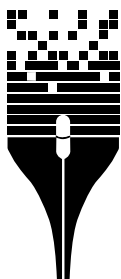


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“QUOTE” OF THE WEEK

“This is a huge new exposure of Americans. At this point, I would have thought there would have been a more comprehensive plan.”

- U.S. Sen. Richard Lugar, on the Bush administration’s handling of Iraq, on ABC’s *This Week*

‘Ominous’ Iraq puts Bush on brink

Lugar, Bayh worry about uprising

By **BRIAN A. HOWEY** in Indianapolis

With seven words -- “The scope of the activity is ominous” -- Senate Foreign Relations Chairman Richard Lugar succinctly summed up the the mood of the nation Wednesday as 1,100 more Hoosier guardsmen prepared to activate for war duty.

Lugar’s quote on WTHR-TV came during a week many of us suspected might happen at some point in Iraq. With rebellions from different Islamic groups and holdouts from Saddam’s regime merging into a sweeping conflagration, the stakes couldn’t be higher for President Bush, whose bold presidency teeters at the tipping point. That this factionalized country, with hundreds of thousands of genocidal henchmen and assassins still loose, is burning isn’t forming the vital question. But the key political question is: How long will this last?

If it’s two or three weeks of heavy casualties followed by a return to reconstruction, and coming this early in the year, President Bush would probably be in a position to survive politically. But with the death toll now at 631 (including 25 Hoosiers), a continuation measured in months, not weeks, could set up the most volatile presidential election sequence since 1968.

The news on Thursday was not promising. The *New York Times* reported that an official in the occupation authority said Wednesday that allied and Iraqi security forces had lost control of the key southern cities of Najaf and Kufa to the Shiite militia, conceding that months of effort to win over the population with civil projects and promises of jobs have failed with segments of the population. “Six months of

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RICE SAYS 911 ATTACKS COULD NOT HAVE BEEN PREVENTED: National security adviser Condoleezza Rice testified Thursday "there was no silver bullet that could have prevented" the worst terror strike in the nation's history, adding that the United States "simply was not on a war footing" at the time of the attacks of Sept. 11, 2001 (Washington Post). "For more than 20 years, the terrorist threat gathered, and America's response across several administrations of both parties was insufficient," Rice told the commission delving into the attacks that killed more than 3,000, destroyed the twin World Trade Center towers in New York and blasted a hole in the Pentagon. In widely anticipated testimony, Rice offered no apology for the failure to prevent the attacks - as did former anti-terrorism adviser Richard Clarke two weeks ago. Instead, she said, "as an officer of government on duty that day, I will never forget the sorrow and the anger I felt."

INDIANAPOLIS GI KILLED IN IRAQ: Pfc. Deryk L. Hallal died Monday in Iraq, less than two months after leaving home. The 24-year-old North Central High School graduate was among more than a dozen Marines killed in recent days and was the

work is completely gone," the official said. "There is nothing to show for it." He cited reports that government buildings, police stations, civil defense garrisons and other installations built up by the Americans had been overrun and then stripped bare of files, furnishings and even toilet fixtures. But intelligence officials now say that there is evidence that the insurgency goes beyond Sadr and his militia, and that a much larger number of Shiites have turned against the American-led occupation of Iraq."

The *Wall Street Journal* reported, "Fierce fighting in the Iraq cities of Fallujah and Ramadi has forced the Marines to abandon a strategy of using only highly targeted raids and instead turn to the heavy weapons and large-scale assaults they had hoped to avoid."

The *Christian Science Monitor* reported that "U.S. officials warned for months that violence could rise in the weeks before the planned June 30 turnover of sovereignty to an interim Iraqi government, as rival sectarian and political groups angled for power and extremists tried to disturb the installation of functioning institutions. But what is sweeping over Iraq is different from anything the U.S. had anticipated, experts say, both in intensity and in terms of who is doing the fighting -- which increasingly appears to be a possible unifying of radical Sunnis and dispossessed Shiite factions."

The bad news prompted U.S. Sen. Evan Bayh to say Wednesday on NBC's *Today Show*, "I'm by nature an optimist," adding that "there was a certain naivete" by the Bush administration "about rebuilding Iraqi society." He added, "It's in our best interest to stay the course. It's a test of our perseverance. It's important to be candid with the American people. We're going to have more tragic days like yesterday." As for the June 30 date to turn over power to someone in Iraq, Bayh said, "I think we need to have a conversation about that. We don't want

to appear vacillating or weak. But we need to be successful."

Lugar's comments on ABC's *This Week*, in which he said he was "haunted" by the turn of events, were even more troubling. "They're at a point in which clearly they can't control the situation," he said (*Reuters*). "You have the militia that has not been disarmed, and if in fact the worst situation comes, the militia begin to fight each other, that is, civil war."

Lugar said security is in shambles in some cities, and Iraqi police forces are not prepared to take over (*Associated Press*). "The real issue is June 30, how we are going to make that transition," Lugar said. He said the administration has not told his committee its plans for an ambassador, who the 3,000 embassy staff will be, and how they and the embassy will be protected. "This is a huge new exposure of Americans," Lugar said. "At this point, I would have thought there would have been a more comprehensive plan."

A spate of polls early this week reveal the brinksmanship that President Bush finds himself in. A Pew Research Center poll of 790 adults, conducted April 1-4 (+/- 4%), shows 43% approve of the way George W. Bush is handling his job as President, 47% disapprove, 10% don't know; 39% approve of the way Bush is handling the economy, 53% disapprove, 8% don't know; 40% approve of the way Bush is handling the situation in Iraq, 53% disapprove, 7% don't know; 29% approve of the way Bush is handling energy policy, 48% disapprove, 23% don't know; 53% approve of the way Bush is handling terrorist threats, 38% disapprove, 9% don't know.

A Zogby International poll of 1,035 likely voters, conducted April 1-4 (+/- 3.1%) had Bush leading Kerry 45.5 to 45.3 percent. A Rasmussen Reports poll of 1,500 likely voters nationwide, conducted April 1-3 (+/- 3%) using an automated polling system, shows 47% would vote for John Kerry; 44% would vote for Bush.

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Lugar hearings could be problematic for Bush

By MARK SCHOEFF JR.

WASHINGTON - As capital denizens focus with laser-like intensity on today's testimony by Bush administration National Security Adviser Condoleezza Rice before the Sept. 11 Commission, former Indiana Democratic Reps. Lee Hamilton and Tim Roemer will be back in the spotlight as they help deliver the questioning. But President Bush's leadership on national security is more likely to be seared in a set of hearings that will be conducted later this month by a Hoosier Republican.

Sen. Richard Lugar, chairman of the Senate Foreign Relations Committee, is scheduling three days of hearings during the week of April 19 that will center on administration plans for the handover of power in Iraq on June 30. Lugar injected new vigor into the Iraq discourse on Sunday by saying on ABC's *This Week* program that the deadline may have to be pushed back in the wake of an insurgent uprising led by a radical Baghdad cleric that has left more than two dozen U.S. troops and nearly 200 Iraqis dead. He also criticized the administration for not having a clear plan on how to make the governing transition in Iraq. Bush responded on Monday by saying the June 30 deadline is firm.

The political stakes surrounding Iraq are much higher for Bush than the outcome of the Sept. 11 commission investigation. Even the administration's severest 9/11 critic, former counterterrorism chief Richard Clarke, essentially defined a narrow difference between the Clinton and Bush administrations. He said that the former made fighting terrorism an "urgent" priority while the latter relegated it to an "important" matter. A recent Gallup poll shows that a strong majority of Americans say that the Bush administration could not have been expected to prevent the 9/11 terrorist attacks.

Iraq might be a different matter. The decision to invade the country last year was Bush's alone -- and the aftermath is his problem, too. A Pew Research Center Poll conducted from April 1-April 4 indicates that 40 percent approve of the way Bush is handling Iraq. How the United States fares in Iraq may be of increasing concern to the typical voter.

"Over the last few days, the big story is Iraq," said Lugar spokesman Andy Fisher. "If you talk to people in Fort Wayne, they're tuned into Iraq."

In his hearings, Lugar will explore how the administration plans to increase security in Iraq, establish new political structures, set up a massive U.S. embassy and pay for continuing U.S. troop presence. With his typical urgent equanimity, Lugar said on Monday's *Newshour with Jim Lehrer*: "...[W]e do need a road map of our own, that is the Congress, the American people, to follow what kind of sacrifice, what kind of money, extra troops if that is required, or whatever, so that we are successful," he said. "The purpose of the conversation of (Democratic Sen.) Joe Biden (Senate Foreign Relations Committee ranking member) and Dick Lugar on these issues is that we have been stalwarts in a bipartisan way for the president throughout this entire period of time. We want success, the president wants success. We're going to have to begin to pull together and talk to each other, and the American people need to hear that conversation."

The administration should heed Lugar's call and keep him as an ally. "He's been heard. And his irritation at not being listened to is very clear," said Richard Murphy, former U.S. ambassador to Saudi Arabia and Syria who is now a senior fellow at the Council on Foreign Relations. "The administration doesn't need a severe critic as the chairman of the Senate Foreign Relations Committee."



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second Hoosier to die in Iraq this week (Indianapolis Star). Pam Hallal, 43, and her husband, Jeff, 46, were told of their son's death at their Far-Northside home on Tuesday. They said their son was glad to be in Iraq and wanted to give hope to Iraqis. "He believed so strongly in the freedoms of America," Jeff Hallal said. "When someone signs up in the times we've had since 9/11, you can't deny that that philosophic feeling is there." Including Hallal, 25 men with Indiana ties have died in the Middle East since the build-up to war began last year.

33 FRAUD COUNTS FILED AGAINST FOUR FSSA EMPLOYEES: A former manager at the Indiana Family and Social Services Administration and three others face criminal charges in a scheme to defraud the state of about \$455,000 in job-training money, a prosecutor said Wednesday. A grand jury indicted Matthew Raibley, the former director of an FSSA welfare-to-work training program, on 10 counts, including bribery, theft and obstruction of justice, Marion County Prosecutor Carl Brizzi said (Associated Press). Raibley, 41, worked with three men who operated a company named Tower LLC, Brizzi said. The company claimed to offer training programs at

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no cost to businesses. The state paid Tower for the work even though he did not provide any training between March 2002 and August 2003, Brizzi said. Raibley authorized Tower to contact businesses about the training offer and approved the vouchers turned into FSSA, Brizzi said. The state could be out nearly \$1 million because it also must repay the federal government the amount wrongly distributed because of the scheme, Brizzi said. Raibley's defense attorney, James Voyles, declined to comment. Three men involved with Tower were also indicted on charges that included corrupt business influence, theft, identity deception and forgery. They were Kevin Hightower, 40, William Gutierrez, 37, and Luis Terrazas, 34. A total of 33 counts have been brought against the four men, and Brizzi said he expected more indictments next week, including possibly more charges against Raibley.

LUGAR CRITICAL OF UN FOOD PROGRAM:

Kickbacks and bribery in the U.N. food and medicine program during Saddam Hussein's reign undercut the agency's credibility and could harm its ability to help Iraq govern itself when the United States hands over power June 30, Sen. Richard Lugar, R-Ind., said Wednesday (Sylvia Smith,

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2004 Racing Form

Indiana 2004 Gubernatorial

Governor 2004: Republican: Mitch Daniels, Eric Miller. **Democrat:** Gov. Joe Kernan. **1996 Results:** O'Bannon (D) 1,075,342, Goldsmith (R) 997,505, Dillon (L) 35,261. **2000 Results:** O'Bannon (D) 1,230,345, McIntosh (R) 906,492, Horning (L) 38,686. **2004 Forecast:** Scandal re-entered the governor's race with the first indictments of FSSA employees issued by Marion County Prosecutor Carl Brizzi on Wednesday. "This is just one scheme that cost taxpayers a million dollars and there is more to come," Brizzi said (*Associated Press*). "We have to be vigilant; we have to do a better job of oversight to make sure that these things don't happen again." Kernan's second TV ad features two of Kernan's fellow POWs -- Lynn Guenther, of Hood River, Ore., and Tony Marshall, of Apple Valley, Calif. Guenther chokes up as he recounts the parting from his cellmate when they were freed. "We parted with, 'There will be better days to come.' And there are," Guenther states in the ad. "There are great days to come." Kernan, a Navy veteran, was serving as navigator when his plane, an RA-5C, was shot down on May 7, 1972. He was held in Hanoi until March 1973 (*Indianapolis Star*). Bernie Toon, Kernan's campaign manager, said that Vietnam War experience is relevant as Kernan seeks his first election to the office he assumed after the death of Gov. Frank O'Bannon. Toon explained, "Life experience builds leaders. As one of the defining experiences in Joe Kernan's life, his military service and time spent as a prisoner of war have formed his approach to leadership, how he approaches governing, and how he approaches dealing with challenges. Because of this event, he has a great appreciation for the responsibilities we have to each other, and also approaches challenges with a positive, upbeat attitude that Hoosiers expect in someone who must lead through both good and challenging times. It is important that Indiana voters know more about this time in the governor's life, and this ad serves to inform Hoosiers about his military experience and how it influences his outlook on the bright future of our state." Miller dropped a mailer titled "Real Family Values." On the flip side, the mailer reads: "Defender of Marriage: Eric continues to lead the effort in Indiana to defend marriage as the union of one man and one woman." Other categories read, "Pro-Life: Eric has helped lead the pro-life battle at the Statehouse for over 20 years to protect the lives of the elderly, disabled and the unborn." Another says, "Protector of Churches: Eric was victorious in protecting churches and charities from being taxed in Indiana by guiding legislation through the Indiana General Assembly after a two-year battle." Miller was instrumental in blocking the addition of sexual orientation to hate crime and anti-discrimination laws; he also helped stop the idea of taxing churches and non-profits (Niki Kelly, *Fort Wayne Journal Gazette*). "He's our Rush Limbaugh to tackle issues like that," said Rep. David Wolkins. "When he does his homework and gets the people involved he's a winner. He has quite an extensive organization. When he tells them something they spring into action. That's why I think a lot of people are taking him for granted. He can put thousands at a certain place on any given day." Miller said the Advance America network includes 42,000 families, 1,500 businesses and 3,800 churches. Miller extrapolates those to reach the 500,000 number, for instance assuming that each family has three members and each church has 100 members. "All those people have known for years where I stand on issues involving families, jobs, taxes and education. They know the individual who stood up for them at the Statehouse for years and now they know I'm running for governor," he said. U.S. Sen. Richard Lugar made a rare Republican primary endorsement, taping a TV ad currently in rotation for Daniels. Big-money contributors are fueling the race for governor with checks that in some cases are several times what the typical Hoosier family earns in a year. The checks, for as much as \$250,000, could propel the race to record spending levels. (Mary Beth Schneider and Matthew Tully, *Indianapolis Star*). But donors such as Michael Leep Sr. say they simply want to back the candidate who can best improve Indiana. And those candidates won't have much of a chance if they don't have the money to reach the voters. "Money doesn't talk. Money

HORSE RACE

screams," said Leep, a Mishawaka auto dealer who has given his longtime friend, Democratic Gov. Joe Kernan, \$40,050 since 2001. In need of large sums of cash, the candidates are turning to people such as: Tennessee venture capitalist Bob Compton, who handed Republican Mitch Daniels \$100,000 on June 13; Carmel resident Bren Simon, who has given Kernan's campaign more than \$285,000, including \$250,000 on Dec. 31; Mahlon Miller, the Nappanee RV dealer who has given Republican Eric Miller (no relation) \$570,000 since 2001. Daniels made a case for daylight-saving time, noting that 47 states and 70 countries changed their clocks Saturday night. "Tonight, Indiana falls out of step with the rest of the world again. Indiana's antiquated system continues to divide the state from the world and among ourselves. Observing daylight - saving time is not a complete answer to our economic problems, but it is part of a broader strategy to attract new businesses and get more people working in Indiana. It's really time to move forward." Daniels has proposed putting as much of the state as possible on one time zone and moving to daylight-saving time. **Republican Primary Status:** *Likely Daniels*; **General Status:** *Tossup*.

Indiana 2004 Congressional

Congressional District 2: Republican: U.S. Rep. Chris Chocola, Tony Zirkle.

Democrat: Joe Donnelly. **Geography:** South Bend, Michigan City, Mishawaka, Elkhart, Kokomo, Plymouth, Logansport; LaPorte, St. Joseph, Starke, Marshall, Pulaski, Fulton, Cass, Carroll and parts of Howard, Porter, Elkhart and White counties. **Media Market:** South Bend-Elkhart, Indianapolis, Lafayette, Chicago. **People:** Urban/rural 73/27%; median income\$40,381; Poverty 9.5%; Race 84% white, 8% black; 5 Hispanic; Blue/white collar: 34/50%. **2000 Presidential:** Bush 53%, Gore 44%; **Cook Partisan Voting Index:** R+5; **2002 Result:** Chocola 95,081 (50%), Long Thompson 86,253 (46%); **2004 Money:** Donnelly said Monday that the 2005 federal budget resolution is "irresponsible" and "will have us swimming in red ink for years to come" (James Wensits, *South Bend Tribune*). "Chris Chocola has jeopardized Social Security, passed even more debts on to our children and ignored the promises we have made to our veterans and soldiers," Donnelly said. **Status:** *Leans Chocola*.

Indiana 2004 Legislative

Senate District 2: Republican: Open. **Democrat:** State Sen. Sam Smith Jr., Mario Montelongo, Joe L. White. **2000 Results:** Smith (D) 27,151. **2004 Forecast:** Sen. Smith will avoid prison and a felony conviction following a plea agreement Tuesday in Indianapolis (Carole Carlson, *Post-Tribune*). Smith pleaded guilty to one count of failing to pay sales tax. He'll get to keep his Senate seat since he avoided a felony conviction, unless voters decide otherwise in next month's primary election. Under terms of the plea agreement, Smith's offense was reduced to a Class A misdemeanor, according to Roger Rayl of the Marion County prosecutor's office. Smith, 46, declined to talk with reporters after the sentencing. Marion County Superior Court Judge Mark Stoner sentenced Smith to a one-year suspended sentence and placed him on non-reporting probation for a year. Last year, Marion County Prosecutor Carl Brizzi insisted that Smith resign his office as part of the plea agreement. Smith refused to step down. Smith was charged with seven felonies for his failure to file a state income tax return in 2000, including two counts of theft of sales tax, two counts of perjury and two counts of failure to remit sales tax from his business, Divinity Funeral Home in East Chicago. Rayl said Smith has paid back \$15,000 in sales tax and penalties from the funeral home business. "We're satisfied with the outcome," said Rayl. "We think it's a good resolution." **Primary Status:** *Leans Smith*

Senate District 36: Republican: Sen. Larry Borst, Johnson County Council President Brent Waltz. **Democrat:** Terry Rice. **2000 Primary Results:** Borst 7,513. **2000 General Results:** Borst (R) 24,621, Reno (D) 12,120, Williamson (L) 1,026. **2004 Forecast:** If there is any doubt as to how hard Borst is being pressed, consider that former Indiana GOP Chairman

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Fort Wayne Journal Gazette). "If the United Nations cannot be trusted to run a humanitarian program, its other activities - including peacekeeping, arms inspection regimes or development projects - may be called into question," he said during a hearing he called to quiz Bush administration officials about the Oil for Food Program. The United Nations was responsible for the program that allowed Iraq to sell oil but required it to deposit the money - \$67 billion over five years - in a U.N.-designated bank account. Contracts for food, medicine and other humanitarian supplies were paid out of the account. John Negroponte, the U.S. ambassador to the United Nations, said Saddam negotiated the contracts and picked the suppliers, a situation ripe for cheating.

HOUSE REPUBLICANS 'LIVID' WITH CHAMBER: Republican House sources tell HPR that many members of the caucus are "livid" that the Indiana Chamber endorsed Kenneth Eitel Jr., over State Rep. Andy Thomas in the HD44 Republican primary. One caucus member noted that Thomas supported Chamber positions "80 percent of the time."

FBI INVESTIGATING SCHNEIDER: The FBI is investigating the financial

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dealings of former Lawrence mayor Thomas D. Schneider, a Republican who lost his bid for a fifth term in November (Indianapolis Star). The inquiry involves a no-bid contract to transfer operation of the city's water and sewer utilities to a private operator, Lawrence Utilities LLC, according to several Lawrence residents who have been interviewed. That deal has aroused controversy, in part, because it has resulted in at least three water rate increases since January 2002. Schneider told The Star in a recent interview that he was aware white-collar crime investigators have been checking his land holdings and those of several former city officials who worked closely with him during his 16 years as mayor. Schneider said he in no way personally profited from agreements he entered into as mayor, including the controversial contract with Lawrence Utilities LLC and work done on the grounds of Fort Harrison. "I'd like to think I'm a little smarter than that," he said.

REP. ADAMS SEEKING COUNTY TREASURER'S OFFICE: It could be viewed as a modern-day David vs. Goliath. This is the scene for the Republican primary in the Kosciusko County treasurer's race in which state Sen. Kent Adams, R-Warsaw, is squaring off

Mike McDaniel and former Gov. Orr aide John Hammond III are now fully engaged in this campaign on Borst's behalf. And on Saturday April 24, members of the Senate caucus will be stumping door-to-door for Borst. We'll be curious to see if Sens. Lubbers, Kenley and Clark show up. In an era where anti-incumbency may be snapping at the heels of politicians, that could be a spectacle. More than one politician are telling the ol' Horse that "voters are in a bad mood" due to the war, gas prices and skyrocketing health care. Borst will be vulnerable on that last one since he was one legislator who heaped on fantastic health care benefits for himself for life. Waltz is going door-to-door in Perry Township, where he has the support of firefighters. His uncle's (Mayor Henderson) ground organization is going door-to-door for him in Greenwood. The first Waltz campaign mailer drops late this week, one of a series the campaign believes will be devastating for Borst on an array of issues ranging from abortion to taxation. The Borst campaign has been waging a war on recalcitrant precinct officials supporting Waltz, many of whom have been threatened with removal. With Indianapolis facing a \$100 million budget deficit, Borst weighed in on a local sales tax, telling the *Indianapolis Star* (which still isn't covering this race), "I don't think the legislature would approve it. Sales tax is such a hit or miss thing." Watch for Waltz to make a big splash in the next two weeks on issues outside the political arena. We believe, and a number of local Republicans are telling us the same thing, that Borst is Indiana's leading candidate for a primary upset. **Primary Status:** *Tossup.*

House District 13: Republican: Open. **Democrat:** State Rep. Chet Dobis, Merrillville Councilman David Uzelac. **2002 Results:** Dobis (D) 8,379, Azcona (R) 3,906. **2004 Forecast:** Dobis told the *Times of Northwest Indiana*, of his primary challenge, "Obviously I haven't had to do this for a while, but I haven't forgotten how. I would like to debate him on the issues." Dobis said he has been actively campaigning in the district since the most recent legislative session ended March 7. Uzelac, 40, a project manager for the Independence Hill Conservancy District, said he decided to challenge Dobis because he believes it is time for change in state government. "We need a new direction in the state assembly. There's been too many problems such as the reassessment issue, which was the most expensive in the history of Lake County and the United States. Lake County residents were robbed without a gun," Uzelac said. Uzelac, who has served on the Town Council since 1998, said he believes voters should hold Dobis responsible for what has been going on downstate, including overspending that has resulted in a \$1.7 billion deficit. "It just seems like there has been so much overspending and not enough fiscal responsibility," he said. **Primary General Status:** *Leans Dobis.*

House District 86: Republican: Andy Miller, Mort Large. **Democrat:** State Rep. David Orentlicher. **2002 Results:** Orentlicher 9,909, Atterholt (R) 9,872. **2004 Forecast:** The Indiana Chamber released poll by Market Research Insight with results showing Miller leading Large, 47-11 percent with 43 percent undecided. "The results of this poll show that your hard-working, going door to door and other voter contact efforts are paying off," wrote the Chamber's Michael Davis. Large explained the situation involving eight homestead credits he had on properties he owns. Large told HPR last Thursday that when the *Indianapolis Star* reported last year that Marion County Prosecutor Carl Brizzi had multiple homestead credits, he contacted the auditor's office to check on his properties. "It triggered something in my mind," Large said. "I wanted to see if I had these credits. If so, I told them to take them off." Large said there were multiple credits in his name. One was on his primary residence. Another was listed in his name "on a house never owned by me." Large said on five properties, there were homestead credits "we never applied for." The eighth property was on a house owned and filed by a business partner of Large. "Once I found out, I immediately rectified the situation," Large said. "I've already recompensated what I owed. I've never experienced any financial benefit." Large was slated by the Marion County Republicans in February. But Miller picked up endorsements by the Indiana Chamber, state Treasurer Tim Berry and House Minority Leader Brian Bosma, mostly over fears that Large could be politically vulnerable should he win the nomination and run against State Rep. David Orentlicher in a district ravaged by skyrocketing property tax rates. **Primary Status:** *LEANS MILLER. General Status:* *Tossup*

- Brian A. Howey ❖

Parallels for Bush, Kernan on economy

By BRIAN A. HOWEY

INDIANAPOLIS - Last Friday, Gov. Joe Kernan traveled up to Warsaw where he helped announce Zimmer Holdings Inc. was making a \$64 million investment, including \$7.5 million from the state, that will create 400 new jobs.

One county away in Kendallville, Lt. Gov. Kathy Davis was announcing the creation of 100 new jobs at Busche Enterprises.

On that same day, the *HPR Daily Wire* was reporting 150 new jobs coming to Cinram in Richmond.

And on that very same day, Indiana Republican Chairman Jim Kittle Jr. issued a press release stating, "In recent weeks, Gov. Kernan has been visiting communities throughout the state touting Indiana's job growth. While most people would agree that every single new job created is good news for Hoosiers, I urge the governor to look at the bigger picture. The fact remains that we are still losing more jobs than we are creating. Now that it's campaign season, the current administration has gotten more aggressive in its job creation efforts. That's understandable. Given Kernan's lackluster record in office when it comes to job growth and economic development, his campaign must divert Hoosiers' attention away from the truth."

Kittle pointed out that in February, Indiana was fourth in the nation in job loss, with 9,600. "We're at the bottom of the barrel, and I think Hoosiers deserve better," Kittle said. "While there's no question the private sector must take some responsibility when it comes to creating jobs, the sad truth is that under Joe Kernan's leadership, Indiana's state government has failed to create an environment that promotes job growth."

The other audible sigh of relief last week came from the White House, where it was announced on Thursday that the "jobless recovery" had finally created 308,000 jobs in March.

On Tuesday in El Dorado, Ark., Bush explained, "The economy is growing. But let me remind you right quick what we have come through, which makes the statement, 'the economy is growing,' even more profound. Just as we started to grow, the enemy hit us. And that hurt. It hurt in a lot of ways. It hurt our economy. We lost nearly a million jobs in the three months after the enemy attack."

Couldn't have Gov. Kernan said the same thing? The same winds on the economy that could push Bush to a second term will also be there to give the pilot Kernan a similar tailwind. In Warsaw, Kernan explained, "As the global economy continues to evolve, we've worked hard to maximize Indiana's position in sectors that are important to future job growth."

But in Marion on Wednesday, the same day Indiana's jobless rate rose from 5.6 percent in January to 5.9 percent in February (*Kokomo Tribune*), Republican gubernatorial candidate Mitch Daniels used the backdrop of Thomson's shuttered plant to unveil a program where communities could prepare sites for potential businesses before they locate to Indiana (Paul McKibben, *Marion Chronicle-Tribune*). Under the plan, communities would obtain necessary environmental reviews, state permits, local building inspections, utility and infrastructure certifications and zoning changes for the companies. The plan would make the sites "shovel ready," Daniels said.

"It's been a terrible failure of our government not to have generated or attracted new jobs to replace those that are going to be lost in our state," Daniels said.

Last Wednesday, Gov. Kernan spoke to the Grant County Economic Growth Council and announced a \$17,560 grant. But Daniels said, "Coming to a place after the damage has been done and sprinkling tax dollars around is a nice gesture, but it's not a strategy." ♦

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against Becky Smith, a veteran of the treasurer's office (Fort Wayne Journal Gazette). Smith, 59, has been the chief deputy treasurer since January 1997. She previously was the deputy treasurer starting in February 1991. Although she might not have the campaign experience Adams does, she does not see herself as an underdog and is confident of victory in the May 4 primary. "I'm proud of the job I've done, and I will continue to work in the treasurer's office when I am elected treasurer," she said. Adams, 67, said he can bring a fresh perspective to the office that could find ways to improve daily operations. "I think that maybe coming from outside that office, I would have a fresh approach and you look for deficiencies that maybe are not seen or people who work in that arena on a daily basis are not aware of," he said.

ERIC MILLER CAMPAIGNS IN MUNCIE: Conservative activist Eric Miller told the Muncie Noon Kiwanis Club Wednesday that Indiana was going in the wrong direction when it comes to jobs and economic growth. "It is a tragedy what happened in Marion and across the state," said Miller, seeking the Republican nomination for governor (Muncie Star Press). "I am the only candidate for governor that would veto any deficit budget and

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would support a state spending cap."

MILLER BEACH RESIDENTS TO SPOUT AT MAYOR KING: Miller residents are fuming over projected increases which prompted Gary Mayor Scott King and Councilwoman Marilyn Krusas, D-1st, to host a public forum about it at 7 tonight (Post-Tribune). "There is no question. People who are on fixed incomes, (the increase) is a tremendous amount of money for them to pay," Krusas, D-1st, said. Krusas says she has questions of her own on how the tax levy for the area was reached and the tax rate determined.

HAMMOND HOMEOWNERS TO GET CASINO FUND RELIEF: Hammond residents will get help paying the tax man this year, as Mayor Thomas McDermott Jr. pledged \$13 million in riverboat gaming revenue Wednesday to offset the high tax bills his aging city is expecting (Times of Northwest Indiana). In addition, the Hammond City Council last year set aside an additional \$2 million for property tax assistance. Every city homeowner who has a homestead deduction will get \$500 from the city, as will homeowners with senior citizen deductions, under a plan McDermott will formally unveil at a news conference today. That means the city's most vulnerable residents -- seniors on a fixed income of less

A woman LG for 'My Man Mitch?'

By **BRIAN A. HOWEY**

A month from now, the biggest parlor game in Indiana will be this: Who will be the Republican gubernatorial nominee?

With Mitch Daniels the heavy favorite to win the Republican nomination (we've yet to see a poll verifying Eric Miller as competitive), we'll start with the premise that it will be Daniels making the choice. Here's our short list, in order of best shot to long shot (see analysis at the end of this story):

State Sen. Becky Skillman: Conventional wisdom has Skillman at the top of the list. She has served in the Senate since 1992 and is assistant majority caucus chair. She is a former Lawrence County recorder and clerk. From Bedford, she would give the ticket southern Indiana geography. She sits on the Senate Finance, Government & Regulator Affairs, and Local Government Committees. She is bright and attractive and would have an active relationship with Senate President Pro Tem Bob Garton, which could be valuable to Daniels in a new era of power realignment.

Cathy Langham: She was the local star of President Bush's 2003 trip to Indianapolis to herald the impact of his tax cuts, speaking at the Langham Transport facility where Cathy Langham is president. She would be an "outside the box" choice we expect Daniels to have a penchant for, a choice similar to what Lt. Gov. Kathy Davis means to Gov. Kernan. In 1988 she purchased Dynamic Air Freight and turned it into one of the fastest growing transport companies. She has management and marketing skills and has been on the front lines of job creation.

Vice Chairman Jean Ann Harcourt: Like Langham, Harcourt runs a company (Harcourt Designs in Milroy) and has created jobs. She brings geographic balance (Rush County), has been a longtime soldier in the GOP and is currently the state vice chair where she is

extremely popular. She is also a former member of the Republican National Committee. Her biggest problem is she's pro choice on abortion and would face resistance from the Millerites.

State Sen. Sue Landske: Elected to the Senate in 1984, Landske's Lake County roots could make her an attractive choice to make inroads into that Democratic bastion now seething with angry property taxpayers and citizens sick of the rampant corruption. She is vice chair of the 1st CD. She sits on the Senate Finance Committee as well as Local Government Financing, two critical areas of expertise in the coming years. She is Roman Catholic.

State Sen. David Ford: He is the declared candidate. Ford has been a prosecutor and general counsel for the Indiana Farm Bureau before being elected to the Senate in 1994. From Hartford City, Ford would bring geographical balance. Like Kernan, he's a Roman Catholic. He serves on key committees -- Education and Judiciary, Natural Resources and Pensions and Labor -- all of which could be of benefit to Daniels as he tackles agricultural, energy and government reform issues.

David McIntosh: The 2000 nominee got out of the race on cue and has vast experience in regulatory issues. He would bring geographic balance (Muncie) and a great team (wife Ruthie) to the mix.

State Sen. Murray Clark: He chairs the Daniels campaign after dropping out of the race. He's a good fundraiser and was on the 2000 ticket with McIntosh. He could be a bold partner for Daniels, being one of the first to make a case for government restructuring. A liability would be that he's from Indianapolis at a time when Daniels would need to ensure an anti-Indianapolis current doesn't take shape.

Eric Miller: His social conservative credentials could be a strength, but then Daniels will need to court independents, women and moderates in the fall

and that would make Miller a liability. If Daniels needs to court the conservative base in the fall, like McIntosh did in the fall of 2000, that means he'll be in big trouble.

Treasurer Tim Berry: From Fort Wayne and already a statewide winner, Berry would bring geographical balance to the ticket.

Auditor Connie Nass: The former mayor of Huntingburg has been elected to statewide office and would bring southern Indiana geography. She has been a harsh critic of the O'Bannon and Kernan administrations over finance issues.

State Sen. Luke Kenley: Like Clark, a former gubernatorial candidate who got out of the race at the right time. He has a background on Senate Finance and Education issues. But if Senate Finance Chairman Larry Borst loses his primary race, Kenley would be in a position to assume that powerful position. And while he's from Noblesville, if Daniels needs help inside the Republican doughnut counties next fall, he'd be in a big trouble.

State Sen. David Long: His deal with Garton in the face of Sen. Clark's leadership challenge a couple of years ago would give Daniels a working relationship via Long in the Senate with a power realignment. He has been out front on the government restructuring issue, seeking to push consolidation of Fort Wayne and Allen County, something we believe Daniels will aggressively pursue. He's a former Fort Wayne city councilman and a member of the Senate since 1996. Long sits on the Corrections, Civil and Criminal Procedures, and Environmental Affairs committees.

State Sen. Teresa Lubbers: A rising star from the Lugar Series who challenged the slate to win her seat in 1992, she once chaired the Senate Education Committee until Garton bounced her for supporting the Clark leadership challenge. She also serves on the Energy and Economic Development committees. She is a big proponent of charter schools. Her husband, Mark, is a key campaign associ-

ate. Her Indianapolis home might be a problem.

Dan Dumezich: The former state representative from Lake County, he is a Chicago tax attorney, a former judge and a former football coach. During his brief career (1999-2002), Dumezich served on the Commerce, Economic Development & Technology, and Judiciary committees.

HPR's Analysis

Daniels' quote from the Dubois County Lincoln Day dinner on March 25 was revealing. "I want the folks in the General Assembly to know ... that the next session isn't going to look like this one, or the last one, or any one they can remember," he said. "Because the governor will not be sitting in his office doing the crossword puzzle waiting to see what they send him. He's going to put a mountain on their desk of things that are overdue, things that are different, things that are decisive and bold."

In that frame of mind, we see a choice like Cathy Langham as one of Daniels signalling a new era and a new way of doing business without bringing along baggage. We believe with Lt. Gov. Kathy Davis on the Democratic ticket and past GOP gender gap problems, Daniels will be compelled to seriously consider a female running mate.

That some of the cadre of senators (Clark, Lubbers and Long, in particular) appear to be on his wave length of reform gives him options. But that could bring clashes with President Garton and Chairman Borst (if he survives the primary). Sen. Skillman would offer perhaps the best legislative bridge during the inevitable power realignment if she buys into Daniels' desire to get a "new crew" throughout the Statehouse. And, save for the abortion issue, Harcourt would bring everything -- geography, party activism, job creation, Lugar ties -- Daniels needs to the ticket. So we see Skillman, Langham and Harcourt as the key group to watch, with Langham the boldest choice of them all. ❖

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than \$25,000 annually -- will receive \$1,000 off their tax bills this year. "We realize this won't solve everyone's problems, but it's a start," McDermott said. "We've had hundreds of people calling City Hall who say they will have to move. The city cannot afford to lose these residents."

LAKE COUNTY SET TO USE CASINO FUNDS FOR TAX RELIEF: Lake County's share of riverboat gambling revenues should go to property tax relief, the Board of Commissioners voted Wednesday (Times of Northwest Indiana). Although it would be up to the Lake County Council to decide how to appropriate riverboat funds, commissioners sparred over who should get the relief. Sticking to a longtime theme, Commissioner Rudy Clay, D-Gary, said the money should be targeted to seniors. Out of some \$135 million collected over the years, "We haven't spent one penny to reduce the property taxes of seniors," he said. Commissioner Frances DuPey, D-Hammond, and Commissioner Gerry Scheub, D-Schererville, who agreed the nearly \$14 million the county gets annually from the riverboats should go to reduce property taxes, both said the relief should be across the board. "You've got people with children you have to take care of as much as your senior citizens," Scheub said. Riverboat funds long have been designated for long-term projects and capital improvements.

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KERNAN HIGHLIGHTS
MINORITY INDUSTRY: Gov. Joe Kernan traveled to Princeton in Gibson County Wednesday to shine the spotlight on a successful minority-owned business that has grown by leaps and bounds in the last several years, and is planning to continue to expand. Millennium Steel Service provides steel ordering, warehousing and just-in-time delivery to nearby Toyota Motor Manufacturing, Indiana, and other automobile manufacturers. The company handles 140 different sizes and grades of steel that are delivered to its warehouse each month, which in turn results in the processing of about 18,000 tons of steel per month by Millennium. "It has been a difficult few years for our steel industry," Kernan said. "However, Millennium has bucked the trend and continually invested in the company and the local community. We appreciate their dedication to Gibson County and are here today to celebrate it. "Indiana has laid the foundation for companies all over the state to grow, just as Millennium has. Through unprecedented investments in job creation and retention efforts, as well as significant changes to our tax system that have made Indiana an even friendlier place to do business, we're poised for success."

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COLUMNISTS ON INDIANA

Dan Stockman & Niki Kelly,

Fort Wayne Journal Gazette - When Gov. Joe Kernan announced a radical new campaign tactic last week -- an amphibious RV that travels on land and sea -- we fell for it. The formal and professional-sounding news release complete with "Kernan-Davis" letterhead went out around lunchtime last Thursday and told of a special recreational vehicle Kernan would start using. "Joe Kernan is about change and this campaign is about change," campaign manager Bernie Toon was quoted as saying. "So we're changing the way he travels around the state. And we're doing it in a much cooler RV than the other guys." Kernan's prime opponent, Republican Mitch Daniels, has been traveling the state in a Hoosier-made RV since last year. The release - while odd - didn't go over the top until the last paragraph, which described the full-size jacuzzi whirlpool and big-screen TV on the vessel. Then it said the vehicle would be readily available for the Indiana National Guard "in case Kentucky invades." At the end, this note, "Just kidding - Happy April Fool's Day." ❖

Lesley Stedman Weidenbener,

Louisville Courier-Journal - To be sure, Kernan received a tremendous amount of positive publicity when O'Bannon died. He received kudos, from both Republicans and Democrats, for the smooth transition to a new administration. Kernan has given a State of the State address and received plenty of publicity for a number of his initiatives, most notably his unsuccessful efforts for statewide expansion of state-funded full-day kindergarten. But despite all that, the Kernan campaign felt a need for the governor's first ad to be the kind you'd expect to see from a challenger. It's an introduction piece. A 30-second expla-

nation of who Joe Kernan is. It starts with his birth (the oldest of nine children), takes viewers through his time in college, experience in the Vietnam War, terms as mayor and ultimately his ascension to the governor's office. Campaign manager Bernie Toon said that's all designed to make sure voters get to know Kernan, in addition to knowing where he stands on issues and how he came to office. "He's building a new team," the governor's ad says. "And like the proven leader he is, bringing people together make the changes that matter." Maybe his future ads will tell voters just which changes those are. ❖

Morton Marcus, *Syndicated* - As I drive and enjoy the beauty of Indiana, I wonder: Are we investing enough today in our land? Are we planting enough hardwood shade trees in our cities for our children and grandchildren? Are we designating spaces in our cities as public gardens where everyone can enjoy nature's diversity? The housing industry in Indiana has been flourishing over the past decade as it has nationwide. Where rain water once fell on corn, soybeans, and alfalfa, it now descends on concrete, asphalt, and roofing materials. The runoff into our streams has increased and those channels have widened, taking down tall trees. As conservatives, Hoosiers are not conservationists. Our focus is on our own property today with little concern for our environmental neighbors in either space or time. We plant our trees and shrubs, make our private gardens bloom for our pleasure now, but spend virtually nothing on public spaces, parks, parkways, gardens, and greenways for future generations. ❖