</b></u>	<u><b>12/12</b></u>	<u><b>11/12</b></u>	<u><b>10/12</b></u>	<u><b>09/12</b></u>	<u><b>08/12</b></u>
12,200	12,100	12,000	12,200	12,300	12,900	13,100	13,200

□ Direct gaming employment has not been this low in any other November since 1997 - before the respective openings of Horseshoe Casino Southern Indiana, Belterra Casino Resort, French Lick Resort • Casino, Hoosier Park Racing & Casino, and Indiana Grand Casino. November direct gaming employment in Indiana has not been above 14,000 jobs now since 2008. Compared to just five years back in November 2008 (as the impact of the recession was first truly perceived), direct employment in the Hoosier gaming industry is down by 2,400 jobs (- 16.55%), and going back 10 years, such employment is down by 3,200 (- 20.92%) from 15,300 in 2003, even though three properties - the Orange County casino and both of the racinos - were not yet open for business in November 2003. The state is also down by 4,300 gaming jobs (- 26.22%) from the peak level of November direct gaming employment, a robust 16,400 jobs in 2000.

**Direct Gaming Employment - Prior Months of November**

<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
12,100	12,300	13,600	14,000	13,900	14,500
<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
13,800	14,400	14,700	14,800	15,300	15,900
<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>
15,800	16,400	14,200	13,400	10,900	7,300

## IN Illegal Gambling

● The *Muncie Star Press* reports, "A second Muncie man has pleaded guilty to a gambling-related charge stemming from a 2012 raid at the Oasis Bar & Grill" staged by the Indiana Gaming Commission's Gaming Enforcement Division. As a result of the year-long sports betting probe, Michael Terrell, 62, had been charged with promoting professional gambling, a Class D felony carrying a standard 18-month prison term, but Delaware County Circuit Court 4 Judge John Feick reduced the conviction to a misdemeanor status. Terrell received a one-year suspended jail sentence and was placed on probation for one year. "Terrell's cousin, Oasis owner H. Steven Mason, 65, pleaded guilty to the same charge in October."

● The Senate Democratic Caucus chair, Sen. Jim Arnold (D) of LaPorte introduces SB 6, legislation changing some penalties related to illegal animal-fighting contests. Sen. Arnold, a former LaPorte County sheriff, seeks to elevate the penalty for attending such a contest to the same level (Level 6 felony) as entering an animal in the contest. Under current law, attendance falls under "cruelty to animals," subject to the lesser penalty of a class A misdemeanor.

## IN Riverboats

### *Northern Market News . . .*

● The City of Gary breaks ground for the Gary Marina Overpass, part of the Gary Marina Access Road project that will improve access to and visibility of Majestic Star Casino. The long-anticipated \$7 million project, honchoed by American Structurepoint of Indianapolis, will require the City to pay about 20% of project costs, with the feds picking up the tab for the remaining 80 percent. Expect the road from Cline Avenue to open late this year.

### *Southern Market News . . .*

● Penn National Gaming initiates its inaugural Marquee Millionaire<sup>SM</sup> national slot tournament series this month for its Marquee Rewards and other loyalty cardholders. Between now and April, 19 Penn properties, including Hollywood Casino Lawrenceburg (March 1 and 15), will host qualifying events for slot players to win cash prizes and a seat in the

million-dollar grand-prize championship event May 2-4, at the M Resort Spa & Casino in Las Vegas. There will be 200 qualifiers for the \$1 million annuity prize, and contestants with the 20 highest scores will also win cash prizes.

● The *Cincinnati Enquirer* does some of the math to derive the 11-month Cincinnati-market numbers (Horseshoe Casino Cincinnati opened March 4), and we did the rest of it for you. When you try to analyze the implications, you should note in particular the striking disparity between admissions and win totals for the land-based Cincinnati property. Bear in mind as well that after the Cincinnati casino opened with a bang, Hollywood Casino Lawrenceburg has now been back atop the Cincinnati-market revenue charts for two consecutive months (October and November), offering some promise (particularly given the likely ramping down of other-worldly free play levels being doled out through 2013 in Cincinnati and the other three Ohio casinos, as well as their need to focus on intramural competition from new nearby racinos)

	January - November			
	Revenue		Cin. Mkt Share	
	2013	2012	2013	2012
Hollywood Casino Lawrenceburg	\$ 194.4M	\$ 366.1M	38.2%	62.6%
Horseshoe Casino Cincinnati	\$ 170.3M	N/A	33.5%	N/A
Belterra Casino Resort	\$ 95.7M	\$ 136.9M	18.8%	23.4%
Rising Star Casino Resort	\$ 48.1M	\$ 82.1M	9.5%	14.0%

	January - November			
	Visits		Cin. MktShare	
	2013	2012	2013	2012
Hollywood Casino Lawrenceburg	1.6M	3.0M	21.6%	53.6%
Horseshoe Casino Cincinnati	4.0M	N/A	54.1%	N/A
Belterra Casino Resort	1.1M	1.5M	14.9%	26.5%
Rising Star Casino Resort	0.7M	1.1M	9.5%	19.9%

## IN Casinos . . .

● The Indiana Gaming Commission promulgates an emergency rule that temporarily amends 68 IAC 2-7-1 through 68 IAC 2-7-3, 68 IAC 2-7-5, and 68 IAC 2-7-7 through 68 IAC 2-7-10 concerning licensing of distributors of associated equipment.

● Here are your November casino numbers:

CASINO	Admits.	Table Win	Slot Win	Total Win
Ameristar	200,757	\$ 1,452,633	\$ 15,969,660	\$ 17,422,293
Belterra	99,336	\$ 1,800,898	\$ 8,310,952	\$ 10,111,850
Blue Chip	183,096	\$ 1,405,018	\$ 11,107,610	\$ 12,512,628
French Lick	68,930	\$ 855,954	\$ 5,368,641	\$ 6,224,595
Hollywood	160,058	\$ 1,989,964	\$ 17,005,602	\$ 18,995,566
Hoosier Park	—	—	\$ 17,085,601	\$ 17,085,601
Horseshoe HD	382,950	\$ 12,270,843	\$ 28,481,221	\$ 40,752,064
Horseshoe SI	171,585	\$ 4,438,702	\$ 17,815,569	\$ 22,254,271
Indiana Grand	—	—	\$ 18,806,792	\$ 18,806,792
Majestic Star I	90,678	\$ 1,835,715	\$ 5,788,718	\$ 7,624,433
Majestic Star II	90,678	\$ 307,616	\$ 5,701,967	\$ 6,009,583
Rising Star	69,703	\$ 475,704	\$ 4,845,930	\$ 5,321,634
Tropicana	90,711	\$ 1,298,696	\$ 7,919,217	\$ 9,217,913
Statewide	1,655,841	\$ 28,131,743	\$ 164,207,480	\$ 192,339,223

	Admissions	Table Win	Slot Win	Total Win
(1) Horseshoe HD	Horseshoe HD	Horseshoe HD	Horseshoe HD	Horseshoe HD
(2) Ameristar	Horseshoe SI	Horseshoe SI	Indiana Grand	Horseshoe SI
(3) Blue Chip	Hollywood	Hollywood	Horseshoe SI	Hollywood
(4) Horseshoe SI	Majestic Star I	Hoosier Park	Indiana Grand	Indiana Grand
(5) Hollywood	Belterra	Hollywood	Ameristar	Ameristar
(6) Belterra	Ameristar	Ameristar	Hoosier Park	Hoosier Park
(7) Tropicana	Blue Chip	Blue Chip	Blue Chip	Blue Chip
(8) Majestic Star I	Tropicana	Belterra	Belterra	Belterra
(9) Majestic Star II	French Lick	Tropicana	Tropicana	Tropicana
(10) Rising Star	Rising Star	Majestic Star I	Majestic Star I	Majestic Star I
(11) French Lick	Majestic Star II	Majestic Star II	French Lick	French Lick
(12) —	—	French Lick	Majestic Star II	Majestic Star II
(13) —	—	Rising Star	Rising Star	Rising Star

## GAIN/LOSS, month over month

CASINO	TOTAL WIN		ADMISSIONS	
Ameristar	6.55%	\$ 1,070,565	3.75%	7,253
Horseshoe SI	3.44%	\$ 739,986	- 0.77%	- 1,335
Belterra	1.09%	\$ 108,615	- 10.26%	- 11,355
Hoosier Park	- 0.04%	(\$ 6,466)	—	—
Horseshoe HD	- 0.10%	(\$ 38,778)	- 3.71%	- 14,751
Hollywood	- 0.99%	(\$ 190,052)	1.40%	2,203
Blue Chip	- 7.08%	(\$ 952,771)	- 7.53%	- 14,919
Rising Star	- 2.05%	(\$ 111,426)	- 1.69%	- 1,197
French Lick	- 2.53%	(\$ 161,359)	- 4.67%	- 3,376
Majestic Star II	- 2.66%	(\$ 164,029)	- 5.85%	- 5,634
Indiana Grand	- 3.09%	(\$ 600,509)	—	—
Tropicana	- 3.38%	(\$ 322,603)	1.55%	1,387
Majestic Star I	- 5.91%	(\$ 478,556)	- 5.85%	- 5,634
Statewide	- 0.57%	(\$ 1,107,383)	0.0001%	1

## GAIN/LOSS, year-over-year

CASINO	TOTAL WIN		ADMISSIONS	
Horseshoe HD	16.73%	\$ 5,840,183	0.13%	489
Horseshoe SI	2.00%	\$ 436,631	0.75%	1,282
Tropicana	0.29%	\$ 26,457	3.49%	3,056
Hoosier Park	- 2.61%	(\$ 457,935)	—	—
French Lick	- 2.80%	(\$ 179,048)	- 2.86%	- 2,030
Indiana Grand	- 5.00%	(\$ 990,689)	—	—
Ameristar	- 6.13%	(\$ 1,137,174)	- 11.70%	- 26,595
Blue Chip	- 7.89%	(\$ 1,071,746)	- 3.43%	- 6,503
Majestic Star II	- 8.09%	(\$ 528,801)	- 8.14%	- 8,039
Majestic Star I	- 10.67%	(\$ 910,757)	- 8.14%	- 8,039
Rising Star	- 15.91%	(\$ 1,006,696)	- 15.05%	- 12,348
Belterra	- 16.53%	(\$ 2,002,130)	- 14.65%	- 17,046
Hollywood	- 34.06%	(\$ 9,813,835)	- 30.67%	- 70,813
Statewide	- 5.78%	(\$ 11,795,540)	- 5.65%	- 99,227

## WIN, year-to-date

CASINO	2013	2012	DIFFERENCE	%
Horseshoe HD	\$ 454,333,350	\$ 457,012,008	(\$ 2,678,658)	- 0.59%
Hollywood	\$ 255,050,495	\$ 366,090,842	(\$ 111,040,347)	- 30.33%
Horseshoe SI	\$ 246,877,252	\$ 250,461,562	(\$ 3,584,310)	- 1.43%
Indiana Grand	\$ 224,555,387	\$ 223,844,152	\$ 711,235	0.32%
Ameristar	\$ 203,759,213	\$ 215,844,957	(\$ 12,085,744)	- 5.60%
Hoosier Park	\$ 199,630,879	\$ 205,600,798	(\$ 5,969,919)	- 2.90%
Blue Chip	\$ 148,075,339	\$ 160,695,401	(\$ 12,620,062)	- 7.85%
Belterra	\$ 120,291,629	\$ 136,922,316	(\$ 16,630,687)	- 12.15%
Tropicana	\$ 107,108,518	\$ 108,887,506	(\$ 1,778,988)	- 1.63%
Majestic Star I	\$ 94,889,903	\$ 101,074,320	(\$ 6,184,417)	- 6.12%
Majestic Star II	\$ 76,104,989	\$ 83,341,661	(\$ 7,236,672)	- 8.68%
French Lick	\$ 75,288,357	\$ 79,001,463	(\$ 3,713,106)	- 4.70%
Rising Star	\$ 66,158,927	\$ 82,060,382	(\$ 15,901,455)	- 19.38%
Statewide	\$ 2,272,124,238	\$ 2,470,837,368	(\$ 198,713,130)	- 8.04%

**ADMISSIONS, year-to-date**

CASINO	2013	2012	DIFFERENCE	%
Horseshoe HD	4,265,559	5,120,202	( 854,643)	- 16.69%
Ameristar	2,308,753	2,569,727	( 260,974)	- 10.16%
Blue Chip	2,150,952	2,267,122	( 116,170)	- 5.12%
Hollywood	2,133,640	3,011,817	( 878,177)	- 29.16%
Horseshoe SI	1,954,238	2,083,701	( 129,463)	- 6.21%
Belterra	1,295,454	1,492,065	( 196,611)	- 13.18%
Majestic Star I	1,178,871	1,315,125	( 136,254)	- 10.36%
Majestic Star II	1,178,871	1,315,125	( 136,254)	- 10.36%
Tropicana	1,034,155	1,088,647	( 54,492)	- 5.01%
Rising Star	854,601	1,121,052	( 266,451)	- 23.77%
French Lick	840,683	892,425	( 51,742)	- 5.80%
Statewide	19,195,777	22,277,008	(3,081,231)	- 13.83%

**WIN, past six months (\$ in millions)**

CASINO	11/2013	10/2013	09/2013	08/2013	07/2013	06/2013
Horseshoe HD	\$ 40.75	\$ 40.79	\$ 38.51	\$ 41.51	\$ 42.28	\$ 39.06
Horseshoe SI	\$ 22.25	\$ 21.51	\$ 21.61	\$ 23.45	\$ 23.03	\$ 20.31
Hollywood	\$ 19.00	\$ 19.19	\$ 19.33	\$ 21.64	\$ 21.71	\$ 20.84
Indiana Grand	\$ 18.81	\$ 19.41	\$ 19.63	\$ 21.78	\$ 20.52	\$ 19.60
Ameristar	\$ 17.42	\$ 16.35	\$ 16.95	\$ 18.27	\$ 17.77	\$ 17.94
Hoosier Park	\$ 17.09	\$ 17.09	\$ 16.85	\$ 18.77	\$ 18.21	\$ 17.36
Blue Chip	\$ 12.51	\$ 13.47	\$ 12.83	\$ 14.23	\$ 13.60	\$ 13.46
Belterra	\$ 10.11	\$ 10.00	\$ 9.90	\$ 10.56	\$ 12.49	\$ 9.86
Tropicana	\$ 9.22	\$ 9.54	\$ 9.04	\$ 9.92	\$ 10.10	\$ 9.61
Majestic Star I	\$ 7.62	\$ 8.10	\$ 8.24	\$ 8.64	\$ 8.90	\$ 8.36
French Lick	\$ 6.22	\$ 6.39	\$ 6.32	\$ 7.09	\$ 7.30	\$ 6.99
Majestic Star II	\$ 6.01	\$ 6.17	\$ 6.56	\$ 7.25	\$ 6.87	\$ 7.19
Rising Star	\$ 5.32	\$ 5.43	\$ 5.41	\$ 6.20	\$ 5.79	\$ 5.98
Statewide	\$192.34	\$193.45	\$191.18	\$209.31	\$208.59	\$196.57

**WIN PER ADMISSION**

CASINO	11/2013	11/2012	10/2013
Horseshoe SI	\$ 130	\$ 128	\$ 124
Hollywood	\$ 119	\$ 125	\$ 122
Horseshoe HD	\$ 106	\$ 91	\$ 103
Belterra	\$ 102	\$ 104	\$ 90
Tropicana	\$ 102	\$ 105	\$ 107
French Lick	\$ 90	\$ 90	\$ 88
Ameristar	\$ 87	\$ 82	\$ 85
Majestic Star I	\$ 84	\$ 86	\$ 84
Rising Star	\$ 76	\$ 77	\$ 77
Blue Chip	\$ 68	\$ 72	\$ 68
Majestic Star II	\$ 66	\$ 66	\$ 64
Statewide	\$ 94	\$ 95	\$ 95

**WIN, same month past years (\$ in millions)**

CASINO	11/2013	11/2012	11/2011	11/2010	11/2009	11/2008
Horseshoe HD	\$ 40.75	\$ 34.91	\$ 38.89	\$ 43.79	\$ 40.82	\$ 46.84
Horseshoe SI	\$ 22.25	\$ 21.82	\$ 19.17	\$ 22.08	\$ 21.93	\$ 25.29
Hollywood	\$ 19.00	\$ 28.81	\$ 33.66	\$ 34.48	\$ 35.36	\$ 33.23
Indiana Grand	\$ 18.81	\$ 19.80	\$ 18.62	\$ 17.89	\$ 17.62	\$ 14.48
Ameristar	\$ 17.42	\$ 18.56	\$ 18.52	\$ 20.21	\$ 20.33	\$ 23.97
Hoosier Park	\$ 17.09	\$ 17.54	\$ 17.06	\$ 16.69	\$ 15.25	\$ 15.13
Blue Chip	\$ 12.51	\$ 13.58	\$ 13.76	\$ 13.56	\$ 13.83	\$ 13.96
Belterra	\$ 10.11	\$ 12.11	\$ 11.77	\$ 10.53	\$ 11.27	\$ 12.27
Tropicana	\$ 9.22	\$ 9.19	\$ 9.45	\$ 8.80	\$ 8.89	\$ 9.40
Majestic Star I	\$ 7.62	\$ 8.54	\$ 8.32	\$ 8.64	\$ 8.26	\$ 9.77
French Lick	\$ 6.22	\$ 6.40	\$ 6.31	\$ 6.20	\$ 6.01	\$ 7.01
Majestic Star II	\$ 6.01	\$ 6.54	\$ 6.69	\$ 7.94	\$ 7.18	\$ 7.82
Rising Star	\$ 5.32	\$ 6.33	\$ 7.07	\$ 7.22	\$ 8.15	\$ 9.69
Statewide	\$192.34	\$204.13	\$209.30	\$218.02	\$216.91	\$228.88

**WIN PER SLOT PER DAY**

CASINO	11/2013	11/2012	10/2013
Horseshoe SI	\$ 342	\$ 334	\$ 326
Horseshoe HD	\$ 320	\$ 318	\$ 318
Indiana Grand	\$ 315	\$ 357	\$ 315
Hoosier Park	\$ 298	\$ 306	\$ 287
Tropicana	\$ 297	\$ 289	\$ 292
Ameristar	\$ 268	\$ 285	\$ 246
Hollywood	\$ 232	\$ 278	\$ 227
Majestic Star II	\$ 223	\$ 226	\$ 220
Majestic Star I	\$ 215	\$ 206	\$ 217
Belterra	\$ 214	\$ 216	\$ 229
Blue Chip	\$ 193	\$ 208	\$ 201
French Lick	\$ 169	\$ 171	\$ 164
Rising Star	\$ 133	\$ 148	\$ 129
Statewide	\$ 259	\$ 270	\$ 255

**WIN GAIN/LOSS, month over month**

CASINO	11/2013	10/2013	09/2013	08/2013	07/2013
Horseshoe SI	3.44%	- 0.45%	- 7.83%	1.82%	13.36%
Belterra	1.09%	1.05%	- 6.29%	- 15.45%	26.77%
Hoosier Park	- 0.04%	1.44%	- 10.23%	3.07%	4.88%
Horseshoe HD	- 0.10%	5.93%	- 4.62%	- 1.83%	8.26%
Hollywood	- 0.99%	- 0.74%	- 10.69%	- 0.33%	4.20%
Rising Star	- 2.05%	0.51%	- 12.85%	7.07%	- 3.13%
French Lick	- 2.53%	1.01%	- 10.81%	- 2.88%	4.39%
Majestic Star II	- 2.66%	- 5.95%	- 8.66%	5.62%	- 4.51%
Indiana Grand	- 3.09%	- 1.13%	- 9.87%	6.11%	4.72%
Tropicana	- 3.38%	5.53%	- 8.84%	- 1.82%	5.15%
Majestic Star I	- 5.91%	- 1.63%	- 9.50%	- 3.01%	6.49%
Ameristar	- 6.55%	- 3.55%	- 7.19%	2.77%	- 0.95%
Blue Chip	- 7.08%	4.97%	- 9.86%	4.67%	0.98%
Statewide	- 0.57%	1.19%	- 8.66%	0.35%	6.11%

**WIN PER TABLE PER DAY**

CASINO	11/2013	11/2012	10/2013
Horseshoe HD	\$ 2,639	\$ 1,352	\$ 2,398
Horseshoe SI	\$ 1,409	\$ 1,291	\$ 1,234
Ameristar	\$ 1,309	\$ 1,911	\$ 1,121
Majestic Star I	\$ 1,302	\$ 1,359	\$ 1,408
Belterra	\$ 1,225	\$ 1,834	\$ 772
Tropicana	\$ 1,082	\$ 1,111	\$ 1,129
Blue Chip	\$ 937	\$ 911	\$ 958
French Lick	\$ 771	\$ 697	\$ 689
Hollywood	\$ 713	\$ 1,586	\$ 817
Rising Star	\$ 481	\$ 698	\$ 579
Majestic Star II	\$ 320	\$ 292	\$ 367
Statewide	\$ 1,383	\$ 1,272	\$ 1,274

**WIN GAIN/LOSS, year over year**

CASINO	11/2013	11/2012	11/2011	11/2010	11/2009
Horseshoe HD	16.73%	- 10.22%	- 11.19%	7.26%	- 12.85%
Horseshoe SI	2.00%	13.80%	- 13.16%	0.66%	- 13.29%
Tropicana	0.29%	- 2.78%	7.44%	- 1.03%	- 5.42%
Hoosier Park	- 2.61%	2.82%	2.22%	9.49%	0.78%
French Lick	- 2.80%	1.44%	1.81%	3.10%	- 14.19%
Indiana Grand	- 5.00%	6.31%	4.07%	1.56%	21.67%
Ameristar	- 6.13%	0.24%	- 8.37%	- 0.61%	- 15.19%
Blue Chip	- 7.89%	- 1.31%	1.50%	- 1.95%	- 0.95%
Majestic Star II	- 8.09%	- 2.26%	- 15.77%	10.58%	- 8.20%
Majestic Star I	- 10.67%	2.53%	- 3.63%	4.56%	- 15.43%
Rising Star	- 15.91%	- 10.47%	- 2.03%	- 11.44%	- 15.96%
Belterra	- 16.53%	2.95%	11.74%	- 6.57%	- 8.17%
Hollywood	- 34.06%	- 14.41%	- 2.36%	- 2.49%	6.41%
Statewide	- 5.78%	- 2.47%	- 4.00%	1.45%	- 6.11%

**SLOT WIN % vs. TABLE WIN %, past four months**

CASINO	11/2013	10/2013	09/2013	08/2013
Majestic Star II	94.9/05.1%	94.1/05.9%	94.3/05.7%	92.9/07.1%
Ameristar	91.7/08.3%	92.4/07.6%	89.8/10.2%	88.6/11.4%
Rising Star	91.1/08.9%	89.1/10.9%	91.2/08.8%	88.6/11.4%
Hollywood	89.5/10.5%	88.1/11.9%	88.8/11.2%	88.4/11.6%
Blue Chip	88.8/11.2%	89.0/11.0%	90.9/09.1%	88.7/11.3%
French Lick	86.2/13.8%	84.6/15.4%	91.2/08.8%	91.2/08.8%
Tropicana	85.9/14.1%	85.3/14.7%	86.8/13.2%	84.6/15.4%
Belterra	82.2/17.8%	86.1/13.9%	84.5/15.5%	90.1/09.9%
Horseshoe SI	80.1/19.9%	81.3/18.7%	81.8/18.2%	83.0/17.0%
Majestic Star I	75.9/24.1%	74.7/25.3%	73.2/26.8%	77.2/22.8%
Horseshoe HD	69.9/30.1%	71.8/28.2%	74.3/25.7%	73.8/26.2%
Statewide	85.4/14.6%	85.9/14.1%	86.8/13.2%	86.9/13.1%

**ADMISSIONS, past five months**

CASINO	11/2013	10/2013	09/2013	08/2013	07/2013
Horseshoe HD	382,950	397,701	373,450	412,370	404,933
Ameristar	200,757	193,504	198,689	211,336	213,083
Blue Chip	183,096	198,015	196,879	214,860	211,308
Horseshoe SI	171,585	172,920	174,310	186,284	194,240
Hollywood	160,058	157,855	161,755	183,214	190,492
Belterra	99,336	110,691	111,362	129,322	127,008
Tropicana	90,711	89,324	91,295	98,048	102,347
Majestic Star I	90,678	96,312	104,661	117,680	116,646
Majestic Star II	90,678	96,312	104,661	117,680	116,646
Rising Star	69,703	70,900	76,697	82,555	80,532
French Lick	68,930	72,306	76,178	83,539	88,352
Statewide	1,655,841	1,655,840	1,669,937	1,836,888	1,845,587

**ADMISSIONS, same month past years**

CASINO	11/2013	11/2012	11/2011	11/2010	11/2009
Horseshoe HD	382,950	382,461	439,898	456,177	449,822
Ameristar	200,757	227,352	213,109	231,443	247,322
Blue Chip	183,096	189,599	191,235	191,250	186,145
Horseshoe SI	171,585	170,303	157,377	192,248	193,518
Hollywood	160,058	230,871	287,069	299,903	314,464
Belterra	99,336	116,382	126,174	125,510	140,599
Tropicana	90,711	87,655	94,335	95,922	98,863
Majestic Star I	90,678	98,717	106,024	116,425	97,997
Majestic Star II	90,678	98,717	106,024	116,425	97,997
Rising Star	69,703	82,051	97,324	97,702	112,635
French Lick	68,930	70,960	73,772	79,631	82,349
Statewide	1,655,841	1,755,068	1,892,341	2,002,636	2,021,711

**INDIANA WIN vs. ILLINOIS REVENUES (\$ in millions)**

\$ WIN	11/2013	10/2013	09/2013	08/2013	07/2013	06/2013
Indiana	\$ 192.34	\$ 193.45	\$ 191.18	\$ 209.31	\$ 208.59	\$ 196.57
Illinois	\$ 121.02	\$ 122.85	\$ 125.66	\$ 135.32	\$ 131.97	\$ 131.29
Spread	\$ 71.32	\$ 70.59	\$ 65.52	\$ 73.99	\$ 76.62	\$ 65.28

**REGIONAL SHARE (\$ in millions)**

\$ WIN	11/2013	10/2013	09/2013	08/2013	07/2013	06/2013
North	\$ 84.32	\$ 84.88	\$ 83.09	\$ 89.90	\$ 89.42	\$ 86.02
South	\$ 72.13	\$ 72.06	\$ 71.61	\$ 78.86	\$ 80.43	\$ 73.59
Racino	\$ 35.89	\$ 36.50	\$ 36.48	\$ 40.55	\$ 38.73	\$ 36.96

%	11/2013	10/2013	09/2013	08/2013	07/2013	06/2013
North	43.84%	43.88%	43.46%	42.95%	42.87%	43.76%
South	37.50%	37.25%	37.46%	37.68%	38.56%	37.44%
Racino	18.66%	18.87%	19.08%	19.37%	18.57%	18.80%

**CASINO SHARE, statewide market**

CASINO	11/2013	10/2013	09/2013	08/2013	07/2013	06/2013
Horseshoe HD	21.19%	21.09%	20.14%	19.83%	20.27%	19.87%
Horseshoe SI	11.57%	11.12%	11.30%	11.20%	11.04%	10.33%
Hollywood	9.88%	9.92%	10.11%	10.34%	10.41%	10.60%
Indiana Grand	9.78%	10.03%	10.27%	10.40%	9.84%	9.97%
Ameristar	9.06%	8.45%	8.87%	8.73%	8.52%	9.13%
Hoosier Park	8.88%	8.84%	8.81%	8.97%	8.73%	8.83%
Blue Chip	6.51%	6.96%	6.71%	6.80%	6.52%	6.85%
Belterra	5.26%	5.17%	5.18%	5.05%	5.99%	5.01%
Tropicana	4.79%	4.93%	4.73%	4.74%	4.84%	4.89%
Majestic Star I	3.96%	4.19%	4.31%	4.13%	4.27%	4.25%
French Lick	3.24%	3.30%	3.31%	3.39%	3.50%	3.56%
Majestic Star II	3.12%	3.19%	3.43%	3.46%	3.29%	3.66%
Rising Star	2.77%	2.81%	2.83%	2.96%	2.78%	3.04%

**CASINO SHARE, regional market**

NORTH	11/2013	10/2013	09/2013	08/2013	07/2013	06/2013
Horseshoe HD	48.33%	48.05%	46.34%	46.18%	47.28%	45.41%
Ameristar	20.66%	19.26%	20.40%	20.32%	19.88%	20.86%
Blue Chip	14.84%	15.86%	15.44%	15.83%	15.20%	15.65%
Majestic Star I	9.04%	9.55%	9.91%	9.61%	9.96%	9.72%
Majestic Star II	7.13%	7.27%	7.90%	8.07%	7.68%	8.36%

NORTH	11/2013	11/2012	11/2011	11/2010	11/2009	11/2008
Horseshoe HD	48.33%	42.51%	45.12%	46.51%	45.14%	45.76%
Ameristar	20.66%	22.60%	21.48%	21.47%	22.49%	23.42%
Blue Chip	14.84%	16.54%	15.97%	14.41%	15.29%	13.64%
Majestic Star I	9.04%	10.39%	9.66%	9.18%	9.13%	9.54%
Majestic Star II	7.13%	7.96%	7.76%	8.44%	7.94%	7.64%

**CASINO SHARE, regional market**

SOUTH	11/2013	10/2013	09/2013	08/2013	07/2013	06/2013
Horseshoe SI	30.85%	29.85%	30.18%	29.73%	28.63%	27.61%
Hollywood	26.34%	26.62%	26.99%	27.44%	27.00%	28.32%
Belterra	14.02%	13.88%	13.82%	13.39%	15.53%	13.39%
Tropicana	12.78%	13.24%	12.62%	12.57%	12.56%	13.05%
French Lick	8.63%	8.86%	8.83%	8.99%	9.07%	9.50%
Rising Star	7.38%	7.54%	7.55%	7.87%	7.20%	8.13%

SOUTH	11/2013	11/2012	11/2011	11/2010	11/2009	11/2008
Horseshoe SI	30.85%	25.77%	21.93%	24.72%	23.94%	26.10%
Hollywood	26.34%	34.03%	38.50%	38.61%	38.59%	34.29%
Belterra	14.02%	14.31%	13.46%	11.79%	12.30%	12.67%
Tropicana	12.78%	10.86%	10.81%	9.85%	9.71%	9.70%
French Lick	8.63%	7.56%	7.22%	6.94%	6.57%	7.23%
Rising Star	7.38%	7.47%	8.08%	8.08%	8.89%	10.00%

**CORPORATE SHARE, state market (\$ in millions)**

CORP.	11/2013	10/2013	09/2013	08/2013	07/2013	06/2013
Caesars	32.76%	32.21%	31.45%	31.04%	31.31%	30.20%
Centaur	18.66%	18.87%	19.08%	19.37%	18.57%	18.80%
Pinnacle	14.32%	13.62%	14.05%	13.77%	14.51%	14.14%
Majestic Star	7.09%	7.38%	7.74%	7.59%	7.56%	7.91%

CORP.	11/2013	10/2013	09/2013	08/2013	07/2013	06/2013
Caesars	\$ 63.01	\$ 62.31	\$ 60.12	\$ 64.96	\$ 65.31	\$ 59.37
Centaur	\$ 35.89	\$ 36.50	\$ 36.48	\$ 40.55	\$ 38.73	\$ 36.96
Pinnacle	\$ 27.53	\$ 26.35	\$ 26.85	\$ 28.83	\$ 30.27	\$ 27.80
Majestic Star	\$ 13.63	\$ 14.28	\$ 14.80	\$ 15.89	\$ 15.77	\$ 15.55



**FREE PLAY DEDUCTION (\$ in millions w/\$5M per property FY cap)**

CASINO	11/2013	10/2013	09/2013	08/2013	07/2013	FYTD
Indiana Grand	\$ 1.71	\$ 1.63	\$ 1.66	\$ 0	\$ 0	\$ 5.00
Ameristar	\$ 0.70	\$ 2.14	\$ 2.16	\$ 0	\$ 0	\$ 5.00
Tropicana	\$ 0.65	\$ 0.71	\$ 0.64	\$ 0.68	\$ 0.79	\$ 3.47
French Lick	\$ 0.47	\$ 0.48	\$ 0.52	\$ 0.54	\$ 0.55	\$ 2.56
Rising Star	\$ 0.36	\$ 0.40	\$ 0.53	\$ 0.48	\$ 0.40	\$ 2.16
Blue Chip	\$ 0	\$ 1.24	\$ 1.27	\$ 1.19	\$ 1.30	\$ 5.00
Majestic Star I	\$ 0	\$ 1.06	\$ 1.25	\$ 1.33	\$ 1.36	\$ 5.00
Majestic Star II	\$ 0	\$ 0.89	\$ 1.26	\$ 1.40	\$ 1.45	\$ 5.00
Horseshoe SI	\$ 0	\$ 0.35	\$ 1.59	\$ 1.52	\$ 1.55	\$ 5.00
Hollywood	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Belterra	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Hoosier Park	\$ 0	\$ 0	\$ 2.09	\$ 2.91	\$ 0	\$ 5.00
Horseshoe HD	\$ 0	\$ 0	\$ 1.00	\$ 2.00	\$ 2.00	\$ 5.00
Statewide	\$ 3.89	\$ 8.90	\$ 13.97	\$ 12.04	\$ 9.39	\$ 48.19

**SLOT PAYBACK PERCENTAGE, past six months**

CASINO	11/2013	10/2013	09/2013	08/2013	07/2013	06/2013
Hoosier Park	91.70%	91.36%	91.50%	91.55%	91.64%	91.76%
Blue Chip	91.62%	91.27%	91.56%	91.81%	91.75%	91.46%
Indiana Grand	91.41%	90.86%	90.98%	90.83%	90.81%	91.00%
Belterra	91.40%	91.20%	91.64%	91.28%	90.88%	91.26%
Rising Star	91.24%	91.25%	91.82%	91.41%	91.46%	91.40%
French Lick	91.19%	91.16%	91.19%	91.05%	91.48%	91.72%
Majestic Star I	90.54%	90.34%	90.55%	90.14%	90.49%	90.25%
Horseshoe SI	90.46%	90.49%	90.49%	90.13%	90.23%	90.34%
Tropicana	90.45%	90.15%	90.22%	90.34%	90.46%	90.09%
Hollywood	90.42%	90.37%	90.49%	90.38%	90.16%	90.60%
Ameristar	90.32%	90.35%	90.37%	90.43%	90.32%	90.22%
Majestic Star II	90.20%	90.15%	90.12%	90.27%	90.43%	89.98%
Horseshoe HD	89.71%	89.76%	89.91%	90.03%	89.79%	90.17%
Statewide	90.77%	90.60%	90.75%	90.70%	90.66%	90.77%

**COIN-IN (\$ in millions), past five months**

CASINO	11/2013	10/2013	09/2013	08/2013	07/2013
Horseshoe HD	\$ 276.83	\$ 285.74	\$ 283.51	\$ 307.16	\$ 306.39
Indiana Grand	\$ 218.92	\$ 212.43	\$ 217.72	\$ 237.39	\$ 223.45
Hoosier Park	\$ 205.87	\$ 197.74	\$ 198.27	\$ 222.01	\$ 217.94
Horseshoe SI	\$ 186.78	\$ 184.08	\$ 185.95	\$ 197.27	\$ 193.48
Hollywood	\$ 177.44	\$ 175.55	\$ 180.53	\$ 198.83	\$ 199.50
Ameristar	\$ 165.00	\$ 156.50	\$ 158.05	\$ 169.03	\$ 166.71
Blue Chip	\$ 132.51	\$ 137.21	\$ 138.25	\$ 154.27	\$ 149.87
Belterra	\$ 96.60	\$ 97.85	\$ 100.07	\$ 109.19	\$ 110.63
Tropicana	\$ 82.94	\$ 82.64	\$ 80.27	\$ 86.87	\$ 91.25
Majestic Star I	\$ 61.21	\$ 62.66	\$ 63.79	\$ 67.61	\$ 68.08
French Lick	\$ 60.90	\$ 61.12	\$ 65.49	\$ 72.24	\$ 77.25
Majestic Star II	\$ 58.16	\$ 58.96	\$ 62.63	\$ 69.18	\$ 68.22
Rising Star	\$ 55.35	\$ 55.32	\$ 60.25	\$ 64.03	\$ 61.52
Statewide	\$ 1.779B	\$ 1.768B	\$ 1.795B	\$ 1.955B	\$ 1.934B

**COIN-IN (\$ in millions), same month past years**

CASINO	11/2013	11/2012	11/2011	11/2010	11/2009
Horseshoe HD	\$ 276.83	\$ 285.39	\$ 297.18	\$ 331.68	\$ 332.40
Indiana Grand	\$ 218.92	\$ 225.18	\$ 230.75	\$ 215.85	\$ 212.27
Hoosier Park	\$ 205.87	\$ 218.95	\$ 209.84	\$ 208.08	\$ 192.61
Horseshoe SI	\$ 186.78	\$ 178.22	\$ 170.48	\$ 191.63	\$ 185.51
Hollywood	\$ 177.44	\$ 250.76	\$ 318.06	\$ 327.97	\$ 349.73
Ameristar	\$ 165.00	\$ 173.16	\$ 165.80	\$ 173.91	\$ 177.32
Blue Chip	\$ 132.51	\$ 147.37	\$ 142.62	\$ 147.24	\$ 146.20
Belterra	\$ 96.60	\$ 103.78	\$ 114.76	\$ 108.02	\$ 117.96
Tropicana	\$ 82.94	\$ 78.47	\$ 79.68	\$ 76.96	\$ 80.92
Majestic Star I	\$ 61.21	\$ 62.47	\$ 66.40	\$ 67.44	\$ 61.96
French Lick	\$ 60.90	\$ 67.68	\$ 66.68	\$ 64.51	\$ 62.75
Majestic Star II	\$ 58.16	\$ 64.26	\$ 64.68	\$ 77.52	\$ 72.20
Rising Star	\$ 55.35	\$ 68.75	\$ 79.21	\$ 79.51	\$ 89.77
Statewide	\$ 1.779B	\$ 1.924B	\$ 2.006B	\$ 2.070B	\$ 2.082B

**SLOT & TABLE GAIN/LOSS, month over month**

CASINO	SLOT WIN	TABLE WIN
Ameristar	5.75% \$ 868,771	16.13% \$ 201,794
Horseshoe SI	1.82% \$ 318,196	10.50% \$ 421,790
Hollywood	0.58% \$ 98,231	- 12.65% (\$ 288,283)
Rising Star	0.11% \$ 5,092	- 19.67% (\$ 116,518)
Hoosier Park	- 0.04% (\$ 6,466)	---
French Lick	- 0.66% (\$ 35,475)	- 12.82% (\$ 125,884)
Majestic Star II	- 1.86% (\$ 107,932)	- 15.42% (\$ 56,097)
Horseshoe HD	- 2.69% (\$ 788,117)	6.50% \$ 749,339
Tropicana	- 2.72% (\$ 221,351)	- 7.23% (\$ 101,252)
Indiana Grand	- 3.09% (\$ 600,509)	---
Belterra	- 3.53% (\$ 303,922)	29.71% \$ 412,537
Majestic Star I	- 4.35% (\$ 263,141)	- 10.50% (\$ 215,415)
Blue Chip	- 7.29% (\$ 873,306)	- 5.35% (\$ 79,465)
Statewide	- 1.15% (\$ 1,909,929)	2.94% \$ 802,546

**SLOT & TABLE GAIN/LOSS, year-over-year**

CASINO	SLOT WIN	TABLE WIN
Horseshoe SI	1.46% \$ 256,959	4.22% \$ 179,672
Tropicana	0.77% \$ 60,426	- 2.55% (\$ 33,969)
Horseshoe HD	- 0.49% (\$ 141,560)	95.11% \$ 5,981,743
French Lick	- 2.10% (\$ 115,184)	- 6.94% (\$ 63,864)
Hoosier Park	- 2.61% (\$ 457,935)	---
Ameristar	- 4.84% (\$ 812,645)	- 18.26% (\$ 324,529)
Indiana Grand	- 5.00% (\$ 990,689)	---
Majestic Star I	- 6.19% (\$ 382,219)	- 22.36% (\$ 528,538)
Majestic Star II	- 8.89% (\$ 556,304)	9.82% \$ 27,503
Blue Chip	- 9.09% (\$ 1,110,133)	2.81% \$ 38,387
Belterra	- 9.65% (\$ 887,353)	- 38.23% (\$ 1,114,777)
Rising Star	- 14.03% (\$ 790,924)	- 31.20% (\$ 215,772)
Hollywood	- 29.44% (\$ 7,094,016)	- 57.75% (\$ 2,719,819)
Statewide	- 7.35% (\$ 13,021,577)	4.56% \$ 1,226,037

**TABLE HOLD, past six months**

CASINO	11/2013	10/2013	09/2013	08/2013	07/2013	06/2013
Majestic Star II	30.69%	42.21%	42.45%	42.31%	34.66%	34.13%
Horseshoe HD	26.15%	24.64%	23.52%	22.77%	23.40%	23.22%
Belterra	25.85%	18.24%	22.99%	14.76%	27.45%	9.14%
Horseshoe SI	21.95%	20.88%	23.92%	21.94%	22.40%	22.39%
Tropicana	21.66%	24.91%	21.24%	24.49%	22.81%	22.70%
Blue Chip	21.07%	21.26%	17.41%	21.78%	17.48%	22.50%
Hollywood	19.73%	24.24%	23.82%	23.55%	20.16%	23.31%
French Lick	18.95%	23.47%	12.58%	12.14%	14.01%	19.67%
Majestic Star I	17.84%	20.34%	20.88%	16.97%	21.06%	14.26%
Rising Star	17.04%	23.85%	18.20%	22.65%	17.63%	16.08%
Ameristar	12.98%	11.14%	16.90%	19.91%	15.20%	15.11%
Statewide	22.21%	21.96%	21.88%	21.31%	21.61%	20.34%

**TABLE DROP vs. TABLE HOLD**

CASINO	TABLE DROP	TABLE HOLD
Horseshoe HD	\$ 46,916,618	\$ 12,270,843 26.15%
Horseshoe SI	\$ 20,219,029	\$ 4,438,702 21.95%
Ameristar	\$ 11,188,243	\$ 1,452,633 12.98%
Majestic Star I	\$ 10,291,064	\$ 1,835,715 17.84%
Hollywood	\$ 10,084,084	\$ 1,989,964 19.73%
Belterra	\$ 6,966,040	\$ 1,800,898 25.85%
Blue Chip	\$ 6,668,348	\$ 1,405,018 21.07%
Tropicana	\$ 5,995,850	\$ 1,298,696 21.66%
French Lick	\$ 4,516,410	\$ 855,954 18.95%
Rising Star	\$ 2,792,233	\$ 475,704 17.04%
Majestic Star II	\$ 1,002,267	\$ 307,616 30.69%
Statewide	\$ 126,640,186	\$ 28,131,743 22.21%

**NUMBER OF SLOT MACHINES, past six months**

CASINO	11/2013	10/2013	09/2013	08/2013	07/2013	06/2013
Horseshoe HD	2,965	2,971	2,973	2,973	2,941	2,999
Hollywood	2,445	2,400	2,367	2,465	2,447	2,534
Indiana Grand	1,990	1,990	1,951	1,951	1,940	1,931
Ameristar	1,983	1,983	1,982	1,994	1,990	1,988
Blue Chip	1,920	1,920	1,920	1,920	1,924	1,931
Hoosier Park	1,912	1,923	1,923	1,923	1,923	1,911
Horseshoe SI	1,736	1,731	1,723	1,749	1,745	1,745
Belterra	1,296	1,212	1,333	1,340	1,371	1,399
Rising Star	1,214	1,206	1,209	1,245	1,249	1,249
French Lick	1,062	1,062	1,062	1,062	1,062	1,062
Majestic Star I	897	899	903	909	903	917
Tropicana	889	900	904	907	908	909
Majestic Star II	852	852	852	913	917	912
Statewide	21,161	21,049	21,102	21,351	21,320	21,487

**NUMBER OF TABLE GAMES, past six months**

CASINO	11/2013	10/2013	09/2013	08/2013	07/2013	06/2013
Horseshoe HD	155	155	155	155	155	158
Horseshoe SI	105	105	106	106	106	106
Hollywood	93	90	90	90	91	91
Blue Chip	50	50	50	50	50	50
Belterra	49	58	46	50	50	50
Majestic Star I	47	47	47	47	47	47
Tropicana	40	40	40	40	40	40
French Lick	37	46	45	45	45	44
Ameristar	37	36	36	36	36	39
Rising Star	33	33	33	33	33	33
Majestic Star II	32	32	32	32	32	32
Statewide	678	692	680	684	685	690

**STATEWIDE WIN, past 12 months**

	Statewide Win	% Change Previous Yr.	Actual Change Previous Yr.
12/12	\$ 214,666,729	- 3.79%	(\$ 8,463,481)
01/13	\$ 198,769,738	- 5.87%	(\$ 12,400,551)
02/13	\$ 217,450,216	- 11.34%	(\$ 27,804,629)
03/13	\$ 239,584,314	- 3.84%	(\$ 9,564,318)
04/13	\$ 212,972,619	- 8.01%	(\$ 18,551,626)
05/13	\$ 211,917,448	- 6.18%	(\$ 13,966,959)
06/13	\$ 196,569,270	- 11.23%	(\$ 24,868,888)
07/13	\$ 208,588,750	- 10.10%	(\$ 23,425,260)
08/13	\$ 209,308,864	- 8.18%	(\$ 18,645,924)
09/13	\$ 191,177,190	- 11.93%	(\$ 25,889,427)
10/13	\$ 193,446,606	- 5.75%	(\$ 11,800,008)
11/13	\$ 192,339,223	- 5.78%	(\$ 11,795,540)

**STATEWIDE WIN, same month past year**

	Statewide Win	% Change Previous Yr.	Actual Change Previous Yr.
11/01	\$ 153,298,301	11.00%	\$ 15,195,317
11/02	\$ 173,607,441	13.25%	\$ 20,309,140
11/03	\$ 185,069,020	6.60%	\$ 11,461,579
11/04	\$ 184,517,222	- 0.30%	(\$ 551,798)
11/05	\$ 192,781,792	4.48%	\$ 8,264,570
11/06	\$ 212,040,577	9.99%	\$ 19,258,785
11/07	\$ 204,455,458	- 3.58%	(\$ 7,585,119)
11/08	\$ 228,878,276	11.95%	\$ 24,422,818
11/09	\$ 214,904,593	- 6.11%	(\$ 13,973,683)
11/10	\$ 218,018,830	1.45%	\$ 3,114,237
11/11	\$ 209,302,230	- 4.00%	(\$ 8,716,600)
11/12	\$ 204,134,763	- 2.47%	(\$ 5,167,467)
11/13	\$ 192,339,223	- 5.78%	(\$ 11,795,540)

## November Property Summaries

### Northern Tier Casinos

Ameristar Casino East Chicago records November win of \$17.42 million, slipping from November 2012 by 6.13% (-\$1.14 million). This comes after Ameristar had last year halted a streak of November-over-November declines that stretched back to 2008. Win ranks fifth statewide. Ameristar sees its lowest November take here since its days as Harrah's East Chicago back in 1999. Win grows by 6.55% (\$1,070,565) from October (and breaks a two-month streak of month-over-month revenue declines), while the turnstile count improves by 3.75% (7,253 visitors) over the prior month as well, with all four numbers constituting state bests. The casino, now owned by Pinnacle Entertainment, Inc., also boards the fewest number of November patrons in property history with only 200,757, declining from last year by 11.70% (-26,595 guests), the largest percentage and actual declines along Lake Michigan, but back above 200,000 for the first time since August. Admissions, second-best in the state (up from third place in October), have now fallen over prior-year levels by a double-digit percentage for five months in a row - the longest such streak here since its Resorts Casino East Chicago days of 2007. Win per admission tallies to a six-month Pastrick Marina peak of \$87, but still south of the statewide \$95 average. Players parted with coin-in of \$165 million, which is the lowest here for any November since 1998. Slot win ends the month at \$15.97 million, slipping compared to November 2012 levels by 4.84% (-\$812,645). For the first time this century, property slot win has now failed to top \$16 million in three consecutive months. The slot payback percentage of 90.32% is as high as it has been here since July, but only Majestic Star Casino II is stingier along Lake Michigan. Win per slot per day of \$268 is mid-pack statewide, but falls to the lowest here for November since 1999. For a second straight month, Ameristar ranks second statewide in the percentage of overall revenue (91.7%) generated from its slot machines. Players gambled with \$11.2 million at the tables - marking the first occasion since April-May 2012 in which the table drop has exceeded \$10 million in consecutive months. The table hold percentage of 12.98% has now failed to exceed 15% in consecutive months - something not seen in the Lake Michigan region since Horseshoe Casino Hammond saw some VIPs play extremely lucky in August-September 2011. Table hold has been the lowest in the state for three successive months, and the hold percentage has not topped 20% since April, the longest such active streak in the state. Table win ends the month at the lowest November level in property history with \$1.45 million, slipping compared to the prior year by 18.26% (\$324,529). Win per table per day is down from 2012, but is third in the state for November. Ameristar Casino East Chicago claims 20.7% of the northern regional market (a record November low for East Chicago) and 9.1% of the statewide market, rising above nine percent for the first time since June.

Blue Chip Casino collects November win of \$12.51 million, slipping from November 2012 by 7.89% (- \$1.07 million), declines about on par with the change from October. This is the lowest November take for the Michigan City casino since 1999, and the lowest in any month since January. Blue Chip is the only northern tier property to see November revenues decline for two successive years. Win has also now fallen from prior-year numbers here for 14 months in a row. Slot win, table win, and total win all ranked seventh statewide, where total win has been mired since March 2009. The casino welcomes a five-year November patronage low of 183,096, down year-over-year by 3.43% (- 6,503 guests). Admissions fall from second place statewide to third, and are at their lowest level since January. Win per admission tallies to \$68, which is the lowest here for November since 2001, and leads only Majestic Star Casino II (and by only \$2). Players parted with mid-pack coin-in of \$132 million, which is the lowest on record here for November, while the slot payback percentage of 91.62% ranks as the most generous among non-racinos for the second consecutive month. Slot win is just \$11.11 million, dropping off compared to the prior November by 9.09% (- \$1.11 million). Win per slot per day of \$193 marks the first November since 1997 (the year the casino opened) that the category has been under \$200 along Trail Creek, and it is the lowest average posted by any northern tier casino for the month. BCC experienced a 7.29% decline in slot win from October (- \$873,306), with both the percentage and real-dollar slippage the largest in the state. Blue Chip ranks last in the Lake Michigan region in win per slot per day for the 11th successive month. Table drop of \$6,668,348 was better than only Majestic Star Casino II along the Lake, and the casino posted its usual mid-pack performance (21.07%) in hold. Table win ends the month in at \$1.41 million, improving over November 2012 by 2.81% (\$38,387), and win per table per day shows some slight gains over the prior year. Blue Chip Casino claims 14.8% of the northern regional market (LaPorte County's lowest level since February) and 6.5% of the state market (a six-month low).

Horseshoe Casino Hammond enjoys the highest November win any casino in the state has seen in three years with \$40.75 million, rocketing up from the prior November by 16.73% (\$5.84 million), largely on the strength of healthy table win. Indiana's perennial market leader was the only Lake Michigan property and one of only two of Chicagoland's nine casinos to show any revenue gain from November 2012. The casino admits 382,950 patrons, growing from last year by 0.13% (a mere 489 guests), marking the first year-over-year growth in patronage since August 2012. The turnstile count was boosted by the kickoff of the big November-January promotion. Win per admission tallies to a six-month property high of \$106, third in the state after ranking fifth statewide in November 2012. Players parted with coin-in of only \$277 million, a 12-year November low here. The slot handle has uncharacteristically hovered south of \$300 million for three successive months. November's slot payback percentage of

89.71% at HCH is the tightest seen in Indiana since the 89.67% posted here in June 2012, and holds the casino under 90% for the third consecutive month. Slots account for a six-year November property low win of \$28.48 million, down compared to November 2012 by 0.49% (- \$141,560). Win per slot per day of \$320 is second statewide and remains stable for the third November in a row. The amount that players risked at the tables during November, more than \$46.9 million, was the largest table drop the state has seen since players risked \$47.8 million at the same casino's tables in August. The table hold percentage of 26.15% represents the second-highest here over the past five years (Hammond's high also came this year in February) even as the casino closest to Chicago continues an exceptional run of strong table hold percentages. Actual table win is an impressive \$12.27 million, representing growth over last year of 95.11% (\$5.98 million). The positive table win comes from two VIPs who lost a considerable chunk of their bankroll at the blackjack tables, the reverse of the November 2011 situation in which VIPs played extremely lucky at the same game (we understand that that this November-centric reversal of fortune is purely circumstantial and involves different players). This marks the 11th best monthly table win total in state history (the other 10 instances all occurred in Hammond). Like table win, win per table per day doubles over the prior year to \$2,639, and that figure, in turn, is almost double the statewide average for this category. Horseshoe Casino Hammond claims 48.3% of the northern regional market (a record November best among the Lake Michigan boats as it edges ever-closer to owning one-half of the market) and 21.19% of the state market - the highest seen in the state since this property posted 21.31% in March 2010 (the first March in which the old Cline Avenue Bridge was closed, affecting the other Lake County properties). The Hammond casino has now accounted for more than one of every five dollars of casino revenue in the state since September.

Majestic Star Casino I brings in the lowest November win in property history with only \$7.62 million, tumbling sharply from the prior November by 10.67% (- \$910,757), the largest percentage decline among the five Lake Michigan casinos. Win has now failed to grow over the prior year in each of the past 12 months. No casinos saw its win dip by a larger percentage from October than the 5.91% (- \$478,556) decline here. With its sister vessel, the Buffington Harbor casino welcomes the fewest November patrons in property history with 90,678, declining on a year-over-year basis by 8.14% (- 8,039 visitors). Win per admission falls by \$2 over the year to \$84. Players parted with coin-in of \$61 million, which is the lowest in property history for November. This becomes only the second casino to post five consecutive Novembers of coin-in under \$70 million, joining French Lick Resort • Casino with this dubious distinction. Slot win sinks to a four-year November low of \$5.79 million, a dip compared to November 2012 of almost 8.9% (- 82,219). This also constitutes the lowest slot take here since January, and it is on par with its co-berthed casino. Win per slot per day of \$215 marks a 10-month low,

while the number of slot games available for play at the end of the month slips to 897, the lowest inventory ever at the original Majestic Star. Table drop was almost \$10.3 million across the 30 days of the month, and table win for November hits \$1.84 million, down from November 2012 by 22.36% (- \$528,538), and representing the second-weakest monthly table win seen here over the past 24 months (only June was lower). This was the largest percentage and real-dollar table win shortfall along the northern tier. One reason: a dismal 17.84% hold rate. Table win still manages a fourth-place finish statewide, as did win per table per day of \$1,302, Which was down over both the prior month and year. Majestic Star Casino I claims 9.04% of the northern regional market (a record November low here and the lowest here of 2013 after an unusual share that topped 10% in October) and 3.96% of the state market – south of four percent for the first time in 2013.

Majestic Star Casino II banks the lowest November win in property history with just \$6.01 million, contracting from last November's performance by 8.09% (- \$528,801) and now dangerously approaching sub-\$6 million territory. Win has not improved over the prior year here since September 2011-12, and it leads only Rising Star Casino • Resort. With its sister vessel, the Buffington Harbor casino welcomes the fewest November patrons in property history with 90,678, declining on a year-over-year basis by 8.14% (- 8,039 visitors). Win per admission is again last in the state, but still achieves an eight-month property peak of \$66. Players parted with coin-in of \$58.16 million, a new record low for Lake Michigan for November. On this anemic handle, slot win ends November on a new record property low for any month with only \$5.70 million, shrinking by 8.89% (- \$556,304) compared to November 2012, but on par with its co-berthed casino. November also becomes the first month in this century at MSC II in which slot win has failed to top \$6 million for two months in a row. Win per slot per day of \$223, however, remains stable for the third consecutive November, even as it is well below the statewide average of \$259. Almost 95% of MSC II's revenue totals emanate from the slots, leading the state as usual, but bumping up to the highest percentage here since July. Players at the former Trump Indiana risked only \$1.0 million at the tables, up from the prior year for a welcome 13th successive month, but the table drop still represented less than 10% of the table wagers placed aboard MSC II's co-berthed sister vessel. The table hold percentage of 30.69% takes a substantial (~ 25%) decline from the typical hold here (hold has not been this low here since April), but is the highest in the state yet again. As a result, table win ends November at \$307,616, up compared to November 2012 by 9.82% (\$27,503). Majestic Star Casino locks in 7.13% of the northern regional market (the lowest ever at this casino) and only 3.12% of the state market (the lowest for MSC II since December 2009, as it continues a progressive decline that began back in August).

### Southern Tier Casinos

Hollywood Casino Lawrenceburg registers November win of \$18.996 million, falling severely from November 2012 by 34.06% (- \$9.81 million). This is the most anemic November win Lawrenceburg has seen since 1997 (the first November in which the old Argosy Casino Lawrenceburg was open), and the percentage and real-dollar declines were the worst in the state. Hollywood was also outperformed by Horseshoe Casino Southern Indiana for the first-ever November (Hollywood falls to third place statewide). Win has now declined by 30% over prior-year levels in Dearborn County for a depressing eight straight months. Monthly win has also slipped under \$20 million for three consecutive months, a phenomenon never before experienced at HCL. Before the recession and the advent of competition in Cincinnati, the once-consistent market leader was routinely posting pre-2008 November revenue more than double the November 2012 levels. However, Hollywood does beat the \$17,582,237 November performance posted by Horseshoe Casino Cincinnati, marking a second consecutive month back atop the Cincinnati market charts (and HCC spent more than \$5 million in promotional play to reach its November levels, more than \$42 million in total free play at the land-based Cincinnati property since March, a level that should prove unsustainable and has to offer Hollywood some hope for the future). After three months in the fourth spot, Hollywood does manage to climb back into third place for monthly win. The casino admits the fewest November patrons in property history with 160,058, a year-over-year attendance freefall of almost one-third, down by 30.67% (- 70,813 guests). Hollywood has now ranked fifth statewide in admissions since July. The percentage and real-patron declines were the worst in the state. Win per admission is \$119, down over the prior month and year, but ranking second in the state for the eighth month in a row. Players deposited \$177 million worth of coin-in, down from the prior November by 29%, and declining on a November-to-November basis for the 10th consecutive year. The slot handle grew by \$2 million from October. The slot payback percentage of 90.42% was the lowest along the southern tier, but an improvement for players from October (the casino needs to be concerned that Horseshoe Casino Cincinnati has posted consistently better payback percentages for its players, a great marketing tool). Slot win amounts to \$17.01 million, down by 29.44% (- \$7.09 million) compared to November 2012. The number of slot machines in the HCL inventory has now increased in consecutive months, up by 45 from the end of October to end November with 2,445 units, and win per slot per day is down by about \$20 over the year, ranking at close to the state midpoint (although almost \$30 under the statewide average). Players anted up \$10.08 million at the tables, a year-over-year decline of 47% (- \$9 million), while the hold rate of just over 19.7% is the lowest posted here in 2013. Table win of \$1.99 million constitutes a massive reduction compared to November 2012, off by 57.75% (- \$2.72 million), but ranking fifth in the state even after the largest year-over-year decline in

both percentage and real-dollar terms statewide. To put it in perspective, it serves as the first time at Hollywood since December 1996 – its first month of operation (and a partial one at that, with the casino opening December 13, 1996) in which table win has failed to top \$2 million. After the casino adds three more table games to bring the numbers up to 93 (the only property in the state to add tables in November), win per table per day of \$713 represents a new record property low – and shockingly comes in below the level achieved by French Lick Resort • Casino, a property not known for its table game prowess, for the first time ever. Win per table per day is less than one-half of the \$1,586 posted here in November 2012. Hollywood Casino Lawrenceburg lays claim to 26% of the southern regional market (after performing consistently in the mid- and high-30% range) and 9.9% of the state market (the first time HCL has ever fallen below 10% in statewide share in consecutive months) – both of which are new all-time property lows.

Belterra Casino Resort tallies November win of \$10.11 million, tumbling precipitously from November 2012 by 16.53% (- \$2.00 million), and ranking eighth statewide. This is the lowest November win here since 2001, and the percentage and real-dollar drop-off is second to that of only Hollywood Casino Lawrenceburg. However, Belterra is also the only property in the state to show consecutive month gains in revenue since September. The casino boards the fewest November patrons in Switzerland County history with 99,336, down year-over-year by 14.65% (- 17,046 patrons). Win has now fallen over the prior year here for 12 consecutive months, while the year-over-year turnstile count has declined for 15 months in a row. Compared to October, boarding is down by 10.26%, the largest over-the-month decline in the state, while the visitor count is down by 11,355 from October, the largest shortfall along the southern tier. Attendance ranks sixth in the state for November, and edges below 100,000 for the first time ever. Win per admission is \$102, topping \$100 here for only the third time – but one of the other two instances was November 2012, at \$104. Players deposited \$97 million worth of coin-in during the month, which is the lowest aboard *Miss Belterra* for any November since 2001 – as the casino was transitioning to a new general manager (and the first November since then with slot play under \$100 million; the handle is now also under \$100 million in consecutive months for the first time here since December 2001-January 2002). Slot win of \$8.31 million, descends from November 2012 by 9.65% (- \$887,353), and constitutes the lowest accumulation of slot revenue in any month here since February 2003. The number of slot machines available for play at month's end increases from the prior month for the first time since October 2012, coming in at 1,296 (up from 1,212 one month earlier), so you shouldn't be surprised to learn that win per slot per day is down over the prior month and year. Slot win as a percentage of total win slips from the last few months to 82.2%, lower than all southern tier casinos save Horseshoe Casino Southern

Indiana. November table drop is in the middle of the 11 casinos at \$6,966,040. But the casino's salvation was strong hold. The table hold percentage of 25.85% marks the second-highest here in 2013, and ranks as the highest among its peers in the southern tier. Table win comes in at \$1.80 million, representing slippage vs. November 2012 of 38.23% (- \$1.11 million). Nonetheless, it becomes the second best November table win here over the past six years. Table win also grows by a state percentage-best 29.71% (\$412,537) from October. Win per table per day of \$1,225 ranks fifth statewide, and is about \$160 under the statewide average. Some of this is a function of Belterra jettisoning nine tables from its end-of-October count of 58 (but there are still more tables in use than the 46 at the end of September). Belterra Casino Resort is responsible for 14% of the southern regional market revenue (its first time above 14% regionally since July and the first time it has posted consecutive months better than 14% since July, and 5.3% of the state market, its largest state share since July).

Horseshoe Casino Southern Indiana rings up healthy November win of \$22.25 million, growing from the prior November by 2.00% (\$436,631). This comprises the strongest November take Harrison County has seen in five years, and marks the first-ever November the world's largest riverboat casino has outperformed Hollywood Casino Lawrenceburg. This was the only casino to enjoy both year-over-year and month-over-month gains in November win (breaking a two-month streak of month-over-month declines, and becoming the only property now to boast an active streak of successive November-to-November improvement). Horseshoe was also one of only two southern tier casinos to see either win or admissions improve over 2012 levels (and both Horseshoe and Tropicana Evansville actually posted gains in both categories). The casino tallies a three-year November best in admissions, welcoming 171,585 patrons, a marginal year-over-year gain of 0.75% (1,282 visitors). Win per admission registers at \$130, up from the prior month and year and leading the state for the 10th time in the past 11 months (with almost 12,000 fewer guests than Blue Chip Casino, HCSI tops Blue Chip's win by almost \$10 million). Players parted with coin-in of \$187 million, which is the second-best here for any November over the past five years, even as November coin-in advances for a second successive November (the sole property to do so). Slot win of \$17.82 million, rises compared to November 2012 by 1.46% (\$256,959). Win per slot per day of \$342 paces the state for the third month in a row even as five more machines join the inventory to bring it to its highest level since August. Slot win as a percentage of total win was only 80.1%, checking in at its lowest level since May, and is below the reliance on slots for a percentage of total win at any of the other southern tier casinos. Players venture \$20.2 million at the tables, a four-year November property trough, while the table hold percentage of 21.95% marks a four-year November property best (even as it lags the statewide average for the second month in a row). This combination of circumstances means that HCSI counts

table win of \$4.44 million, improving over November 2012 by 4.22% (\$179,672), and marking the second-best November table take here in the span of the past five years. Win per table per day of \$1,409 takes a big leap from October and is also the best seen here for November over the past five years. Horseshoe Casino Southern Indiana stakes out 30.9% of the southern regional market – a new record high here (and the second of the last three months above 30%, without rounding) – and 11.6% of the state market – the highest state share Horseshoe has carved out during November since 2007.

Tropicana Evansville records November win of \$9.22 million, gaining from November 2012 by 0.29% (\$26,457), one of only three properties to post any improvement over the prior year. Total win ranks ninth statewide. Tropicana also executes its second-best November performance here over the past five years (although November 2012 was hindered by the hotel renovation under which more than 5,100 room nights were out of service, shaving off some \$100 per unavailable room per day in casino revenue). Remarkably, the Trop becomes the lone casino in the six-property southern tier to have posted consecutive months in which year-over-year win improved (win rose on an October-to-October basis by 10%). Even as the former Casino Aztar Evansville was one of only two southern tier properties to see an admissions boost (1.55%) from October numbers, it posted the largest over-the-month percentage (- 3.38%) and real-dollar (- \$322,603) declines in win among the southern properties. The Trop was also one of only two southern tier casinos to see either win or admissions improve over 2012 levels (and both Tropicana and Horseshoe Casino Southern Indiana actually posted gains in both categories). The casino welcomes 90,711 November patrons, representing year-over-year growth of 3.49% (3,056 guests) and ranking seventh on the statewide ladder. This is the strongest percentage growth in year-over-year admissions seen in the state in 2013. Win per admission slips over the prior month and year to \$102, and ties with Belterra Casino Resort for fourth place in the state. Slot play of \$83 million was a five-year November property crest as coin-in here seems to defy some other negative state trends. Slot win bumps up to \$7.92 million, a marginal improvement compared to November 2012 by 0.77% (\$60,426), but one of only two properties in the state to show any betterment. Win per slot per day of \$297 sets a new property record best for November, as the number of slot machines (889) slips south of 900 for the first time in the Pocket City since May 2011. Still, the percentage of win that this southwestern property derived from slots has been effectively unchanged over recent months, and the casino may have compensated players for having fewer machines available by cranking up the payback percentage to its highest level since July. Players risked \$6.0 million at the tables, a year-over improvement of 15%, and an impressive five-year November best in Evansville. Table win of \$1.30 million takes a year-over-year dip of 2.55% (\$33,969), and represents the weakest November table totals here since 2000, but largely due to hold slipping by about three

percentage points from October to 21.66% for the month. Win per table per days is down by about 10% over both the prior month and year. Tropicana Evansville claims 12.8% of the southern regional market. While this is down from a strong slice of the regional revenue share in October, it is also the highest seen in Vanderburgh County for November this century and the sixth consecutive November of improvement – and 4.8% of the state market – the highest at the property for any November since 2005, and the best pair of two-month performances in statewide market share in Evansville since June-July.

Rising Star Casino • Resort posts the lowest November win in state history with just \$5.32 million, sliding from November 2012 by 15.91% (- \$1.01 million). This is the second consecutive November in which the casino has finished in the state cellar. Year-over-year win in Ohio County has now fallen by at least 10% for 10 consecutive months. Before the recession and the advent of competition in Cincinnati, the casino was routinely posting pre-2008 November revenue more than double the November 2012 levels. The property admits the fewest November patrons in property history with 69,703, down year-over-year by 15.05% (12,348 guests). Rising Sun patronage has fallen on a November-to-November for eight years in a row. The turnstile counts tops that of only the French Lick Resort • Casino. Win per admission dipped by \$1 from the prior month and year to \$76, the lowest in the category for any southern tier property. Players parted with coin-in of \$55 million, a 24% reduction from last November, and the sixth consecutive November-to-November slippage (coinciding with the recession). This is the lowest level of November slot play at any property in state history. The slot payback percentage cranks down to 91.24%, marking the tightest here since July 2009. Slot win slips to the lowest November level the state has ever seen at \$4.85 million, a decline compared to November 2012 of 14.03% (- \$790,924). This also marks the first time in state history that a casino has posted three consecutive months of slot win below \$5 million. Win per slot per day of \$133 is down by about 15% over the year and falls just barely shy of establishing a new state record low for November (the all-time low came in November 2009 when French Lick posted \$132), with five more machines in use at the end of November than counted on Halloween. Players wagered \$2.79 million at Rising Star's tables, down from last year by 33% (- \$1.4 million), while the table hold rate of 17.0% ranks as the lowest among its southern tier peers for the first time since November 2012. As a result of the equation of low table drop and low hold, table win reaches only \$475,704, representing a year-to-year dip of 31.20% (- \$215,772). Win per table per day of \$481 is about \$220 under November 2012 metrics and is down by about \$110 from October performance. Table win at Indiana's oldest riverboat also takes a 19.67% (- \$116,518) dive from October levels, the largest percentage tumble in the state. Rising Star Casino • Resort claims 7.4% of the southern regional market, the lowest November share ever here and its lowest since July

(even as the other two Cincinnati market casinos experience declines as well), and a mere 2.8% of the state market – an all-time property low for any month.

French Lick Resort • Casino earns November win of \$6.22 million, 11th statewide, the lowest revenue the property has posted since December 2010, and declining from November 2012 by 2.80% (- \$179,048). November win had been on an upswing since 2009, the only casino to post such gains (although Indiana Grand Casino had a similar streak interrupted in the same month). Win has not improved over the prior year in any of the past six months – the first streak of such length in Orange County since 2010. The casino welcomes the fewest November visitors of any property in state history with only 68,930, down year-over-year by 2.86% (- 2,030 patrons), falling into last place statewide after a month out of the cellar. Admissions have fallen on a November-to-November basis in the Springs Valley for seven straight years, and have ramped down on a progressive basis since July. Win per admission is up from October by \$2 to hit a six-month property peak of \$90, essentially the midpoint for the state's 11 casinos, and equal to the November 2012 performance. Players parted with coin-in of \$61 million, which is a record low in the OC for November, and the lowest for the property ever. The payback percentage of 91.19% has been remarkably consistent for three months. Slot win sinks to the lowest level at the property since December 2010 with \$5.37 million, down compared to November 2012 by 2.10% (- \$115,184). Slot win manages, however, to best that of Rising Star Casino • Resort. Win per slot per day of \$169 is down by \$2 over the year, \$90 under the statewide average, and leads only Rising Star. Players risked only \$4.5 million at the French Lick tables during the month, a new record property low for November. Table win finishes the month at \$855,954, falling vs. November 2012 by 6.94% (- \$63,864), but still tops two other properties statewide. Table win was down by 12.82% from October, the largest percentage decline along the southern tier. Win per table per day of \$771 represents a 13-month property best, and is up by almost 10% from the prior year. French Lick Resort • Casino claims 8.6% of the southern regional market, a record property high for November (but its lowest regional share since April), and 3.2% of the state market – the highest FLRC has posted for any November since 2007, the last November before the racinos opened, but its lowest statewide share since April.

#### Racinos

Hoosier Park Racing & Casino generates November win of \$17.09 million, dipping vs. November 2012 by 2.61% (- \$457,935), and ending up sixth statewide in total revenue. Out of the six Novembers that the racino has been open, the November 2013 revenues rank third, but this is the first November in which win has declined from the previous year. The racino finishes ahead of Hollywood Casino Lawrenceburg in monthly slot win for the second month in

a row. Year-over-year win has declined for three consecutive months for the first time since February-April 2010. Players deposited November coin-in of \$205.87 million, ranking third in the category for the eighth successive month. Slot play represents a four-year November low in Anderson (even as statewide slot play represents a 13-year November low). Slots paid out at a rate of 91.70%, a five-month property peak, and tops in Indiana for a second straight month. Win per slot per day of \$298 is a three-month HP best, but is down from November 2012. The number of slot machines rises on a November-to-November basis for the third year in a row, ending the month at 1,912 machines, down by 11 from the Halloween count. Hoosier Park Racing & Casino captures its largest-ever slice of the November state revenue pie with an 8.88% share.

Indiana Grand Casino produces November win of \$18.81 million, down from November 2012 levels by an even five percent (- \$990,689). This is the lowest win Shelbyville has tallied in 13 months, but also constitutes the property's second-best November win ever, and ranks fourth statewide among all properties. November revenues had been on an upswing since Indiana Grand's first November of operations in 2007 (under its Indiana Live! Casino imprimatur), the longest such streak in the state until it was finally interrupted in November 2013. Win dips from October by 3.09%, which exceeds the state average for the third month in a row. Month-over-month win is down for three consecutive months. Shelby County slot players parted with coin-in of \$218.92 million, three-year November low here. The racino ranks second in slot win and coin-in for the eighth consecutive month. Indiana Grand's slots paid out at a rate of 91.41% – the most generous return here in 18 months. Win per slot per day ends November at \$315, down by more than 10% over the prior year, but which still ranks third in the state. The racino reports 1,990 slot machines, unchanged from October. Indiana Grand Casino captures 9.78% of the state market (an all-time November best for either racino, but back under 10% for Indiana Grand following three consecutive months north of that number).

## Hoosier Lottery

- The December 17 Mega Millions jackpot of \$636 million was the second-largest jackpot in both United States and Mega Millions history and also marked the third time in the first 5½ months of the current fiscal year in which a draw game annuity jackpot has landed among the six largest U.S. jackpots of all time. All six of the highest jackpots (including both Powerball and Mega Millions games) have occurred in the 2012 or 2013 calendar years due to recent revisions of the jackpot prize matrix. The December 17 drawing also featured the fourth-largest cash value jackpot in U.S. history, at \$347.6 million.



□ The December 17 mega-jackpot was the result of 21 consecutive drawings that failed to produce a top prize winner, and is helped by the October change in rules (longer odds; higher second-tier prizes; a 25% increase in the minimum jackpot of \$15 million; and minimum increases of \$5 million when the jackpot is not hit) akin to changes that led to larger Powerball jackpots. The run began on October 4 with a \$12 million top prize.

□ The timing of the mega-jackpot was a bit unusual as well. As we told you in our last issue, among the 20 highest jackpots, only two have been won during the Winter holiday season: a \$315 million Powerball jackpot on Christmas Day in 2002, and most recently a \$587.5 million Powerball kitty just over a year ago, on November 28, 2012.

## Horse Racing & Racinos

● The long-awaited \$10 million equine veterinary research facility is finally coming to Shelbyville, boosted with a \$2.7 million gift from Centaur Gaming. Purdue University's College of Veterinary Medicine will build the Centaur Regional Equine Diagnostic and Surgical Center in Shelbyville.

□ The one-story, 18,000 square-foot facility will be located on a 71-acre parcel fronting I-74 adjacent to the Intelliplex certified technology park just a few miles from the Indiana Grand Racing & Casino track and will be part of the Purdue Equine Sports Medicine program based on the West Lafayette campus.

□ The new Purdue center will offer advanced diagnostic imaging, shockwave therapy, endoscopy, and specialized equine surgery, and will house "the most technologically advanced medical equipment to support diagnosis and treatment of equine patients, provide educational opportunities for veterinary students, and also enhance and expand our equine sports medicine research capacity," according to Dr. Willie M. Reed, dean of the College of Veterinary Medicine. Shelbyville and Shelby County (which, as we told you long ago), had previously agreed to contribute \$1.15 million each to the project, will also be partners in building the center.

□ You may recall that we wrote about this project several years ago, when it was projected to be a 23,000 square-foot complex with construction underway in 2012. Financial issues and economic concerns set the project back and ultimately contributed to altering its scale.

● A judge in the Circuit Court for Baltimore City - Civil System in Maryland sets a hearing date for January 17 on assorted motions in *Power Plant Entertainment Casino Resorts Indiana v. Mangano*, No. 24C11001014.

□ You should recall that this is the \$600 million lawsuit filed almost three years ago by the Cordish Companies (the original contract operator of the then-Indiana Live! Casino) against Ross Mangano, then the chair of Indiana Downs, and others for alleged defamation, business interference, invasion of privacy, coercion, and conspiracy in connection with a 2010 casino referendum vote in Anne Arundel County, Maryland. One of the motions that may be part of the day's proceedings: a motion to dismiss for failure to state a claim. Recall that much of this local litigation had been placed on hold pending resolution of the Indianapolis Downs, LLC bankruptcy reorganization proceedings.

● Judge Brendan Linehan Shannon of the U.S. Bankruptcy Court for the District of Delaware was decidedly unimpressed with arguments raised by Fortress Credit Opportunities Advisors LLC and the Ad Hoc Second Lien Committee, the key Indianapolis Downs creditors, in their recent motion for reconsideration.

□ The creditor groups had asked Judge Shannon to reconsider the ruling we told you about authorizing payment to Ross Mangano, on behalf of himself and his Oliver Parties clients, of administrative expenses in the amount of more than \$3 million for post-petition management services he claimed that he deserved for leading Indianapolis Downs, LLC. Judge Shannon summarily dismissed the creditors' motion, paving the way for Mangano to recover (although not as much as he had initially sought).

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## Tough going for us to land Boeing

*Big deal a big deal for us; Boeing, Boeing, gone - or a done deal?*

When Indianapolis landed the \$1 billion, 3 million square-foot United Airlines Maintenance Center in 1991, then-Gov. Evan Bayh (D) proudly proclaimed that "At a time when the nation is in a recession and other states are in retreat, Indiana is moving forward," and he labeled the deal "a once-in-a-generation, if not a once-in-a-history, opportunity."

When Boeing builds its new 777X manufacturing facility, it will be a generation after Indianapolis won that spirited competition, and Hoosiers hope that the United facility - which ultimately proved to be less than anticipated - was not a "once-in-history" flash.

The United project saw bids from more than 90 jurisdictions east of the Rockies for what Bayh described as "The largest economic development project in the United States today, the largest economic development project in the history of our state." Indiana didn't dangle the largest incentive package, but we reported 22+ years ago on the front page that we "coaxed the most out of a Hoosier bid lower than the cash value of others." Indeed, when Indianapolis was in the final four, our biggest competition was seen to be Oklahoma City, and its mayor later suggested that the deal was done because Indianapolis won on "quality of life" issues.

And history could well repeat itself due to a confluence of circumstances that seems to offer some strong advantages for Indiana in the competition for what could be a \$10 billion investment and close to 10,000 new high-paying jobs along with the kind of ancillary investment and employment we saw grow up since the late 1980s around Subaru of Indiana, Toyota Motor Manufacturing Indiana, and Honda Manufacturing of Indiana - all in distinctly different regions of Indiana. Estimates project 20,000+ indirect jobs.

We were first to tell you Indiana was formally seeking the Boeing plant, a prize for which 54 different sites in 22 states are competing. We'll explain for you why Indiana stands a strong shot of landing the facility . . . as well as why our bid may fall short of the runway.

### Why Boeing Will Land in Indiana

There are a number of reasons why Boeing could choose to site its new manufacturing campus in the Hoosier State, and while some are obvious, most fly a bit below the radar.

The Attitude. Indiana has been aggressive in proving itself as an appropriate site for all kinds of businesses, but has been especially cognizant of projects like this one which would ordinarily be expected to co-locate with an existing corporate facility in another state, but which have run into problems in doing so. Here Boeing would ordinarily first look to Washington state for siting the new facility, but assorted labor issues and the business environment have forced the company to open the search (and the Evergreen State is now complicating things by courting Airbus).

The Indiana message and brand have been hammered home repeatedly in recent months in assorted forums from Times Square to National Basketball Association television broadcasts, and the bottom line that Hoosier development officials are seeking to promote across the corporate sector about the bottom line for businesses in a state with strong proclivity to tweak things for business attraction may now be taking hold.

*For more, please see the following page . . .*

## THINK again

*DNR experiment shines light on electrics*

You've heard so much negative news about electric vehicle production in Indiana that we thought you might be interested in a slightly different perspective - or perhaps a "what might have been" look.

With much fanfare in December 2010, then-Gov. Mitch Daniels (R) accepted delivery of 15 THINK City all-electric vehicles to be used in Department of Natural Resources properties.

Energy Systems Network, an Indianapolis-based initiative focused on bringing "clean technology" solutions to market, used a combination of federal stimulus funds and private donations to purchase the vehicles, and then donated them to the state.

The cars came from THINK's production facility in Elkhart, and were the first U.S.-built, federally certified electric cars delivered to a domestic fleet. They were rated for 100 miles with its advanced lithium-ion battery assembled in Indianapolis by Ener1.

Since then, of course, THINK, which received significant government subsidies for its Elkhart facility, has effectively shut down operations, and the heavily subsidized Ener1 filed for bankruptcy protection, but the vehicles are still in use, proving themselves as popular and practical tools for DNR.

The vehicles were distributed to DNR properties at Brown County, Charlestown, Clifty Falls, Fort Harrison, McCormick's Creek, Shakamak, Spring Mill and Versailles state parks; Brookville Reservoir/Whitewater State Park complex; Lake Monroe; Glendale Fish & Wildlife Area; and Greene-Sullivan State Forest.

DNR originally envisioned the THINK cars as multi-purpose vehicles that could be used for quick trips off-property and quiet transportation to patrol camping areas at night while testing alternative energy vehicles in real-life situations.

After almost three years of experience, we found that DNR has been largely pleased with the THINK vehicles, but have also uncovered some shortcomings.

*For more, please see p. 7 . . .*

Add in the earned media (business relocation surveys and business magazine rankings), and execs are starting to proactively include Indiana in their site decision making.

As we mentioned in our final issue of 2013, there is also some method to the madness of some of the Governor's legislative agenda roll-out – in timing, tone, and substance – that should help to gain Boeing's attention in a somewhat more subtle manner than throwing a multi-billion-dollar incentive package the company's way in one fell swoop, as Missouri did last month.

**Stable Regulatory Environment.** Perhaps every bit as critical as the long-term tax structure and short-term incentive packages is the political and regulatory environment. Indiana has shown over the past two generations that it is not prone to radical change in policy even when party control changes in a given branch of government, and the likelihood of a quite business- (and manufacturing-) friendly Republican-controlled government remaining in power for the duration of at least a Boeing transition into Indiana should be quite reassuring. The company also knows that the Pence Administration will not short-circuit the legislative process or otherwise impose unexpected constraints upon them through the regulatory process, given the Governor's attitude toward regulations, and the legislature's inclination to rein in administrative agencies.

The executive and legislative branches are partners in economic development, even more so than in the Daniels Administration (the difference is that much of the Daniels-era economic development policy was imposed from the top down; Gov. Pence seems much more inclined after his first session learning experience to lay out the big ideas and work with lawmakers in shaping how to get to the end-product).

**Tax Structure.** Indiana's tax structure is largely conducive to business siting, development, and operation, and where it falls short of some other states, we seem to be taking steps to accommodate growth. The corporate income tax is being ramped down, and a key gubernatorial priority for 2014 – shared by GOP legislative leaders – is eliminating the business personal property tax (although it unlikely that this will happen absent significant replacement revenues being found from largely the same taxpayers).

**Aviation-Specific Tax Laws.** Was it prescient that the General Assembly passed HEA 1545-2013, effective July 1, 2013, rendering all aviation fuel – including aviation gasoline and jet fuels – exempt from Indiana's 7.0% gross retail (sales) tax? The sales tax is replaced by a new aviation fuel excise tax (interpreted by the Department of Revenue to amount to a far more reasonable 10¢ per gallon), with consumers exempt from paying the tax if the fuel will be placed into the supply tank of an aircraft owned by the state or federal government, the Indiana Air National Guard, or a common carrier of passengers or freight. The latter should capture most commercial shipments in and out of Indiana by Boeing, but the law could be amended to include an aircraft manufacturer in Indiana making deliveries to or from its Indiana sites.

In addition to the fuel tax savings (said to be about \$225 for a fill-up of a King Air like the State is seeking to sell, and exponentially higher for a modern cargo jet), the new law also eliminated the sales tax on aviation repairs, with lawmakers recognizing that the sales tax was placing Hoosier aircraft maintenance centers at a competitive disadvantage.

**Logistics.** Depending upon the site (we're looking at potential development in Evansville, Gary, at the Grissom Aeroplex, and Indianapolis), Indiana can deliver everything that Boeing needs in terms of transportation infrastructure.

All four sites have airports that effectively meet Boeing's needs with significant land available for development adjacent or nearby. Gary and Indianapolis have superb highway and rail access (even before the Illiana Tollway ups the ante for Northwest Indiana), Grissom and Evansville a bit less so, but Grissom can be boosted by the U.S. 31 upgrades and Evansville by the I-69 expansion completion from Crane to Indianapolis and a new bridge to Kentucky that could be complete by the time a local plant is constructed.

Evansville features industrial water access along its Ohio River frontage, but more notably and importantly through the Port of Indiana-Mount Vernon, and Gary has Indiana's International Port at Burns Harbor a wave-length away. Indianapolis and Grissom lack this quality, but Boeing seems to indicate that this is not a fatal flaw, and a number of entirely land-locked sites nationally appear to be competing (nor is a warm-weather port apparently a requirement).

Indiana's central location and proximity to Boeing's Chicago headquarters (its corporate jet fleet is based at the Gary/Chicago International Airport) and a Boeing facility in Missouri and related suppliers is a plus. We're also smack-dab in the middle of a country in which the major Boeing facilities are located some 3,000 miles away from each other in Washington and South Carolina. Boeing already has 141 supplier/vendor locations in some 43 cities and towns across Indiana, and made \$331 million worth of purchases from these entities in 2012.

Gary would mean access to Chicago O'Hare International Airport and its strong regularized schedule of flights to key Asian and European destinations for Boeing. The other sites within the state can't boast that convenience, but neither can most of those jurisdictions seeking to win the competition, we suspect.

The Indianapolis International Airport was just recognized by the Airports Council International as the eighth-busiest cargo airport in the nation and 22nd in the world for 2012 (the last full year for which data was available), while nearby airports can also contribute significantly to our logistics largesse: Louisville International Airport (a UPS hub) is third nationally and seventh globally, while O'Hare International Airport is just ahead of Indianapolis at seventh nationally and 20th in the world. Indianapolis experienced a 1.76% growth in cargo traffic from 2011; only three others in the elite eight also saw gains.

Certainly Alabama, Missouri, and South Carolina seen as otherwise strong rivals for the prize are at least as hamstrung as non-Gary sites, and Indianapolis may be a shade closer to Chicago as St. Louis, or than a South Carolina site might be from Harts field-Jackson Atlanta International Airport.

Workforce. This may be the first living, breathing example of the Right to Work law actually producing tangible jobs for the state, because Boeing seems determined to bring the 777X project to a Right to Work State.

We have a manufacturing-oriented workforce, including almost 100 Boeing employees already (and close to 1,000 Boeing retirees). Our unemployment rate (and trend) suggests that our workforce could accommodate Boeing's high demands in terms of numbers alone. Still, during the first 11 months of 2013, only four states have added more Trade, Transportation & Utilities jobs (21,600) than has Indiana, and our rate of growth of such jobs (3.8%) is third-best nationally.

While our former auto-manufacturing and other hard goods work force is aging and perhaps not sufficiently versed in the manufacturing methods needed for the next generation of composite production as utilized by Boeing, we are making strides in improving job skills at both the high school and post-secondary levels, and in retraining for adults already in (or abandoned by) the workforce. STEM education and increased attention to vocational and career education for teens, combined with the push the state is making through Ivy Tech Community College and Vincennes University (which has a strong avionics program, as do Indiana State University and Purdue University - where Amelia Earhart once taught) could help tilt the scales toward Indiana . . . as well as the specialized advanced skills that can be applied by graduates of Rose-Hulman Institute of Technology and Purdue.

You probably recognize that more than 60% of the nation's aerospace jobs can be found clustered in just six states - Arizona, California, Connecticut, Kansas, Texas, and Washington - but you may not realize that in addition to already being home to a substantial number of Boeing suppliers, Indiana has a burgeoning aerospace industry, led by Rolls-Royce and Allison, and contractors at Crane Naval Support Center and Raytheon, among others, who can be tapped for partnerships. A 2008 report prepared for the Indiana Private Industry Council by regionalintel found that Indianapolis was the fourth-largest MSA employer in the national aerospace engines cluster according to the most recent data then available, while the state ranked eighth in manufacturing activity for aerospace products and parts, with a 20% increase in value added from 2003 to 2006 based upon the U.S. Census Bureau Survey of Manufacturers.

While a Boeing plant might be catalytic for other state economies, it would be synergistic for Indiana's economy.

Other Intangibles. We told you how Indiana wasn't at the top of the incentive ladder in the United Maintenance Center competition, and we can assure you that we won't be near the top rung for this deal, either.

We can be in a position to offer some free and low-cost facilities or cut-rate land as we did a few years ago for Carbon Motors; there may some old MAC structures and Indianapolis airport land available with government help, the Dean Baldwin Painting business at the Grissom Aeroplex is already painting 777s in its new facility, and the entire Gary airport footprint could be in play for this deal; but more important is the ability of the state to maximize its package in other ways.

We've shown a willingness to jump through assorted hoops for business, with past governors criticized for giving too much away outside the four corners of signed deals. And each governor longs for the opportunity to put his imprimatur on a signature manufacturing-related economic development project, as Gov. Bob Orr (R) did with Subaru-Isuzu, as Gov. Bayh negotiated with Toyota, and as Gov. Mitch Daniels (R) landed Honda.

While we take it for granted that our governor will be the lead EcoDevo guy, making personal entreaties to corporate execs well beyond initial expressions of interest, that doesn't happen in every other state, and execs like to be wooed and have their egos massaged by the state's chief executive, particularly one who they might see as having a political half-life of sorts outside the boundaries of their states, something that Alabama, Illinois, Washington, California, and Missouri (some of our major competition) can't offer.

Indiana has exhibited an innate ability to handle large economic development projects from start to end in the modern era (the three "foreign" auto manufacturing plants are a great example, along with the BP Whiting modernization project) and to do so with government facilitating, and not hindering them (cynics might contend that the amount of government interference may be inversely proportional to the size of the investment), particularly with environmental permitting issues and tough-to-meet environmental standards. And it will not go unnoticed by Boeing that the four projects just mentioned are all honchoed by foreign-directed entities. Given the strong international presence of Boeing and its desire to use lots of foreign sourcing, Indiana's long-standing comfortable relationships with Asian businesses and our strong export standing will be a major plus.

And back on the domestic front, if Boeing cares about the quality of life for its well-paid employees, Indianapolis and the donut counties offer a low cost-of-living and a comfortable environment within which to raise a family. A Gary site would allow workers to choose between Chicago-area city living with all of its amenities, or low-cost, low-tax living with close physical proximity to Chicago for employees who would choose to live in increasingly upscale communities within Schererville, Munster, Merrillville, Valparaiso, and Crown Point, to name a few.

You should not automatically presume an anti-Midwest bias on the part of Boeing, either.

Of the four major (division presidents and corporate vice chairs) Boeing executive promotions that became effective December 31, three are graduates of higher education institutions in Illinois, Iowa, and Missouri.

Indiana also isn't Washington or South Carolina, where the company maintains major production facilities, and that could tilt in our favor. Some companies seek geographic diversification as protection against assorted risks, be they changes in the political environment or the vagaries of weather (floods, fires, tornadoes, hurricanes, etc.). Recall that the key reason that Honda turned to Indiana for its Greensburg production facility wasn't because the Daniels Administration offered a primo incentive package, but largely because they did not want to further concentrate facilities within Ohio.

Boeing picked Chicago to house its top execs in part to put some distance between its headquarters and manufacturing, and also to afford them a more central base for operation and travel than western Washington.

Archer Daniels Midland Company of Decatur, Illinois decided in December to open its new world headquarters office in Chicago without any state tax incentives . . . after ADM had initially requested (some would say "demanded") as much as \$30 million in tax breaks over 20 years. While the number of workers who will be shifted 100 miles north will be fewer than originally anticipated (and will not include a tech center, for which Indiana can compete!), the State of Illinois will be paying about as much for this deal as it did when the Decatur Staleys made the same move (before there was an I-55 or I-57) and became the Chicago Bears in 1921 - and that no-cost change of scenery worked pretty well for the Windy City.

Sometimes a state (or locality) wins a deal simply because it is an outlier in many respects.

And don't rule out the little things.

The chair of the House Committee on Transportation, Rep. Ed Soliday (R), is from The Region and was a Chicago-based pilot and airline executive who knows Boeing aircraft from the inside out. He's become the major domo on state transportation policy, and is a respected voice on how logistics plays into business development in Northwest Indiana. He has the ear of the Governor and legislative and business leaders, and having a command presence like his involved in discussions with Boeing (particularly if Boeing is serious about pursuing Gary as a site) is another one of those intangibles that builds comfort levels with corporate execs. Rep. Soliday quickly assumed a leadership role in this effort to bring Boeing Back Home Again, and that involvement should not be underestimated.

#### **Why Indiana's Bid Will Fall Short of the Runway**

There are a number of reasons which would indicate Indiana is flying on a wing and a prayer insofar as our chances of hosting Boeing's new centerpiece facility.

But even if the project lands elsewhere, we've opened up the eyes of those in the development world (who may have had blinders on to this point) to the realization that Indiana can tackle mega-billion deals.

**Incentives.** We're not going to lead the list in giveaways or the more traditional incentives. While we'll undoubtedly be offering a strong retinue of tax breaks, after the United Maintenance Center collapse (and some would also point to cash poured down the Carbon Motors and Getrag ratholes), you can be sure that we'll be asking for clawbacks, which are almost anathema to companies, such as Boeing, who fly in with the arrogance to make truly unseemly demands in return for siting a lucrative plant. Look for our package to be back loaded, and focused on the intangibles. Yes, there may be some upfront freebies and special deals, but you can be sure that they will be far less than others will be offering, and that the Gov and his Department of Commerce and Indiana Economic Development Corporation teams will be emphasizing the strength of the soft side of our package as opposed to a hefty hard-cost offer sheet.

The soft side might also include something we can't promise, but which Missouri has already dangled: construction unions in St. Louis have offered to work 24-hour shifts with no overtime to complete a new facility for Boeing on the manufacturer's accelerated timetable. And we also wonder how Hoosier unions might react to Indiana landing Boeing only because a machinists union in Washington votes January 3 not to accept a retirements benefit cut. We're not so sure that the large number of skilled Indiana laborers needed to build a Boeing facility would be quite as quick as their counterparts in the Show Me State to ignore the snub of workers in Washington.

**Location.** Yeah, we remember what we just wrote about our central location and checking all the boxes (at least with a Gary bid - although there is a suspicious amount of airport privatization and reprioritization activity there that seems to suggest they have their eggs in a different basket). But Boeing has a strong bias toward doing business on a coastal basis, and it appears to be bi-coastal in nature ambivalent toward choosing a particular ocean to favor. But it has abandoned a long tradition of military production work in Wichita (admittedly at aging and high cost facilities with an aging workforce), building up its presence in Washington and South Carolina - and seemingly enamored with low labor costs and easy land acquisition in the Palmetto State.

A fairly significant change in corporate attitude would apparently be needed for Boeing to land in a flyover state.

**Job Skills.** We mentioned movement to upgrade job training and advanced manufacturing skills from the bottom up from STEM to stern, so to speak, but it may be a case of too little, too late for a manufacturer that may need some 9,000 well-trained team members to start work in 2016 or 2017.

Absent a huge push to ramp up the proficiency of our workforce for the jobs of tomorrow that may be here today, we may just be whistling in the wind.

And aerospace jobs are incredibly specialized, with the peculiarities of building commercial aircraft – particularly this new generation of Boeing planes – far different than virtually any other manufacturing or assembly job, suggesting that workforces already nurtured in Washington or South Carolina will be heavily favored by Boeing. Boeing wants to avoid schedule delays and increased development costs that might result from a workforce new to the job.

Yes, we have Rose-Hulman and Purdue and their respective world-class engineering programs, but we believe that Boeing will have no problems attracting well-qualified individuals to fill the big-buck engineering-related jobs wherever the facility calls home.

The corporate concern, however, will be finding the requisite number of worker bees, and they are not the same kind of workers that can readily staff a call center or pull items at an Amazon.com warehouse. Compared to other states which enjoy a deep bench comprised of advanced manufacturing workforces with direct aerospace manufacturing and servicing skills, we may just be winging it.

**Energy Costs.** When a company has more than four million square feet of production space, it costs a lot of cash simply to turn on the lights, and a production facility of this nature isn't likely to just rely on energy-saving bulbs to shave costs. And despite the impression you might have about all things being hunky-dory in Indiana's business environment, there is at least one significant exception . . . and it is likely to be one that will give Boeing pause.

Large electric users operating industrial facilities in Indiana told the General Assembly's Regulatory Flexibility Committee in September about "serious problems arising from rapidly escalating energy prices," and they explained that "Indiana can no longer be considered a low-cost energy state. Ten years ago, Indiana ranked sixth lowest in the nation in average electricity prices for industrial customers. As of 2012, Indiana's national ranking had dropped to 24th in that respect. In other words, over the past decade, Indiana has gone from being one of the lowest cost energy locations for industrial facilities in the United States to being average at best."

Until the past five years, Indiana maintained a consistent cost advantage in average industrial energy prices, "but since that time the spread has been essentially erased and the trend is in the wrong direction." A similar regional comparison that includes Indiana, Illinois, Michigan, Ohio, and Wisconsin finds that "For the initial part of that period, Indiana was consistently at or near the bottom in energy rates in comparison to other states in the region, providing Indiana with a distinct advantage as a location of choice for industrial operations. The steep rise in energy prices, however, is apparent in the most recent decade. The unfavorable status of industrial electric rates in Indiana is further apparent in comparison to other Midwestern states that have retained traditional regulation."

Our industrial electricity prices are now higher than those of Michigan and Ohio, will probably top the regional average in a few months, and are trending upward at a trajectory higher than any of our five regional peers (including the nation's second most manufacturing dependent state, Wisconsin).

Just before Christmas, the State Utility Forecasting Group, a state-funded panel of researchers based at Purdue University, presented a new report to the Indiana Utility Regulatory Commission forecasting the state's energy needs through 2031, and predicting a 32% increase in electricity rates for Indiana by 2023 (although capacity increases will not be needed to cope with an unprecedented stagnation in demand).

Of course, if Boeing were conducting its manufacturing operations in Indiana, it would be one of those large users who have taken to tussling with the investor-owned utilities.

This is a huge expense, right up there with land acquisition, construction, labor, and taxes. The overall energy costs – and potential for rates moving even higher as a result of SEA 560-2013 and the trackers it authorized (which may be sorted out in court) – could prove to be the deciding factor in a close contest with another state . . . or it may cause Boeing to consider building its own co-generation facility.

In the end, we suspect, the decision has already been made, and Boeing will resort to its conventional corporate wisdom and eschew Indiana as a site for the new plant – if only for the fact that it's tough to turn around such a jumbo corporate culture for such an unconventional choice . . . even if we do check all the requisite boxes. But this should still prove to be a valuable exercise, however it may turn out.

## **IN Politics**

### **Federal Office Races . . .**

● After recruiting Dr. Joe Bock (D) of the University of Notre Dame to run after unsuccessful 2012 challenger Brendan Mullen (D) opted against a 2014 CD 02 bid, national and state Democratic Party folks are decidedly not pleased that Dan Morrison (D) of Elkhart is back in the hunt. Morrison, a retired RV sales exec ran surprisingly strong in the 2012 primary, losing only St. Joseph County to the eventual nominee, but forcing him to spend early and making Mullen look weak emerging from that contest. Morrison now reveals he's ready for a new bid, and pledges to devote more primary campaign attention to St. Joe as he emphasizes a middle class message. Ds who twisted Bock's arm to challenge U.S. Rep. Jackie Walorski (R) are concerned that the former Missouri lawmaker will have to spend too much money and attention on his Democratic opponent, will have his Fall message scrambled by having to appeal to Democratic primary voters, and will not look as strong as he would have in an uncontested primary. The Democratic nominee will face an extremely well-financed incumbent with two congressional campaigns under her belt.

- Tom McKenna (D) of Carmel, the 2010 Democratic nominee for secretary of state and a director of the Indiana Department of Commerce in the Bayh Administration, is said to be eyeing a CD 05 bid.

- Talk is growing in the Pocket City that another well-liked Democratic sheriff could launch a CD 08 challenge to an incumbent Republican as Vanderburgh County Sheriff Eric Williams (D) is reportedly mulling a challenge to U.S. Rep. Larry Bucshon (R).

### *State Office Races . . .*

- The Governor manages to pull a rabbit out of his hat with the selection of Rep. Suzanne Crouch (R) as the new state auditor to replace his earlier selection, Dwayne Sawyer (R), who abruptly resigned the post amidst much speculation about just why he stepped down less than three months into his tenure.

□ Crouch didn't seek the nod, but rather was sought out by the Governor because she checked all the professional and political boxes. Selected to fill a House vacancy in 2005, she had served as president of the Vanderburgh County Board of Commissioners (where she worked to televise weekly commission meetings; under her presidency, for the first time ever, the panel applied for and received federal transportation dollars for a local road project) and county auditor (as a two-term auditor, her office received, for the first time in decades, a clean bill of health every year from the State Board of Accounts), and was a member of the county's Data Processing Review Board and Southwestern Indiana Regional Development Commission. A Purdue University alum with additional education in accounting from the University of Southern Indiana, Crouch has most recently served as vice chair of the House Committee on Ways and Means. She chaired the Vanderburgh County Republican Party (during her tenure, a majority of Republicans were elected to county council, the first time in 60 years that Republicans controlled that body), and has been elected by voters to her House seat four times.

□ Rep. Crouch has the specific financial and local government experience (and respective personal networks and street cred) to bring to the office, and balances the ticket geographically (effectively regardless of which of three potential candidates for state treasurer is nominated). She is a proven commodity who has successfully won office multiple times in a large county and on a district level; is well-known and respected in the local government circles served by the Office of the State Auditor; understands state finances from her work on Ways and Means; is sympathetic to the needs of the local officials whom the office serves; understands government IT systems; and can tap into her legislative colleagues for political and governmental support. Her district includes some affluent areas which are comfortable with her (and offers her a home fundraising base). Her husband is a prominent labor and employment law attorney in Evansville, representing employers in labor disputes.

□ You should also not overlook the fact that Crouch hails from the same political base in Vanderburgh County as State Treasurer Richard Mourdock (R), whom many so-called "establishment" Republicans seek to prevent from running for auditor. Now, should Treasurer Mourdock make a bid for the same post, he would not only face off in convention against another candidate from Southern Indiana, but one from his home county. Bear in mind as well that as a female, Crouch makes it more difficult for Mourdock OST protégée Kelly Mitchell (R) to continue her candidacy; some would suggest that running three women with county government pedigrees for the three statewide offices up for election in 2014 would be as unwise for a party as running three males with the same background.

□ The Guv may have also earned some brownie points with House Speaker Brian Bosma (R) who now has a third key leadership position this session on the Committee on Ways and Means with which to reward and incentivize a member of his caucus, and he may also benefit politically by trading a strong voice within the caucus for another novice lawmaker, while being able to keep moving members of the classes of 2010 and 2012 up the internal food chain.

□ We will have had - count 'em - *five* state auditors (three "permanent" and two different "interim") in fewer than 4½ months . . . which reminds us of the candidate for Indiana University student body president in the early 1970s who wanted to dump slips bearing the names of all students into Showalter Fountain and pick one each day to serve as student body president for the day, just so they could boast that distinction on their respective résumés when they went job-hunting.

- Among the big-buck contributions made to Hoosier state office candidates during December, the Governor's campaign committee rakes in \$25,000 from Bose McKinney & Evans managing partner Jeffrey R. Gaither; \$15,000 from the Indiana Realtors Political Action Committee; and \$10,000 from the HNTB Holdings LTD PAC in Kansas City, Missouri . . . and state auditor challenger Mike Claytor (D) sees his campaign pocket \$10,000 from the Indiana Democrats Victory Committee.

### *Mayoral Races . . .*

- Charles R. Fewell, Jr. (R), a Milestone Contractors LP marketing representative and lobbyist, is selected as the new mayor of Greenfield by a precinct caucus from a field of six to fill a vacancy caused by the death of Dick Pasco (R). He immediately resigned his government-related Milestone roles.

### *Other Political News . . .*

- Watch to see if any Hoosier Democrats snare former President Bill Clinton (D) for a fundraising event when he comes to Indianapolis to deliver the keynote address at the 2014 Insurance Accounting & Systems Association, Inc. Annual Educational Conference & Business Show. President Clinton will speak on the second full day of the conference, which will be convene June 8-11.

## IN Brief

### *IN Federal Circles . . .*

- U.S. Sen. Dan Coats (R) teams with U.S. Sen. Barbara Mikulski (D-MD), also a senior member of the Senate Select Committee on Intelligence, to introduce an amendment to the National Defense Authorization Act (NDAA) that would require the positions of the Director of the National Security Agency (NSA) and the Inspector General of the NSA be confirmed by the Senate. U.S. Sens. Mark Udall (D-CO) and Ron Wyden (D-OR) are also cosponsors of the NDAA amendment that would create an independent inspector general within the NSA that can only be hired and fired by the President and Congress rather than the head of the agency he or she oversees. A similar provision, also sought by Sens. Mikulski and Coats, was included in the FY 2014 Intelligence Authorization Act and the Foreign Intelligence Surveillance (FISA) Improvements Act.

- U.S. Sen. Joe Donnelly (D) and U.S. Sen. Chuck Grassley (R-IA) led a bipartisan group of 31 senators in writing a letter to the U.S. Trade Representative and the U.S. Secretary of Agriculture stressing the importance of addressing barriers to market access for American pork producers in the Trans-Pacific Partnership (TPP). The senators insisted that, as part of the TPP agreement, all tariffs and non-tariff barriers on pork in TPP partner nations be eliminated.

- U.S. Rep. Todd Rokita (R) continues his quest to make the case about reining in debt to assorted audiences, delivering in mid-December his debt presentation to students at the Harvard Kennedy School's Institute of Politics and participating in a discussion with some of the next generation's political operatives and leaders at the invitation of Institute Director Trey Grayson, the Kentuckian with whom he forged a close friendship when both served as secretaries of state.

- U.S. Rep. Marlin Stutzman (R), who worked last year to produce a Farm Bill that separated agriculture and nutrition programs for the first time in almost 40 years, was decidedly displeased with news from Farm Bill conferees that agriculture and nutrition programs will be combined in the conference version. He says that "[a]s a farmer and a conservative" he can't vote for a Farm Bill that reverses what he labels as a "a key reform to separate farm policy and food stamps." Reiterating how he led the fight for "rejecting a bloated, trillion-dollar spending package that was a Farm Bill in name only and instead passing farm and food stamp legislation separately," he calls upon conference committee members to "continue that work by including separate reauthorization dates for these different programs. Now is not the time for Congress to take a step backwards by returning to business as usual." Rep. Stutzman doesn't believe that the threat of milk prices soaring absent an agreement "will have the impact that the government shutdowns would with the budget." He suggests that "If they would take a step back and look at the reforms of separating the bills, they may get more of the spending that they want, but we would get more of the reforms we want for the long term."

- U.S. Rep. Luke Messer (R) reacted to the White House pre-Christmas announcement that the President would delay the individual mandate for those who have lost their health care plans because of Obamacare by labeling it as "just more proof that the Affordable Care Act is an unworkable law. This decision provides much needed temporary reprieve for some but not all, while adding more uncertainty to the already volatile health insurance market place. Sadly, the decision seems more driven by politics than any genuine concern for the millions of Americans already hurt by this bad law. It is fundamentally unfair to provide an escape hatch for a select few while the cost of health insurance is skyrocketing for many others. The haphazard and blatantly political way the President has unilaterally delayed and modified this unworkable mess again and again shows we need to suspend the law for everyone. We need to start over with a plan to provide real, patient-centered, free market solutions[,] the only way to make health care more affordable for those who have insurance and for those who don't."

- U.S. Rep. Susan Brooks (R) participated in a two-day mid-December congressional delegation to Brussels to promote U.S. economic interests abroad, particularly with European Union nation-states. Four other members of Congress were also on the trip, which was organized by House Committee on Intelligence Chair Mike Rogers (R-MI).

- U.S. Rep. Jackie Walorski (R) signs on as an original co-sponsor of the "Protecting Volunteer Firefighters and Emergency Responders Act," H.R. 3685, legislation that would exempt volunteer firefighters and volunteer emergency responders from the Affordable Care Act employer mandate.

### *IN State Circles . . .*

→ *Cont. from page one . . .*

We're told that DNR property staff have found that the vehicles consume only about \$1.50 in electricity per day, substantially less than the cost of gas for a substitute vehicle. Those who drive them continue to be impressed with the power the vehicles have to offer for assorted uses inside DNR properties - but concede that they are less satisfied with the power of the vehicles if driven on interstate highways.

Some of the common uses staff have settled into with the vehicles include off-site banking and mail delivery, security patrol in evenings, and on-property transportation for staff. They observe that the security function "is a real positive because the vehicles are quiet and less intrusive to campers seeking quiet time."

DNR staff acknowledge that there have been drawbacks to the vehicles, with the most significant issue being service. Because they are a specialized vehicle, service can't be performed anywhere, as with most other more commonly used DNR fleet vehicles. The majority of the service must be scheduled for and performed at dealer locations in Indianapolis (and there may be issues involved in moving disabled vehicles from far-flung properties to the service center).

DNR staff also tell us they were disappointed to find that the vehicles simply lack the range they had hoped for, explaining that the advertised 100-mile range is diminished with use of the heater, air conditioning, windshield wipers, etc. They also note that properties with hilly terrain (such as Brown County State Park) also drain the battery faster.

So the “free” vehicles haven’t been entirely without costs, and the expected benefits haven’t all been enjoyed by DNR, but for a first-generation experiment, it turned out to be largely successful . . . although with the current dearth of electric vehicle and battery manufacturing in the state, it is probably not likely to be replicated.

Interestingly, the City of Indianapolis in late November received the international “E-Visionary” award from the World Electric Vehicle Association. The group honored the city for efforts to expand electric mobility and reduce the U.S. dependence on oil during its 27th Annual Electric Vehicle Symposium and Exhibition. Previous winners include: Los Angeles, Lisbon, Seoul, and Seattle.

● Some key deadlines to bear in mind:

January 5	First day of session
January 10	Senate bill filing deadline
January 13	House bill filing deadline
January 14	State of the State Address
January 15	State of the Judiciary Address
January 17	Senate bill-to-committee assign deadline
January 28	House committee report deadline
January 30	Senate committee report deadline
	House Second Reading deadline
January 31	(H Fallback Second Reading deadline)
February 3	House Third Reading deadline
February 4	Senate Second Reading deadline
February 5	Senate Third Reading deadline
February 25	House committee report deadline
February 27	Senate committee report deadline
	House Second Reading deadline
February 28	(H Fallback Second Reading deadline)
March 3	Senate Second Reading deadline
	House Third Reading deadline
March 4	Senate Third Reading deadline
March 14	Adjournment <i>Sine Die</i>

● Adding in new members joining the House due to deaths and resignations since mid-September, by our quick count there will now be 56 House members with less than two terms under their respective belts, and 28 members (including at least five on the Committee on Ways and Means) will be experiencing their first short sessions in the House.

● The Governor sends a letter to state employees just before Christmas expressing regrets that “present circumstances do not permit us to increase base pay,” but authorizing one-time bonuses for state employees when performance evaluations are completed in January. Employees who meet expectations will receive a \$500 bonus, those who exceed expectations will receive \$750, and those rated outstanding will receive \$1,000. Since the bonuses will be funded by the Personal Services Contingency Fund or absorbed by dedicated or federal funds, they will not impact the State’s General Fund.

● The Supreme Court issues a 5-0 ruling in *Indiana Gas Co., Inc. v. Indiana Finance Authority*, No. 93A02-1112-EX-1141, the controversy involving Leucadia’s proposed Indiana Gasification, LLC \$2.7 billion substitute national gas plant that has come under fire from a number of lawmakers and has been questioned by the Pence Administration. The ruling revives the proposed coal-to-gas plant for Rockport which would lock the State into a 30-year fixed-price output purchase contract negotiated under the Daniels Administration under terms that other utilities, large industrial energy users, and consumers contend would be unfavorable to ratepayers and taxpayers. The appeal from an order of the Indiana Utility Regulatory Commission concludes that the contract, as amended, is valid, and will not have to return for IURC consideration. The Court of Appeals voided the contract because a definitional term deviated from the required statutory definition of “retail end use customers,” but the contracting parties amended the contract to correct the error and the Supreme find that the amended contract “renders the definitional issue moot,” and it summarily affirms the Court of Appeals as to all other claims.

□ Uncertainly lingers as to whether the developer must, under SEA 494-2013, still seek further regulatory review from the Commission. Indiana Gasification declares the Supreme Court ruling “a complete and total victory,” while principal utility opponent Vectren suggests that this just effectively returns the project to the review queue (and the Governor’s Office seems to agree that IURC is now back in the game). Regardless, the package must also now pass muster with the gubernatorially controlled Indiana Finance Authority, which advanced the deal under the previous administration, but now has received early signals that the current administration isn’t quite as enamored with the package and its implications . . . and Indiana Gasification appears to be ready to proceed – or to simply drop its bid if the Governor indicates his opposition to the project.

● The State Utility Forecasting Group, a state-funded panel of researchers based at Purdue University tasked to deliver a biennial report on Indiana’s future electricity needs, offers a new report to the Indiana Utility Regulatory Commission forecasting the state’s energy needs and likely expenses through 2031. The Purdue analysts predict an inflation-adjusted 32% increase in electricity rates for Indiana by 2023 due in large part to pending federal pollution restrictions on coal-fired power plants, and the costs of new plants.

□ The Purdue utility research panel also surprisingly projects “an unprecedented stagnation in electricity demand” over the next two decades, including “essentially no growth in electricity for the rest of the decade.” Electricity demand is projected to grow at an annual average rate of only 0.74% over the next 20 years. Electricity consumption is projected to grow 15 percent through 2031, from 107,000 gigawatt hours to about 123,000 gigawatt hours (a gigawatt is 1 billion watts, and one gigawatt hour is the constant use of one gigawatt for an hour, or enough energy to serve the annual needs of about 90 average-size Hoosier homes).



- The mere fact that one spouse changed gender following a valid marriage in Indiana does not constitute sufficient grounds for invalidating the 1999 marriage of a Brown County couple, the Indiana Court of Appeals unanimously rules in a matter with little or no national precedent. In *In Re The Marriage of Davis and Summers*, No. 53A01-1305-DR-221, the appellate panel further determines that the state law outlawing same-sex marriage cannot trigger invalidation under these circumstances. The divorce was uncontested and included an agreement related to custody and child support, but a Monroe County Circuit Court judge rejected the divorce petition, ruling that when the one spouse's birth certificate was changed to reflect the new gender, the marriage was automatically invalidated because it meant that the marriage was then between two women, and thus void under the same-sex marriage ban. Only the appellant (the individual changing gender) chose to be represented at the appellate level.

- The appellate panel, however, overturned the lower court ruling, finding that at the time of their wedding, the two had fully complied with Indiana's marriage law, because a male married a female, and that they thus had not entered into a same-sex marriage. The court also was unable to find any provision in state law voiding a legal marriage as a result of one of the spouses changing gender. Two of the three members of the appellate panel were appointed during the Daniels Administration.

- The Department of Workforce Development extends through 2014 its (now some \$50 million) contract with Haverstick Consulting for completion of the unemployment insurance modernization system.

- Indiana added 3,000 residents between 2012 and 2013, according to new Census data, more than double the number welcomed by any of our neighboring states save Ohio (although we were close to doubling that number as well).

- Through December 2, Gary had logged 52 homicides for the year, one for every 1,500 residents, and almost 21% above the 43 homicides the city endured in all of 2012. The 2013 homicide total in Fort Wayne of 44 through early December also tied Allen County's all-time record set in 1997 and topped city records as well. By comparison, Chicago, which media report would have you believe has become the modern-day Midwest version of the old Wild West, has seen 20% fewer murders than last year, while Indianapolis saw its murder rate jump by more than 25% to levels not seen in some seven years. WRTV-TV reports that its analysis of the Indianapolis 2013 murder rate against that of Chicago "shows that Indy has seen approximately 10 percent more homicides per capita than the Windy City."

- Former secretary of state Charlie White (R) loses his post-conviction relief bid to overturn his conviction on three counts of voter fraud, two counts of perjury, and one count of theft, and his attorney, former Marion County prosecutor Carl Brizzi (R), emerged unscathed from the proceedings after being accused of ineffective counsel.

- On the day after Christmas, Hamilton County Superior Court Judge Daniel Pfleging systematically reviewed, refuted, and rejected each of White's numerous grounds for appeal and ordered him to begin serving his one-year sentence of home confinement by January 10. The judge ruled that the much-maligned Brizzi's trial strategy was the product of extensive strategizing and was "objectively reasonable," and Judge Pfleging further suggested that had Brizzi called some of the witnesses - including White's wife, Michelle - to the stand as White now claims his defense attorney should have, other issues might have ensued, including Brizzi being placed "in the untenable position of suborning perjury or subjecting Michelle White to a potentially damaging cross examination." "There were numerous, significant testimonial problems for each of the witnesses defendant claims should have been called to testify at trial. Cumulatively, the effect of these credibility problems would have done more harm than good had these witnesses taken the stand," Judge Pfleging found. White plans to appeal the ruling.

- Some three years ago, we were first to tell you that a company from the east coast was looking to generate hydroelectric power at the Department of Natural Resources' Williams Dam on the East Fork of the White River in Lawrence County. Now, Free Flow Power Corporation of Boston reveals it expects the final Federal Energy Regulatory Commission license to be granted in the first quarter, which will allow it to invest \$12 million to create a 4-megawatt "run-of-river" power facility after a hiatus of some 60 years.

- Williams Dam was originally constructed as hydro-electric dam in 1910, but decommissioned as a power producer in the 1950s. The project is expected to generate 25 construction jobs, and two permanent highly-skilled jobs. There are no local or state economic development funds set aside for the project. Free Flow is currently in discussions with potential customers for long-term purchase contracts for the power, which will begin being generated in mid-2016. The Williams Dam project is one of 55 current of planned hydroelectric projects in Free Flow's long-term strategy to harness the untapped power of U.S. Army Corps of Engineers and state-owned dams across the country.

- As we explained in 2011, in a 2009 "Noncode Statutes" measure, the General Assembly authorized the Department of Natural Resources to enter into a long-term (not more than 40 years) lease of the Williams Dam for development of hydroelectric power at the Williams Dam Fishing Area. That followed the 2006 rejection by the Federal Energy Regulatory Commission of an Energie Group, LLC application for a minor license proposing to rehabilitate the Williams Dam. The legislature mandated that any lease for power at the dam "must enhance the recreation and fishing potential of the Williams Dam Fishing Area," and the 2009 law authorizing such a deal specifically states that "Revenue from a lease under this chapter shall be used solely for the division of fish and wildlife," so presumably any largesse from such a deal cannot be commandeered for other purposes, as was happening with other dedicated funds around that time when the Daniels Administration was scrambling for funds.

## IN the Economy

● Indiana's November unemployment rate of 7.3% fell by a healthy 1.1 percentage points from November 2012 and 0.2 percentage points from October levels, with the annual percentage point decline topping the performance of any of our surrounding states and the national level, and none of our neighbors beating us on the over-the-month percentage point decline in the unemployment rate. We were one of 13 states to see an over-the-year decline of more than one percentage point in the unemployment rate. While we still are north of the national average, we have a lower unemployment rate than any of our neighbors for the first time in more than two years. Ohio had a 24-month streak with the lowest such rate until we tied the Buckeye State in October. Michigan and Ohio ranked third and fourth nationally in highest November unemployment rates.

□ Indiana began the year with an unemployment rate of 8.6%, was at 8.4% one year ago in November, and also at 8.4% as recently as July. Before September, Indiana's rate lingered at 8.0% or above for 15 consecutive months, but we have also now seen our rate remained above the national average for 18 consecutive months.

	11/13	11/12	10/13	09/13	08/13	07/13	Monthly	Annual
Indiana	7.3%	8.4%	7.5%	7.8%	8.1%	8.4%	(- 0.2%)	(- 1.1%)
Illinois	8.7%	8.7%	8.9%	9.1%	9.2%	9.2%	(- 0.2%)	0.0%
Kentucky	8.2%	8.0%	8.4%	8.3%	8.4%	8.5%	(- 0.2%)	0.2%
Michigan	8.8%	9.0%	9.0%	9.0%	9.0%	8.8%	(- 0.2%)	(- 0.2%)
Ohio	7.4%	6.8%	7.5%	7.4%	7.3%	7.2%	(- 0.1%)	0.6%
National	7.0%	7.8%	7.3%	7.2%	7.3%	7.4%	(- 0.3%)	(- 0.8%)

□ Once again, no counties are in the double-digits in unemployment rate for November, and five are at nine percent or more, led by Fayette County (up from 9.7% in October) and Vermillion County at 9.9%. While Fountain County led the state in unemployment rate at 9.8% in October, it falls to 12th place at 8.3% in November (Sullivan County had topped the state list at 11.1% one year earlier). After four counties tied for lowest rate honors at 5.1% in October, Dubois County emerges with solo honors in November at 5.2% unemployment. The state low did rise by 1/10th of one percent from October, the Dubois County rate was down from 5.5% in November 2012.

□ November was a historic month of job growth in Indiana, as we gained 25,300 private sector jobs in November (second nationally), the largest one-month increase the state has apparently ever enjoyed. Indiana's numbers were responsible for almost 13% (about one of every eight jobs created nationally) of the nation's private sector job growth during November, and Indiana led the nation in percentage of private sector job growth in November. Total non-farm employment increased in November by 25,200, behind only California (44,300) and Texas (28,700), and comes as Ohio leads the nation with its over-the-month decrease in employment (- 12,000). Our November 2012 to November 2013 job growth was a solid 2.09%, better than any of our surrounding states.

□ Indiana ranks 10th in the nation in number of private sector jobs added in 2013 (47,600), and is one of only eight states (and the sole Midwestern member of that group) to see the number of jobs increase by more than two percentage points over the last year. The Hoosier State ranks fifth in the nation in percentage of job growth (9.6%) and ninth in total job increase (222,100) since July 2009, the low point of "Great Recession" employment in Indiana. Looking at that fifth-fastest rate of private sector job growth nationally, gubernatorial senior economic policy advisor Ryan Streeter blogs that "a few of the states ahead of it have natural resources Indiana doesn't have (N. Dakota and Texas) or have received government aid Indiana hasn't gotten (Michigan)."

□ The gains were broad-based, with all employment sectors enjoying significant growth, with the exception of the leisure and hospitality sector, which was effectively flat over the month. Employment sectors experiencing the largest increases in hiring over the month were Trade, Transportation & Utilities (6,800), Construction (5,400), Manufacturing (4,800, the second-most nationally, coming even as Illinois lost a sizeable - five-figure - number of such jobs), and Professional and Business services (4,700). Other sectors showing gains in November included Financial Activities (1,300) and Private Educational & Health Services (600). No sectors showed declines in November.

□ Indiana continues to rank second in the nation in both the number of manufacturing jobs added (64,800) and percentage of growth (15.1%) since July 2009, the low point of "Great Recession" employment in Indiana. While Indiana topped the monthly rankings in percentage of construction job growth, adding 4.8% (the 5,400 new jobs ranked third nationally behind California and Illinois), we have also seen a decline of 3.4% (- 4,100 construction jobs) between November 2012 and November 2013. Nationally, the largest real number of 12-month construction job losses occurred in Ohio (- 5,200), followed by Indiana.

□ Fewer Hoosiers are also now unemployed (232,400), than five years earlier in November 2008 (240,600). Unemployment insurance claims remain at their lowest levels since 2000.

● We're a bit surprised by the lack of attention paid to the December revenue collection forecast - by both the media and most lawmakers. Topping the positive economic news we've had drummed into our heads all year, we learn from the state's contract economist forecast team at IHS Global Insight that the national economy will continue to see growth (recently fueled by an increase in consumer spending itself boosted by increases in employment levels and personal income), and that Indiana's economy is outperforming other Midwestern states, falling just short of returning to pre-recession peaks. IHS Global Insight forecasts employment growing by 1.7% in FY 2014 and FY 2015 (after growth of just 1.5% in FY 2013), and the unemployment rate falling to 7.1% in FY 2014 and 6.7% in FY 2015. Following 3.0% personal income growth in FY 2013, the team sees such growth ramping up to 4.4% in FY 2014 and 4.6% in FY 2015.

□ Those numbers appeared a tad optimistic to Senate Committee on Appropriations Committee Chair Luke Kenley (R), who also chaired the State Budget Committee in 2013. While he acknowledged that matching the forecast would mean the State would be able to maintain biennial budget commitments made last April, he is concerned about how well the IHS numbers have comported to reality through the tough economic years, and the Revenue Forecast Technical Committee largely agreed, ratcheting down any irrational exuberance. Accordingly, the updated forecast projects that the State will take in almost \$300 million less over the biennium than lawmakers assumed just eight months earlier when they drafted the FY 2014-15 budget (\$182.6 million short in FY 2014, followed by a \$115.1 million shortfall in FY 2015). One thing you might have overlooked in this is that FY 2014 revenues are now projected to fall \$73.6 million short of General Fund revenue collections during FY 2013, the first year-over-year decline in real dollars collected since FY 2010, a period rocked by the impact of the recession in 2008-09.

□ The declines from original levels are largely driven by steep drop-offs from projections in sales and use taxes – despite Amazon.com tax remissions beginning this year – and in individual income tax collections. Sales tax growth is now calculated at just 1.7% for FY 2014 (vs. the initial 3.9% estimates, down by \$179 million), and income tax growth for the year is set at 0.9% compared to the 5.0% first foreseen. Projections pick up, however, for the second year of the biennium, with sales tax revenue expected to ramp up 4.8% (but still down from projections by \$199 million), while the income tax collections should grow at a 5.1% pace. State Budget Committee members were a bit perplexed that sales tax and individual income tax collections have been sliding even as the state unemployment rate has been improving (down by 1.1 percentage points since the fiscal year debuted), but House Democratic Leader Scott Pelath (D) attributes that to creating jobs that fail to “grow our middle class,” observing that Indiana’s median household income is \$48,393, compared to the national average of \$52,762, and “our per capita income of \$24,497 is behind the national average of \$27,915.”

□ As we’ve been telling you, through the first five months of FY 2014, collections have lagged the April forecast by \$114 million, causing the Governor to call for further reversions amounting to about \$175 million in total . . . but the State remains on target to collect \$118.6 million more than it spends on June 30, and \$176.3 million more than outlays at the end of FY 2015 in the context of a budget that spends some \$15 billion in each of the two fiscal years. The surplus is still expected to approach \$1.9 billion on June 30, 2015.

● The Indiana Economic Development Corporation cites another record-breaking year of economic development results, tallying 2013 secured job commitments from 261 companies up from 256 in 2012 and more than any other year on record. IEDC reports that the 261 companies anticipate investing \$2.63 billion in their Indiana operations and creating 21,420 new jobs over the next decade.

□ New positions for which companies anticipate to hire over the next five years should pay an expected average hourly wage of \$21.72 (above the state’s current average hourly wage of \$20.01).

● Overlooked: the automatic hidden tax hike Hoosier employers will face as a result of the decision by the Daniels Administration and lawmakers to borrow from the feds to pay off the loans and interest we owe for helping to finance state-funded benefits. As of December 30, 2013, Indiana’s Unemployment Insurance Trust Fund debt totaled \$1.38 billion (compared to \$1.76 billion at the end of 2012, and interest on the trust fund loan accrued at a 2.94% rate in 2012). The federal surcharge on this indebtedness will rise again in Indiana and 12 other states on January 1. The standard federal tax of 0.6% of a worker’s first \$7,000 of annual wages automatically bumps up by 0.3% each year that a state fails to repay its debt, and the rate in Indiana will rise in 2014 to 1.8%, or \$84 more per worker (recall that businesses and others have been loudly decrying similar fee hikes they see under the Affordable Care Act). The *Wall Street Journal* refers to the surcharge as “higher job-killing payroll taxes under the Federal Unemployment Tax Act ....”

□ However, things could be worse. On December 17, a notice in the Federal Register reveals that “Indiana applied for a waiver of the 2013 additional credit reduction under section 3302(c)(2)(C) of FUTA and because Indiana has taken no action to reduce the solvency of their Unemployment Insurance Trust Fund in the 12 months ending September 30, 2013, they have successfully qualified for the waiver. It ... thus qualifies for the waiver of additional credit reduction and therefore employers in Indiana will have no additional credit reduction applied for calendar year 2013.” When translated from bureaucratese, this means that Indiana was granted a Federal Unemployment Tax Act waiver from the feds that will prevent employer FUTA tax rates from being even higher for 2014. If Indiana would not have received the waiver, we understand, the result would have been a \$98 increase per employee in the FUTA tax in 2014. Businesses will still pay a \$128 per employee penalty in 2014 because we are still paying on the UI Trust Fund debt, but that burden would have been \$226 per worker absent the December “credit reduction” waiver.

● Watch for the formation of a rural broadband task force in response to the Lieutenant Governor’s concern that rural broadband is a key economic development component.

● The Federal Aviation Administration selects sites in six states in which to test unmanned aircraft system . . . and the joint Indiana - Ohio bid that we told you about last Summer was not among those chosen for the lucrative drone work.

● “Since mid-2010, a year after the recession officially ended,” the Idaho Department of Labor reported in last December that “Medicaid payments to health care providers in Idaho were up 45 percent. Only Indiana had a greater increase over the three-year period, when the increase nationally was under 16 percent.”

- Only 10 states have a larger positive percentage change between state spending in the 2012 fiscal year and estimates for the 2013 fiscal year than the 5.6% spending growth in Indiana, according to GovBeat, the *Washington Post's* state and local policy blog.

## IN Transition

- Rep. Dave Ober (R) fills the House Committee on Ways and Means vacancy created by the passing of Rep. Phyllis Pond (R).
- Daniel O. Lopez leaves his positions as special assistant to the Governor; deputy director of the Indiana Civil Rights Commission; and executive director of the state's Commission on Hispanic/Latino Affairs to join the office of U.S. Sen. Dan Coats (R) as the director of state office operations. He has also served as director of legislation and director of communications for the City of Bloomington.
- House Democratic Leader Scott Pelath (D) names former Rep. Win Moses (D) to the Indiana Utility Regulatory Commission Nominating Committee. Moses, a former Fort Wayne mayor, was the founding president of the Citizens Action Coalition, and he also chaired the House Committee on Commerce, Energy, Technology and Utilities.
  - The revamped panel will next convene on January 3.
- Donald M. Snemis will become commissioner of the Bureau of Motor Vehicles. He is a partner in Ice Miller LLP's Indianapolis office, where he concentrates on business and environmental litigation.
- Roberta L. Brooker retires after serving as Indiana State Librarian for seven years. She has spent 25 years at the State Library, starting as a reference librarian in 1988, and will be replaced on an interim basis by Connie Bruder, associate director of public services, pending a nationwide search by the Indiana Library & Historical Board for her replacement.
- After running under interim superintendents for almost two years, the Indiana Veterans' Home in West Lafayette has a new permanent superintendent. Army veteran Linda Sharp, a captain in the U.S. Army Reserves who has worked at the facility for more than three years and served as the director of nursing since August, will assume the helm of the Indiana Department of Veteran Affairs facility. The Logansport native takes over from Rob Clover, who has been the interim superintendent since July. Clover will return to his post as superintendent of Logansport State Hospital.
- Valerie Hunt will take over as the Indiana Department of Revenue's new chief financial officer as Mike Ashley retires from state service. Hunt has served as deputy controller for Revenue since July 2012. She earned her MBA from the Indiana University Kelley School of Business, and worked in financial management for Brightpoint, Rolls-Royce, and Guidant Corporation.

## IN the Lobby

- Elkhart County agrees to a \$5,000 per month contract with Barnes & Thornburg to lobby the General Assembly "to offset losses from property tax caps," reports the *Elkhart Truth*.
- In North Carolina, the City of Fayetteville, Cumberland County, and the Fayetteville Regional Chamber sever ties with the Ferguson Group (and its \$144,000 annual contract) after almost a decade, and they turn to Faegre Baker Daniels LLP for congressional lobbying work at a rate of \$7,500 per month on an initial six-month contract to seek funding for military matters; transportation and infrastructure; public safety; community quality of life; and education and training.
- Hall, Render, Killian, Heath & Lyman, P.C. files federal lobby registrations on behalf of: Hospital Sisters Health System of Springfield, Illinois; Sacred Heart Hospital of Eau Claire, Wisconsin; St. Elizabeth's Hospital of Belleville, Illinois; St. Anthony's Memorial Hospital of Effingham, Illinois; St. Francis Hospital of Litchfield, Illinois; St. John's Hospital of Springfield, Illinois; St. Joseph's Hospital of Highland, Illinois; St. Joseph's Hospital - Chippewa of Chippewa Falls, Wisconsin; St. Joseph's Hospital Breese of Breese, Illinois; St. Mary's Hospital and St. Mary's Hospital - Decatur of Decatur, Illinois; St. Mary's Hospital - Green Bay of Green Bay Wisconsin; St. Nicholas Hospital of Sheboygan, Wisconsin; and St. Vincent Hospital - Green Bay of Green Bay, Wisconsin; and the Hall Render Stark Law Correction Coalition (which encompasses 28 hospitals) to lobby on "Fraud and Abuse Law Reform."

## IN Court

- Personal injury trial lawyer Lee C. Christie of Indianapolis is elected by attorneys to the Indiana Judicial Nominating Commission. His practice focuses on trucking collision cases, wrongful death, and alternative dispute resolution, and he replaces trial lawyer Bill Winingham.
  - Former Rep. John Ulmer (R) of Goshen and Stephen Williams of Terre Haute are the other two elected attorney members of the panel, and they are both also trial lawyers.

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## Jan. 2, 2014 HPI Daily Wire

Thursday, January 02, 2014 7:28 AM

**FILE FOR CROUCH HOUSE SEAT:** Five Republicans are now in the running for appointment to the Indiana House District 78 seat being vacated by Rep. Suzanne Crouch, who will begin her new duties as Indiana State Auditor on Thursday (*Evansville Courier & Press*). Republican precinct committeemen from the district, which covers portions of Vanderburgh and Warrick counties, will meet at 10 a.m. Saturday at Peabody Energy in Evansville to select Crouch's successor. That person will serve out the year remaining of her current term. Sean Selby, of Evansville, added his name Tuesday to the list of four others who also want to replace Crouch. Others previously announced are Anne Rust Aurand, of Newburgh, Jed Hutson, of Newburgh, Michelle Mercer, of Evansville, and Holli Sullivan, of Evansville. Tuesday was the deadline to file for the seat. All five candidates have confirmed they intend to run for a full, two-year term in 2014 if chosen to fill the vacancy. Selby, who serves as a precinct committeeman in District 78, owns the Evansville-based technology consulting firm, integriCORE, and is a longtime board member of Restoring Our Heritage, an Evansville not-for-profit aimed at educating Americans about the history of Christianity in the country. Selby reinstated a College Republicans group while a student at the University of Southern Indiana, where he graduated in 2005 with a bachelor's degree in business administration. "The College Republicans had a lot of influence into campus and discussions, and I aim to bring some of that to the Statehouse where we can try to really put a good face on talking about conservative issues in a conservative state," Selby said. Selby said he supports Gov. Mike Pence's call for Indiana to phase out the tax businesses pay on machinery and equipment in the state as a small-business owner. "I'm excited that Gov. Pence is discussing that issue and had he not been I would have been taking that to the forefront," Selby said. The winner of the caucus will face a quick turnaround into the life of an elected official as the 2014 Indiana General Assembly session begins Monday. Vanderburgh County GOP Chair Wayne Parke said Tuesday he will not be endorsing a candidate, and said that he believed "good candidates" had filed to run. For the Warrick County candidates, Aurand is a Newburgh Town Council member and school librarian, and Hutson owns a private law practice in the town. In Vanderburgh County, Mercer is a registered nurse case manager and serves on various community boards. Sullivan is an industrial engineer and owns Onward Consulting LLC where she has previously provided consulting services to the University of Southern Indiana Center for Applied Research.

**JACOBS FUNERAL AT STATEHOUSE FRIDAY:** Funeral services and visitation for former U.S. Rep. Andrew Jacobs Jr., will begin at 10 a.m. Friday in the Statehouse rotunda. The funeral service will begin at noon. Gov. Mike Pence and U.S. Rep. Andre Carson will speak. The public can enter on the east and west sides of the Statehouse. The handicapped accessible entrance is located at the west entrance on Robert D. Orr Plaza.

**INDIANA POWER RATES WILL SURGE:** Indiana's electricity rates will surge nearly a third over the next 10 years, driven upward by new federal pollution restrictions on coal-fired power plants, the costs of new plants and other factors, a Purdue University research group predicts (*Associated Press*). The report by the State Utility Forecasting Group projects that Indiana's electricity rates will increase by 32 percent from 2013 to 2023. That spike is expected to lead to an unprecedented flattening in demand for electricity in Indiana, with demand growing on average less than 1 percent \_ about 0.74 percent \_ each year over the next 20 years, according to the report. "As electricity gets more expensive, people tend to use less of it, much like any other commodity," Douglas Gotham, director of the Purdue-based research group, said Tuesday. He said the growing embrace of energy efficiencies through utility-sponsored conservation programs will also help hold down Indiana's demand for electricity in the decades ahead. The reports finds that the projected surge in electricity rates will be sparked in part by the U.S. Environmental Protection Agency's first rules aimed at controlling mercury and other toxic air pollution from coal-fired power plants. Indiana gets nearly 80 percent of its electricity from such power plants.

**FIAT ACQUIRES REMAINING CHRYSLER SHARES:** On the first day of 2014, Fiat, Chrysler and the UAW's Retiree Medical Benefits Trust agreed to a \$4.35-billion deal that gives Fiat total ownership of its U.S. partner (*Detroit Free Press*). It resolves a bitter legal dispute over the value of Chrysler's shares and will give the embattled Italian automaker access to Chrysler's cash. The agreement, which relies on \$2.6 billion of Chrysler's own money, erases the need for an initial public offering of Chrysler shares. Fiat currently owns 58.5% of Chrysler while the UAW Trust, also known as a Voluntary Employee Beneficiary Association (VEBA), owns 41.5%. When the transaction is complete, Chrysler will no longer be an independent business. Fiat may choose to report Chrysler's financial results separately. CEO Sergio Marchionne has sought to merge the two companies since 2009 when Chrysler emerged from Chapter 11 bankruptcy with Fiat as its controlling shareholder. "In the life of every major organization and its people, there are defining moments that go down in the history books. For Fiat and Chrysler, the agreement just reached with the VEBA is clearly one of those moments," Marchionne said in a statement. "The unified ownership structure will now allow us to fully execute our vision of creating a global automaker." Kristin Dziczek, an analyst with the Center for Automotive Research in Ann Arbor, said the UAW Trust valued its ownership of Chrysler at \$3.6 billion at the end of 2012. "It wasn't in either party's interest to go through with an IPO," she said. "Since the UAW Trust can't buy health care coverage with Chrysler shares, it was in their best interest to get as much cash as possible." Marchionne, meanwhile, needed access to Chrysler's cash to finance Fiat's costly European restructuring plan in Europe.

**ACA BEGAN WEDNESDAY:** Millions of Americans will begin receiving health insurance coverage under the Affordable Care Act on Wednesday after years of contention and a rollout hobbled by delays and technical problems. The decisively new moment in the effort to overhaul the country's health care system will test the law's central premise: that extending coverage to far more Americans will improve the nation's health and help many avoid crippling medical bills (*New York Times*). Starting Wednesday, health insurance companies can no longer deny coverage to people with pre-existing conditions and cannot charge higher premiums to women than to men for the same coverage. In most cases, insurers must provide a standard set of benefits prescribed by federal law and regulations. And they cannot set dollar limits on what they spend on "essential health benefits" for a policyholder. Though this is a milestone for the law, it is unlikely to end the constant partisan battles that began even before its passage nearly four years ago. Late Tuesday, Justice Sonia Sotomayor temporarily blocked the Obama administration from forcing some religious-affiliated groups to provide coverage of birth control or face penalties. Doctors, hospitals and pharmacists say consumers could initially experience some delays and difficulties as they try to use their new insurance.

**FOOD PANTRIES PREPARE FOR SNAP GAP:** Whether recipients of the Supplemental Food Assistance Program can make ends meet in January may depend on the first letter of their last name (Champion, *Lafayette Journal & Courier*). Indiana legislation passed last year requires a shift of the days on which 926,000 Hoosiers receive SNAP benefits, formerly known as food stamps. The Indiana Family and Social Services Administration is seeing the process through. The change will happen in two phases and is based on the first letter of the recipient's last name. Each recipient will receive half their allocated amount on their former deposit date and the other half on their new deposit date, between four and 10 days later. For example, those with a last name beginning with a G currently receive benefits on the third. In January, they will receive half on the third and the other half on their new date, the ninth. Those with a last name beginning with W, X, Y or Z will receive half on Jan. 10 and the other half Jan. 23. The change will leave some looking to food pantries to keep themselves and their families fed while they wait for the schedule to normalize in February. "It's all about planning ahead and budgeting as much as possible," said Marni Lemons, communications deputy director for Indiana Family and Social Services Administration. "Food banks all over the state have been working with us to prepare for this to provide for folks if they're in an urgent situation."

**LEGAL MARIJUANA SALES BEGIN IN COLORADO:** In a historic swirl of commerce and cannabis, the world's first stores licensed to sell marijuana legally to anyone 21 or older opened in Colorado on Wednesday

(Ingold, *Denver Post*). From Telluride to Denver, thousands of people cheerfully stood in lines for hours to buy legal marijuana after presenting nothing more than identification. Marijuana activists hailed the day as a watershed in their effort to overturn anti-cannabis laws. At least 37 stores across the state were fully licensed and opened to sell marijuana to anyone 21 or over for any purpose, according to official lists and Denver Post research. Sales could commence at 8 a.m., and activists — who campaigned for the marijuana-legalization measure whose passage in November 2012 made the sales possible — arranged a ceremonial "first purchase" at the Denver store 3D Cannabis Center. Opponents of legalization bemoaned the day as the beginning of what will be a disastrous venture for Colorado. Drug-treatment professionals said recreational sales will lead to increases in marijuana addiction among adults and kids. They compared the nascent recreational marijuana industry to the tobacco and liquor industries and said they expected it to spawn similar harms. Kevin Sabet, a former White House drug-policy adviser, said that Wednesday marks the dawn of "Big Marijuana." "In any addictive industry, such as this one, the only way to make money is off of addiction," he said Tuesday. Washington state will open its pot industry later this year (*Associated Press*). Both states' programs will be watched closely not just by officials in other states, but by activists and governments in other countries because the industries will be the first to regulate the production and sale of the drug. Some countries have decriminalized the drug, and the Netherlands lets people buy and sell it, but it's illegal to grow or process it. Just as shops opened Wednesday, the Denver Police Department tweeted, "Do you know the law?" and linked to city websites on state and local laws that include bans on public consumption, driving under the influence, taking marijuana out of state and giving pot to anyone younger than 21.

**HPI DAILY ANALYSIS:** Look for your HPI Daily Wire by 8 a.m.! - *Brian A. Howey*

### *Campaigns*

**2014: CLAYTOR DOUBTS NEED FOR PENCE TAX CUT** - The Democratic candidate for state auditor is skeptical of Republican Gov. Mike Pence's proposal to eliminate the business personal property tax without a clear plan to replace the \$1 billion in annual revenue the tax cut would take from schools and local governments (Carden, *NWI Times*). Mike Claytor, a Carmel accountant making his first run for statewide office, said Tuesday Indiana already leads the nation in manufacturing employment, and since 2010 has added the third most manufacturing jobs of any state in the country. "If we are already doing well at attracting manufacturing enterprises — the largest payers of business personal property tax — why do we need to continue making individual tweaks to the tax system?" Claytor asked. "Changes should only be made based on a study of overall tax bases, tax burdens and the impact of tax shifts." Claytor said eliminating the tax statewide would remove the temporary abatement and tax increment financing options Indiana local governments often use to lure businesses to their communities. "There has been no discussion of how local governments are to attract new manufacturing facilities to the state without this key tool," he said.

### *State*

**GENERAL ASSEMBLY: KOCH BILL WILL STUDY TAX INCENTIVES** - Every year, government agencies around Indiana dole out millions of dollars worth of tax breaks to businesses to encourage them to expand or relocate and create more jobs (Russell, *Indianapolis Star*). But it's anyone's guess whether those incentives actually work, says state Rep. Eric Koch, R-Bedford, who wants to set up a way to evaluate their effectiveness. "I get a lot of questions from constituents who see the incentives being granted," Koch said. "We just need to

know whether they're working." Koch has introduced a bill that would require the state to review and evaluate all state and local tax incentives that are provided to encourage economic development. He said it would generate a comprehensive database on which breaks are working and which ones need another look. "This bill is about transparency and it's about providing policymakers and taxpayers with data that we don't have right now," Koch said.

**GENERAL ASSEMBLY: LANANE SEEKS MINIMUM WAGE HIKE** - As many as 11 states may consider legislation next year to raise their minimum wage, but an Indiana proposal faces long odds (*Indiana Public Media*). Senate Minority Leader Tim Lanane says at least two Senate Democrats plan to introduce bills this next year calling for a \$10 per hour state minimum wage. That would make Indiana's minimum wage the highest in the nation. Five states passed minimum-wage increases in 2013 which will take effect in the new year. Nine more have laws requiring annual cost-of-living increases. But a majority of states are like Indiana, and follow the federal minimum of \$7.25 an hour. Lanane argues a minimum-wage increase would inject more money into the marketplace. "It impacts not that many people really but the people it does impact are people that need the ability to participate in a meaningful way in the economy," he says. But Senator Phil Boots, R-Crawford, argues increasing the minimum wage would not benefit the people it is intended to help. "The higher minimum wage doesn't really improve anybody's standing. It may hurt some jobs that are entry-level wage earners. It makes it a little difficult to hire those people," he says.

**POPULATION: INDIANA GROWTH LAGS BEHIND U.S.** - New population estimates show Indiana's population continues growing at a slower rate than the national average, but is increasing faster than its four neighboring states (*Associated Press*). Census Bureau estimates released Monday show Indiana's population grew by about 33,000 people from 2012 to 2013, giving it a 0.51 percent growth rate. Nationally, the population is estimated to have risen by 0.7 percent over those two years. Indiana's population growth rate between 2012 and 2013 was better than the neighboring states of Illinois, Kentucky, Michigan and Ohio. Kentucky's growth rate was the highest of those four at 0.35 percent. The Census Bureau says North Dakota, Utah, Colorado and Texas had the nation's fastest growth rates in 2013. Indiana's estimated 6.57 million residents gave it the nation's 16th-largest population in 2013.

**BMV: 300K SEEK BMV REFUND** - More than 300,000 drivers have applied for refunds from the Indiana Bureau of Motor Vehicles since the agency agreed to settle a lawsuit accusing it of overcharging for driver's licenses. The website to file for those checks went live Dec. 15, and since then at least 304,000 people have made a refund request, BMV spokesman Josh Gillespie said. A Marion County judge in November approved a \$30 million settlement of the lawsuit, which claimed that drivers under age 75 were charged more for each license than allowed by state law since 2007. The settlement makes more than 4.5 million Indiana drivers eligible for refunds of \$3.50 to \$15 each. The credits still exist on motorists' accounts even if they don't apply for a check from the agency, Gillespie told the Evansville Courier & Press. Those credits can be used for any BMV financial transaction either in-person at a branch or online. "Everyone still has the credit to their name," Gillespie said. "Whether they apply for a check or not, they still have a credit on their [BMV] account."

**DOC: DOGS FINDING CELLPHONES** - Two Indiana prisons are using dogs trained to detect cellphones to try to keep the devices out of prisoners' hands (*Associated Press*). Department of Correction Commissioner Bruce Lemmon says cellphones are among the biggest challenges prison officials face. He says prisoners use them to run criminal operations outside of prison, plan escapes, plan acts of violence inside and outside the prison or traffic drugs and other contraband behind bars. The cell-phone-sniffing dogs have been used since September at the Pendleton Correctional Facility northeast of Indianapolis and the Wabash Valley Correctional



Facility in Carlisle, 35 miles south of Terre Haute. Correction Department officials say they plan to expand the program to prisons statewide. In 2012, 2,560 cellphones were confiscated inside Indiana's 20 adult correctional facilities.

*National*

**WHITE HOUSE: BARBARA BUSH HOSPITALIZED** - Former first lady Barbara Bush has been hospitalized in Houston with a respiratory-related issue, her husband's office said Tuesday night (*Associated Press*). The statement from the office of former President George H.W. Bush said Mrs. Bush was admitted to Houston Methodist Hospital on Monday. "She is in great spirits, has already received visits from her husband and family, and is receiving fantastic care," the brief statement said.

**OBAMACARE: SOTOMAYOR BLOCKS BIRTH CONTROL MANDATE** - The Supreme Court has thrown a hitch into President Barack Obama's new health care law by blocking a requirement that some religion-affiliated organizations provide health insurance that includes birth control (*Washington Post*). Justice Sonia Sotomayor decided late Tuesday night to block implementation of the contraceptive coverage requirement, only hours before portions of the law would have gone into effect on New Year's Day. A deal in Washington to avert the "fiscal cliff" and low interest rates helped ease investors' worries. Sotomayor acted on a request from an organization of Catholic nuns in Denver, the Little Sisters of the Poor Home for the Aged. Its request for an emergency stay had been denied earlier in the day by a federal appeals court. Sotomayor gave government officials until 10 a.m. EST Friday to respond to her order.

**OBAMACARE: MEDICAID TAKES ON BROADER ROLE** - Medicaid embarks on a massive transformation Wednesday — from a safety-net program for the most vulnerable to a broad-based one that finds itself at the front lines of the continuing political and ideological battle over the Affordable Care Act (*Washington Post*). Already the nation's largest health-care program, Medicaid is being expanded and reshaped by the law to cover a wider array of people. Among them will be many who consider themselves middle class — people such as Sandy Kush, who initially bristled when she learned that she would be joining a program she had always thought of as being only for the poor. "Maybe it's like a shame thing. I was raised middle-class. I own my house. It just seems like not me," said Kush, 49, an unemployed medical transcriptionist in Naperville, Ill., who said she would have preferred to buy a private health plan with the help of a federal subsidy. On Wednesday, people who have signed up for coverage under the new law will become eligible to receive it, in what supporters have hailed as a historic moment for health care in the United States. So far, more than 2 million Americans, many previously uninsured, have enrolled in private health plans, thanks in large part to new federal subsidies for low- and middle-income people to buy coverage. Their difficulties in navigating the system since its rocky launch Oct. 1 have dominated the headlines. A far greater number — about 3.9 million — took steps in October and November to sign up for Medicaid, according to federal figures. That includes people who became eligible for the state-federal program under the expansion as well as those who could have enrolled previously, but for one reason or another did not sign up until now. Twenty-five states and the District expanded Medicaid under the Affordable Care Act. In many of those places, the program will be open for the first time to anyone whose income is below 138 percent of the poverty level — individuals making less than \$15,856 a year or a family of four earning under \$32,499 in 2013 dollars. That includes childless adults, who were excluded in most states despite a widely held misperception that all poor people automatically qualified for Medicaid.

**ECONOMY: STOCKS CLOSE WITH BROAD GAINS** - U.S. stocks rose on the final trading day of 2013, capping the Dow industrials' biggest annual rally in 18 years (*Wall Street Journal*). The Dow Jones Industrial Average added 72.37 points, or 0.4%, to 16576.66, closing at a record high for the 52nd time this year. The S&P 500 rose 7.29 points, or 0.4%, to 1848.36. The Nasdaq Composite Index gained 22.39 points, or 0.5%, to 4176.59. Stock trading will be closed Wednesday for New Year's Day. In a year fraught with apparent headwinds, including the prospects of reduced Federal Reserve stimulus and a federal government shutdown, the Dow climbed 27% for its best annual performance since 1995. Bulls point to continued earnings and profit growth—albeit at a slow pace. Some say attractive investments outside of equities were scarce. Bond yields remain low by historical standards and returns could suffer if interest rates rise, weighing on bond prices. Moreover, investors shrugged off the start of the Fed's plan announced this month to "taper," or scale back, its stimulus program. Stocks rose for a fourth-straight month in December, rebounding from a bout of weakness before the central bank's policy meeting in the middle of the month. "Stock investors were dealt a great hand. The big question is: how much is the hand going to change in 2014?" said Prudential Financial PRU +0.79% market strategist Quincy Krosby. The Dow's annual gain was its fifth-straight, the longest such stretch since a nine-year rally through 1999. The S&P 500 gained 30% in 2013, its best year since 1997.

**CONGRESS: BOEHNER TO BACK IMMIGRATION CHANGES** - Speaker John A. Boehner of Ohio has signaled he may embrace a series of limited changes to the nation's immigration laws in the coming months, giving advocates for change new hope that 2014 might be the year that a bitterly divided Congress reaches a political compromise to overhaul the sprawling system (*New York Times*). Mr. Boehner has in recent weeks hired Rebecca Tallent, a longtime immigration adviser to Senator John McCain, the Arizona Republican who has long backed broad immigration changes. Advocates for an overhaul say the hiring, as well as angry comments by Mr. Boehner critical of Tea Party opposition to the recent budget deal in Congress, indicates that he is serious about revamping the immigration system despite deep reservations from conservative Republicans. Aides to Mr. Boehner said this week that he was committed to what he calls "step by step" moves to revise immigration laws, which they have declined to specify.

**CONGRESS: 19 VISCLOSKY TOWN FORUMS SCHEDULED** - U.S. Rep. Pete Visclosky, D-Merrillville, will hold 19 Town Forums throughout Indiana's First Congressional District this month. Visclosky hosts the forums each year to give constituents an opportunity to ask questions and to provide an update on the issues facing the region and the country (*NWI Times*). "Northwest Indiana and the country are faced with many opportunities, including the opportunity to create good-paying jobs through infrastructure investments. These forums allow me to hear the views of my constituents so that I can best represent them in our nation's capital."

**CHICAGO: HOMICIDES DROP 18%** - Homicides dropped 18 percent in Chicago last year and crime overall was down 16 percent, according to statistics released by the police department this morning (*Chicago Tribune*). The decline in homicides was a more modest 5 percent when compared with 2011. The department reported 435 homicides in 2011, 503 in 2012 and 415 in 2013. Shootings across the city dropped by 24 percent from 2012 and 16 percent from 2011, according to the department's numbers. Sexual assaults were down 6 percent from last year, robberies down 12 percent, serious battery down 16 percent, burglaries down 22 percent, motor vehicle thefts down 23 percent, thefts down 3 percent. The reductions came at a price: Nearly \$100 million in overtime pay, triple what was budgeted for 2013. After taking a public relations beating in 2012, when homicides topped 500 for only the second time in a decade, McCarthy moved 200 officers off desk duty in February to bolster roving "saturation teams" aimed at suppressing outbreaks of violence in the most dangerous parts of the city. The superintendent doubled the number of veteran officers working overtime on their days off to 400, a figure that stayed constant until the summer months, typically the most violent of the year. Beginning in the summer, the department winnowed down overtime officers and replaced them with rookie cops working straight time on foot patrol. An extra 400 cops were assigned to 20 "impact zones" in the

most dangerous neighborhoods on the South and West sides. As 2013 progressed, additional rookie cops, fresh out of the academy with just months of field training, augmented the overtime cops by walking beats in the same zones. That strategy allowed other officers working their regular shifts to concentrate on other parts of those neighborhoods that needed attention, police sources have said.

*Local*

**CITIES: HUNTERTOWN WEIGHS '4-MILE RULE'** - How a recent Court of Appeals decision will affect territorial disputes between Huntertown and Fort Wayne City Utilities remains to be seen (Sade, *Fort Wayne Journal Gazette*). Officials from both entities have differing opinions on the Dec. 23 decision that involved two Hoosier towns. Chandler and Newburgh were fighting for the right to be the primary water and sewer services provider within the same area, according to court documents. The court ruled against the Chandler and in favor of Newburgh because Newburgh had an ordinance establishing a 4-mile rule, or boundary, and Chandler did not. Huntertown has such an ordinance – Fort Wayne does not. The decision is likely to be a significant factor weighing in favor of Huntertown becoming the chief supplier of water and sewer services to customers in an extended area outside its corporate limits, said Dave Hawk, attorney for Huntertown. But City Utilities does not think Huntertown can be compared to the ruling in the Court of Appeals case, spokesman Frank Suarez said. "Huntertown is a much different situation than Chandler and Newburgh. Both Chandler and Newburgh are systems that currently have the capabilities to serve customers immediately," and Huntertown does not, he said.

**CITIES: MAYOR BENNETT IMPERSONATED ON FACEBOOK** - A scam artist is impersonating the Terre Haute Mayor on Facebook (*Indiana Public Media*). Terre Haute residents are reporting they have they received a message from who they believed to be Mayor Duke Bennett. The impersonator starts a conversation and then asks the Facebook users for personal information. WTHI reports Bennett knows about the messages. Now aware of the scam he posts a warning on his page. "Someone could put out information that could hurt me politically and hurt you personally, that's the dangerous part of it I think. It's extremely too easy to do this thing and we need to find ways to stop it," adds Mayor Bennett. One way is to check your privacy settings and make sure they are updated. Bennett has contacted Facebook to report the impersonator.

**CITIES: HAMMOND UNION CITES SAFETY IN STANDOFF** - Hammond Firefighters Local 556 President Edward Lomeli understands the irony of the union voting down a three-year contract with the city (*NWI Times*). By rejecting the contract, the firefighters' desire for increased manpower is in fact achieved, including putting a fourth aerial truck back in regular service. However, it comes at the loss of \$650,000 worth of financial incentives firefighters received under the expired contract, as well as a proposed 8 percent bump in pay. On Tuesday, Lomeli shot back at Hammond Mayor Thomas M. McDermott Jr. over how the fruitless contract negotiations played out. "Local 556 overwhelmingly turned down the city's offer knowing we would lose up to \$650,000 in benefits and additional days off spent with our families," he said.

**COUNTIES: VANDERBURGH SEEKS ADDITIONAL MAGISTRATE** - Vanderburgh Circuit Court would gain a second magistrate under legislation local lawmakers will propose in the Indiana General Assembly session that starts Monday (*Evansville Courier & Press*). Vanderburgh County traditionally ranks at the top of the state for its need of judicial officers, Vanderburgh Circuit Court Judge David Kiely said. The aim of the legislation is to increase the Circuit Court's efficiency by allowing the Vanderburgh Circuit Court judge to appoint a second,

full-time magistrate. The Circuit Court, with Kiely and one magistrate, handles an estimated 1,600 major felony cases per year. Additionally, the court handles 700 to 800 civil cases a year, Kiely said. "I thought it was time we start asking because I'm looking at caseloads studies, and in Vanderburgh County if you use this study, we're in need of 22 judicial officers, and we only have 14," Kiely said when looking at both Vanderburgh Circuit and Superior courts. Kiely said with an additional magistrate the court will process cases faster. Magistrates have the same powers as judges with a few exceptions. In civil cases, a judge has to counter sign when a judgment is entered, Kiely said. The state will pay for the bulk of the cost of the new magistrate, but Vanderburgh County would need to pay \$4,000 toward the position's salary, Kiely said. The county's share would be an additional appropriation on top of the Circuit Court's current budget, so it would require the approval of county government officials, Kiely said. If passed, the state would set the timeframe for when the magistrate is hired.

**COUNTIES: BARTHOLOMEW HIGHWAY GARAGE OUTDATED** - While Bartholomew County officials consider options for the aging State Street annex building, the county also should bite off another \$1.5 million in funding to take care of the county highway garage down the street, a county leader said (Columbus Republic). Bartholomew County Commissioners President Carl Lienhoop said that the county garage, opened in 1952, is in dire need of replacement — in bad condition and too old and too cramped for modern equipment. Lienhoop said he would prefer for the county to replace both State Street buildings in one swoop. "It is just a 1950s facility that has just lived its life," Lienhoop said.

**COUNTIES: FORMER CORONER DROPS CASE VS. BRIZZI** - A former client has dropped a legal malpractice case against former Marion County Prosecutor Carl Brizzi (*WTHR-TV*). Former Hancock County coroner Tamara Vangundy filed the lawsuit after Brizzi represented her in an official misconduct case. She claimed Brizzi's advice cost her the chance to ever hold elected office again. Brizzi, who is now in private practice, called the suit "frivolous and unreasonable" several months ago. The parties filed the paperwork to dismiss the case earlier this week. We don't yet know the specifics of that agreement.

**COUNTIES: LaGRANGE PARK EXPANDS DUE TO TRUST** - Funding assistance from the Bicentennial Nature Trust (BNT) has helped the LaGrange County Parks Department buy a 44-acre addition to Dallas Lake Park. The Indiana Heritage Trust and the LaGrange County Community Foundation also contributed to the purchase (*Fort Wayne Journal Gazette*). The addition represents a nearly 50 percent expansion of the 96-acre park on the south side of Dallas Lake near Wolcottville. The new property contains the southern portion of the "Pond Lil" wetland that is home to several rare and endangered species. The LaGrange County Parks Department will own and manage the property, while the DNR holds a conservation easement ensuring public access and permanent protection. "The wetland observation deck at Pond Lil has been a community favorite for many years," said Micheal Metz, LaGrange County Parks Director. "We are excited to protect the remainder of the wetland, and grateful to the Bicentennial Nature Trust, without whom this acquisition would not have been possible."