

Franklin facing odd tax situation

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Franklin is in an ironic situation: City officials say they want to lower property taxes, but they're suing the state to collect more property tax dollars.

"The whole situation with the taxes just doesn't make sense," Franklin resident Edward James said. "If they don't want to raise taxes, then don't."

City officials say they are asking to collect additional property taxes based on need. Franklin needs more property tax dollars, or new ways to collect revenue, to avoid dipping further into the city's cash reserve.

Franklin filed a lawsuit with the Indiana Tax Court after the state tax commissioner denied the city's request to collect as much as \$2.5 million in additional property taxes and raise the city property tax rate by as much as 33 percent.

The attorney general, who is representing the Department of Local Government Finance, has until March 24 to respond to the city's appeal, city attorney Robert H. Schafstall said. No court hearing is scheduled.

James said he and other property owners do not understand how the city can say it wants to lower property taxes but is fighting so hard to raise them. If the city is so concerned with his pocketbook, why not make more cuts to departments to limit spending, he said.

City officials say they are taking as many steps to save money as

Speaker all but nixes chance for local levy options

By MIKE SMITH
THE ASSOCIATED PRESS

INDIANAPOLIS

House Speaker Brian Bosma said Friday that it was unlikely new tax options for local governments could be worked out in the final days of this legislative session but that he would make local spending and revenue-raising reforms a priority next year.

Gov. Mitch Daniels, Senate Republicans and the Indiana Association of Cities and Towns have all worked on the issue and pitched plans that would give local governments options to reduce their



BOSMA

reliance on property taxes. they can but do not want to reduce police and fire protection, which is a possible outcome if the city does not get additional revenue. In 2005, the city denied fire and police departments' requests to hire more people.

The city has taken other cost-saving steps. Employees now have to pay for insurance instead of getting covered by the city for \$1 a year. Some vacant city positions have been left unfilled, and the mayor has limited the use of city vehicles. The city's budget increased this year only to cover utility expenses and raises.

State lawmakers need to give cities and towns the ability to collect new taxes and use that money to lower property tax rates, Franklin Mayor Brenda

Jones-Matthews said. Property taxes are considered unfair because they collect an increasing amount of money from property owners, regardless of homeowners' ability to pay, she said. Special taxes, such as sales taxes, are more fair because they give people more control over how much tax money they spend, she said.

Franklin resident Donna Kendrick said she would rather the city fight for more property tax money than make cuts to the police, fire and street departments.

She said public safety services already seem too limited, and she does not want them reduced any more than they have been.

At the same time, she sees the irony of the situation.

The Senate recently passed a revised House bill that would allow local governments to raise local option income taxes to offset property tax increases for operating costs or reduce property taxes outright.

House Republicans never warmed to the issue this session, however. Bosma said before the session that his caucus wanted to focus on temporary property tax relief for homeowners this year and tackle major reforms during the long session next year. The adjournment deadline for this short session is March 14.

Questions remained about whether the Senate plan was truly revenue neutral or whether it would allow governments to raise property taxes and alternative taxes so they could exceed current spending caps, Bosma said.

He said he was still optimistic that the House and Senate could negotiate a compromise to provide temporary relief to property taxpayers this year.

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Auto-parts supplier files bankruptcy

By JOHN SEEWER
THE ASSOCIATED PRESS

TOLEDO, Ohio

Auto parts maker Dana Corp. filed for bankruptcy protection for its U.S. operations on Friday, joining a growing list of suppliers forced to make major restructuring moves because of the slumping U.S. auto industry.

Dana, which sells brakes, axles and other parts to most major automakers, has been facing increasing pressure from big car makers to sell them parts at lower prices.

That coupled with rising energy costs that are driving up the costs of raw materials and driving down demand for gas guzzling sport utility vehicles and pickup trucks have put auto parts suppliers in a financial bind.



AP PHOTO

On Friday auto-parts supplier Dana Corp. filed for bankruptcy protection. It has 50 facilities in the United States, including on in Lima, Ohio, shown above.

Auto analysts said Dana's bankruptcy filing will increase the uncertainty engulfing the industry. "Dana's not the first and it won't be the last," Sean Egan, managing director of Egan-Jones Ratings Co.

Financial trouble for auto sup-

pliers will eventually hit new car buyers too, because some suppliers won't have the money to reinvest in new products and help car companies make high-quality vehicles at lower costs, he said.

Dana, with 46,000 workers worldwide, said in January that it lost nearly \$1.3 billion in the third quarter last year while realigning its business.

The company has been in a downward spiral since announcing in the fall that it was restating earnings and lowering its profit forecast for 2005 because of accounting errors.

The Toledo-based company said it filed for Chapter 11 protection so it could fix financial and operational problems.

The filing was entered in the U.S. Bankruptcy Court for the Southern District of New York.

In recognition of Women's History Month, Franklin College Salutes...

Susan (Wohlmuth) Williams
Franklin College Class of 1967
President
Indiana Sports Corporation

Ms. Williams is the president of the Indiana Sports Corporation in Indianapolis. After graduating from Franklin College in 1967, she received her master's degree from Indiana University in 1974.

Ms. Williams has held several prominent positions throughout her professional career. She began her career as a social studies teacher at Brownsburg High School and subsequently joined the staff of Sen. Birch Bayh. She was elected to the Indianapolis-Marion County City-County Council (1985-1999), served as a business administrator at Bingham Summers Welsh & Spilman and was appointed by Gov. O'Bannon as the executive director of the Indiana State Building Commission. She oversaw the financing, design and construction of the Indianapolis State Museum where she later served as interim director.

As a reflection of her dedication to excellence, leadership and service, she has received several awards and honors. She was nominated for *The Indianapolis Star* Woman of the Year Award in 1989-1990, named Influential Woman in Indianapolis in 1997, named *Indianapolis Business Journal* Woman in the Lead in 2002, received a Sagamore of the Wabash in 1995 and selected the Franklin College Alumni of the Year in 2002.

Ms. Williams contributes her time to many community activities. She is currently a member of the Franklin College Board of Trustees, a member of the Board of Directors of the Massachusetts Avenue Community Development Corporation, the Advisory Board of the National Institute of Fitness and Sport and is member of the Indianapolis Historic Preservation Commission.

Looking back on her education at Franklin College, Ms. Williams said, "My career path has led me to diverse leadership opportunities that have been both exciting and rewarding. The liberal arts education that I received at Franklin College built a broad infrastructure that gives me the confidence to take on new challenges."

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Nation's service economy expands faster in February

By ALEXSANDRS ROZENS
THE ASSOCIATED PRESS

NEW YORK

The nation's service sector — a wide range of businesses such as banking, restaurants and insurance — expanded at a faster pace in February than Wall Street economists had expected, a private research group said Friday.

The growth in these service industries is yet another sign the U.S. economy is on firm footing, clears the way for a Federal Reserve interest rate increase later this month and allows the central bank to hike rates in May if it needs to do so.

The Institute for Supply Management said its non-manufacturing index rose to 60.1 in February from 56.8 in January.

Wall Street economists had forecast a reading of 59. The ISM index is based on a survey of business executives.

A reading above 50 indicates

the sector is expanding; below 50 indicates activity is contracting.

The ISM's report suggests "economic activity in the first quarter is pretty robust," said Carl Riccadonna, economist at Deutsche Bank Securities Inc.

"February was better than expected," said Sam Bullard, economist at Wachovia Corp.

"Today's report certainly puts an upward bias to another Fed rate hike in May."

Economists said the strength in the employment component of the ISM's non-manufacturing index and recent declines in requests for unemployment insurance benefits hint at a strong February jobs report.

That February employment report, due Friday, may show the economy added over 200,000 non-farm jobs last month.

Businesses reporting growth in February included mining, insurance, business services and construction companies.

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