

# Plan would end property taxes STATE

## Proposal calls for amendment to state constitution

By MIKE SMITH  
THE ASSOCIATED PRESS

### INDIANAPOLIS

A group of lawmakers is pushing a proposed constitutional amendment to abolish property taxes, saying it would force the General Assembly to eliminate an antiquated and unfair system and then replace it with more equitable taxes.

But Senate Tax Chairman Luke Kenley frowned on the idea Wednesday, saying the plan contains no upfront provisions on how lost revenue to local governments would be replaced in the long term.

The proposal by Republican Sen. Thomas Weatherwax of Logansport and other lawmakers contains a proposed state constitutional amendment that would



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Sen. Mike Young, R-Indianapolis  
On how the legislatures would help local governments find funding if property taxes were abolished

abolish property taxes, which local governments use to pay for such things as public schools, police and fire services.

Amending the state constitution requires a resolution to pass two consecutively elected legislatures and then be approved in a statewide referendum during a general election. That means the quickest route for this proposal to become reality would be to pass the General Assembly this year or next, again in 2009 or 2010 and then win statewide approval in the 2010 November election.

A second prong of the proposal includes a revamped state spending cap, with revenue exceeding it going

into a fund to help a one-year transition away from property taxes and help replace lost property tax revenue for one year after the amendment kicked in. Proponents project the fund would grow to more than \$5 billion within five years.

Net property tax levies were \$5.6 billion this year.

State and local governments would make up lost property tax revenue with other taxes in following years. Weatherwax said he could not estimate how much higher other taxes would have to be to make up the revenue.

But according to a past estimate by the Legislative Services Agency, if the state acted alone, it

would have to increase the 6 percent sales tax rate to 13.4 percent to make up \$5.6 billion in property tax levies. If the individual income tax was used, the rate would have to go from 3.4 percent to 8 percent to make up the revenue.

Weatherwax said he would suggest that the state raise the sales and income tax by 1 percent each if the amendment passed, and consider giving local governments new taxing options to help replace the lost property tax money as well.

He said local governments should be given new taxing authority only after the constitutional amendment had passed to ensure that reliance on property taxes was prohibited.

Sen. Mike Young, R-Indianapolis, said it would force the General Assembly's hand in abolishing what he likened to a renters tax on property.

"I can guarantee you this, if the people of this state pass a constitutional amendment that says there is no property tax, this legislature will find a way to fund government," he said.

## BRIEFS STATE

### INDIANAPOLIS

#### Survivor urges more education on Holocaust

Holocaust survivor Eva Mozes Kor spent part of her childhood at the Auschwitz concentration camp.

She never saw her parents again and became a subject of Nazi doctor Josef Mengele's genetic experiments. She saw

corpses of children who died in filthy conditions. All before age 11.

More than six decades later, students can learn important lessons from the Holocaust, Kor told Indiana lawmakers Wednesday.

She and other supporters are pushing for legislation that would add Holocaust education to U.S. history courses taught in Indiana.

"It would be a wonderful way to help children understand that there is a future after disaster, that there is hope after despair," said Kor.

The House Education Committee unanimously passed the bill, which would not cost the state any money, according to the Legislative Services Agency. The legislation now moves to the full House for consideration.

### INDIANAPOLIS

#### State supreme court stays Timberlake execution

A convicted murderer who argued he should be spared from his death sentence because of his mental illness was granted a stay of execution Wednesday after the state's highest court said it wanted to wait for a U.S. Supreme Court ruling in a similar case.

Norman Timberlake, 59, had



KOR



TIMBERLAKE

been scheduled to die Friday by lethal injection for the 1993 slaying of a state trooper.

The Indiana Supreme Court said Timberlake's case could be affected by the Texas case of Scott Louis Panetti, convicted of killing his estranged wife's parents in 1992. Panetti's attorneys have said he has suffered from severe mental illness for 25 years.

The U.S. Supreme Court's ruling on Panetti's case, expected this summer, could change the standard for executing mentally ill patients by offering a new interpretation of the Eighth Amendment, which bans cruel and unusual punishment.

Timberlake's attorneys have argued that he should not die because he is insane and therefore does not qualify for the death penalty.

### INDIANAPOLIS

#### Advocates ponder speed of state health plans

Gov. Mitch Daniels' plan to provide health-care insurance to those now without it will take as long as a decade to sign up every-one eligible, his human services chief told lawmakers Wednesday.

Two Indiana House committees, on public health and insurance, met to hear details of Daniels' plan from Secretary Mitch Roob of the Family and Social Services Administration and to take testimony from lobbyists and advocates for employers, doctors, the uninsured and others.

The Republican governor's plan calls for covering at least 120,000 low-income adults by hiking cigarette taxes by at least 25 cents per pack. It is one of six or more proposals being considered by the Democrat-controlled House as it wrestles with how to provide insurance to the estimated 850,000 Indiana residents who now lack it.

Roob said even if the governor's plan were to win passage from the House and then the Senate, it likely would take seven to 10 years to enroll everyone who was eligible.

# Tax breaks for small business advance

By ANDREW TAYLOR  
THE ASSOCIATED PRESS

### WASHINGTON

Tax breaks aimed at easing the burden of a minimum-wage increase on small businesses sailed through the Senate's tax-writing committee Wednesday.

The unanimous voice vote by the Senate Finance Committee paves the way for the full Senate to consider boosting the minimum wage to \$7.25 over the next two years. The wage plan is next in line for



HOYER

debate after the Senate wraps up work on an ethics and lobbying overhaul.

But the committee's action drew protests from the House's No. 2 Democrat, who said it would complicate and delay passage of the minimum-wage increase. The House passed its version without any tax breaks for the small businesses, which typically employ the greatest number of minimum-wage workers.

The House also is guarding its right under the Constitution to initiate tax bills and says procedural gridlock might ensue if the Senate goes first.

"Minimum-wage earners have already waited nine years and four months for a raise. Congress

should not make them wait any longer," said House Majority Leader Steny Hoyer, D-Md.

The tax provisions would help restaurants, retailers and other businesses that hire welfare and food stamp recipients as well as ex-convicts, the disabled and others who might have difficulty landing a job.

The popularity of the wage increase meant easy approval of a narrowly written bill through the Democratic-run House. The bill would raise the wage in three steps, starting with an increase from \$5.15 to \$5.85 per hour.

In the notoriously balky Senate, however, Democratic leaders have opted to add the \$8 billion in tax relief. That would help ease

passage by avoiding a fight with business lobbyists and the possibility of a filibuster by minority Republicans.

"A minimum wage hike would likely not pass the Senate without small business tax relief," said Iowa Sen. Charles Grassley, the top Republican on the Senate Finance Committee.

All told, the Senate measure would provide about \$8 billion in tax incentives for small business by extending the ability of small businesses to defray the cost of equipment purchases.

It would allow restaurant and store owners, who typically hire many minimum wage workers, accelerated tax benefits on improvements to their facilities.

# Free textbooks pass first hurdle; cost raises concern

By DEANNA MARTIN  
THE ASSOCIATED PRESS

### INDIANAPOLIS

Parents would no longer have to pay textbook rental fees for their school-age children under legislation passed by a House committee Wednesday, but the bill carries a hefty price tag that some predict could eventually stall the proposal.

Education in Indiana is not free because of textbook fees, said bill sponsor Rep. Phil Hoy, D-Evansville.

Most parents pay textbook rental fees of \$95 or more for each student each school year. Families with incomes low enough to qualify their children for free or reduced-price lunch programs can receive assistance.

The bill, which passed the House Education Committee 7-5, would require the state to pay school corporations \$95 per student to cover the cost of textbooks. To cover the cost for every student, not just needy ones, the state would have to pay an extra \$75 million a year, according to the Legislative Services Agency.

Frank Bush, executive director of the Indiana School Boards Association, said the proposal's price tag could increase to \$120 million or more as textbook rise.

"I don't see how the state has the dollars to fund this," said Rep. Tom Dermody, R-LaPorte, who voted against the proposal.

Other education proposals could be a higher priority.

Gov. Mitch Daniels wants to phase in optional full-day kindergarten over three years, starting with the state's neediest children next year. That proposal would cost about \$145 million over the next two-year budget cycle. Daniels has also proposed 3 percent increases in funding for school operating costs in each of the next two years, which would cost about \$254 million over the biennium.

Some education advocates told lawmakers Wednesday that free textbooks would help students and struggling families who do not qualify for free and reduced-price lunches. But most of those advocates also said they would rather the state fund other education initiatives first before tackling textbooks.

# House passes bill that would cut student loan interest rates

By JIM KUHNHENN  
THE ASSOCIATED PRESS

### WASHINGTON

The House overwhelmingly approved a bill Wednesday that would cut the interest rate on many student loans in half.

The legislation would lower the rate from 6.8 percent to 3.4 percent in stages over five years for need-based loans.

The vote was 356-71. The proposal would cost nearly \$8 billion and affect nearly 5.5 million students who get the subsidized loans each year.

In passing the bill, Democrats were making good on a campaign pledge, though the measure was scaled back. Initially, the Democrats didn't say it would be limited to need-based, or subsidized student loans. On Wednesday, they conceded they would have to return to the issue to make college more affordable for more people.

The Democrats pushed the interest rate legislation through without amendments, eager to check off one more accomplishment in their "100-hours" list of early legislative goals.

The Bush administration opposes the bill, and Senate Democrats plan to bring up a more comprehensive measure that could complicate prospects for final passage.

The House version aims to reduce the bill's \$6 billion cost by reducing the government's guaranteed return to lenders who make student loans, cutting back the amount the government pays for defaulted loans and requiring banks to pay more in fees.

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