

Hoosier lawmakers wrap up session with bipartisan action

BY LESLEY STEDMAN WEIDENBENER • LSTEDMAN@COURIER-JOURNAL.COM • MARCH 13, 2010

INDIANAPOLIS — Indiana lawmakers adjourned at 1 a.m. Saturday and headed home after approving compromises on education and unemployment bills that had dogged them in the final weeks of their 2010 session.

The bipartisan legislation will delay \$360 million in tax increases for businesses that had been aimed at shoring up the state's bankrupt unemployment trust fund and give schools more flexibility to spend otherwise dedicated funds on classroom needs.

But the 10 weeks lawmakers spent at the Indiana Statehouse this year were about more than just those two contentious issues.

The Democratic-majority House and Republican-controlled Senate passed a proposed constitutional amendment to limit property tax bills, a measure that will now be eligible for ratification by voters in November's general election.

"I think the property tax caps are a huge accomplishment," said Senate President Pro Tem David Long, R-Fort Wayne. "I think ... we will find that it will help the Indiana economy and we will be very glad in the years to come that we got it done."

Lawmakers passed bills to strengthen legislative ethics rules, strip casino jackpots from gamblers who owe child support, and authorize the use of a public-private partnership with tolls to fund the Ohio River Bridges project.

Rep. Steve Stemler, D-Jeffersonville, said the latter legislation should expedite construction by giving the bi-state bridge authority more options to fund the \$4.1 billion project.

The legislation does not require a public-private partnership or tolls, and the bi-state authority will still be required to have public hearings before moving forward with any deal.

"But this was very important," Stemler said. "It will help us be able to move forward quickly."

Lawmakers debated but did not act on a number of other key issues as well: A statewide smoking ban, township government restructuring, and redistricting reform. Advocates of all those issues vowed to be back next year.

The absence of action was most notable, though, in the area of gambling. Although a legislative

study committee last year advocated land-based casinos and tax changes for horse-track racinos, the proposals never gained momentum.

House Speaker Pat Bauer, D-South Bend, said some lawmakers may not be prepared to act on those changes until competition from planned casinos in Ohio gets closer to reality. Those four casinos — in Cincinnati, Columbus, Toledo and Cleveland — are expected to significantly reduce business at Indiana's gambling operations as well as the tax revenue they pay to the state.

Bauer said the gambling industry hurt itself when the casinos didn't take a unified position on the bill. Each casino company instead advocated a position that best suited their own needs.

"I think that some of the competition among them might have hurt them," Bauer said. "I don't think they were all on the same track."

But it was the education and unemployment issues that kept lawmakers at the Statehouse longer than they'd hoped.

Daniels cut education spending by \$300 million this year, reducing state allocations to schools by about 5 percent per district.

House Bill 1376 — approved unanimously by both chambers early Saturday morning — doesn't eliminate the cut. But it does permit school districts to transfer money from their transportation and capital projects funds — both of which come from property taxes — to use for general operations and salaries.

The amount of the transfers would be limited to 5 percent of each district's capital projects funds, although the money could come from the transportation fund as well. Districts would get another 5 percent if they provide teachers and staff with no raises, other than increases that reflect changing levels of experience or education.

Both parties had argued that the spending flexibility was necessary to help schools deal with funding cuts. But it was Republicans who insisted on some caps on teacher raises, although the GOP's initial proposal was much harsher.

Rep. Terry Goodin, D-Crothersville, said the resulting compromise was not what he would have chosen but should still help some schools.

"We fought as hard as we could for teachers and we came out of here with what we've got," Goodin said. "I would've given schools more flexibility and the opportunity to move some more

funds around because those are local tax dollars that are derived by the school boards who make the decisions whether to levy those tax rates.”

If every school district takes full advantage of the legislation, it could mean an additional \$75 million for school operations, said Dennis Costerison, executive director of the Indiana Association of School Budget Officials. However, he said not every school will likely be in a position to take advantage of the bill.

“It’s going to help a lot of districts and hopefully help them save teacher jobs,” Costerison said. “That’s the key in all of this — to preserve the classroom.”

The education compromise came together late Friday night as lawmakers were also finishing work on the unemployment legislation — the bill that was most frustrating for negotiators.

The debate had become essentially a labor-versus-business discussion. Republicans were pushing for a delay in the unemployment tax increases because they feared that companies would lay off workers if they had to pay the higher costs.

Democrats, meanwhile, were pushing a jobs program, expanded unemployment eligibility and labor-backed proposals to crack down on companies that label their workers as contractors rather than employees to reduce their unemployment tax bills.

In the end, Republicans conceded on more than a dozen of the Democratic ideas and the parties settled on a one-year, rather than a two-year, delay in the tax increases.

“This is one of the most important things we’ve done this session,” said House Minority Leader Brian Bosma, R-Indianapolis. “Certainly, 10,000 jobs are saved with this. That’s what the delay in the **premium** increase will mean.”

Democrats had their own jobs numbers to tout. They said the jobs initiatives — particularly a new employer tax credit and a program to partially subsidize the salaries paid by companies that hire unemployed workers — could create as many as 40,000 jobs statewide.

The resulting unemployment bill passed by a combined House and Senate vote of 135-12.

Rep. Ed Clere, R-New Albany, said he was pleased the session ended with broad, bipartisan votes on the key issues — despite the political rancor that dominated most of the legislative work and particularly the closing days.

“The session mirrored the times,” Clere said. “It was a tough session in tough times. But the bipartisan votes send an important message and it’s frankly what the public wants to see — that we’re working together.”

