

## **TAX MATTERS**

**MAY 21, 2009, Issue #09-20, by Bernard Ridens, Executive Director  
Taxpayers Association of Vigo County, Inc.**

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- 1. THE OTHER SIDE OF LAST WEEK'S UNEMPLOYMENT INSURANCE REPORT**
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### **REVIEW OF PAST TAX MATTERS**

**MAY 14, 2009 (#09-19)**

- **CITY PARKS MASTER PLAN**
  - On Wednesday, May 27, the Terre Haute Parks and Recreation Department will take a final vote on their master plan for 2009-2013. It is available on the city parks web site at <http://www.terrehaute.in.gov/departments/parks/parks-and-recreation-master-plan-2009-2013>.
- **GOVERNOR DANIELS' SIGNING OF THE LARGEST BUSINESS TAX IN STATE'S HISTORY WILL COST INDIANA JOBS**
  - Indiana Manufacturers' Association's view on Governor Daniels' unemployment insurance bill

**MAY 7, 2009 (#09-18)**

- **HOW TO FIGHT PROPERTY TAXES**
  - The National Taxpayers Union released a guide named "How to Fight Property Taxes: A Homeowner's Guide to Appealing an Unfair Property Tax Assessment."
- **SPECIAL VOLUNTEERS WANTED**
  - The Taxpayers web site is planning on going public July 1<sup>st</sup>. Prior to doing so, we would like a few people to test the site and let us know what does and does not work.

**APRIL 30, 2009 (#09-17)**

- **ANOTHER REVERSE AUCTION**
  - The Board of Public Works and Safety was asked to approve specifications for the purchase of three F-150 trucks (or equivalent), two F-350 pickup trucks (or equivalent) and one F-750 pickup truck (or equivalent) for wastewater utility purposes. The auction would take place May 14.
- **UCLA REPORT ON NO CHILD LEFT BEHIND**
  - A new report from the Civil Rights Project at UCLA finds that some of the basic assumptions of the federal No Child Left Behind Act (NCLB) are not working and may well be making things worse.
- **GOOD, BETTER, BEST – NEVER LET IT REST**
  - The TA Annual Meeting held last week at Idle Creek Banquet Center was the best attended over the past five years.

The Taxpayers Association is a not-for-profit organization supported by membership dues. Any citizen or group of citizens in Vigo County may be a member.

## **1. THE OTHER SIDE OF LAST WEEK'S UNEMPLOYMENT INSURANCE REPORT**

Last week we ran a story relating to HB 1379, the unemployment insurance bill. The article was a reprint of an article appearing in the Indiana Manufacturers Association Daily Update. This week we are running an article sent by the Indiana Senate Majority Caucus through e-mail. This article is titled "15 Things Critics Didn't Want You To Know," and it presents a totally different view than that presented last week.

This article includes a discussion of the 15 facts "critics apparently didn't want you to know about our efforts to make unemployment insurance work for all Hoosiers – small-business owners, industry leaders and their employees."

For the other side of the story, read on:

### **15 Things Critics Didn't Want You To Know**

**About Indiana's New Law Making Unemployment Insurance Work -  
For Hoosier Small Businesses, Industries and Their Employees**

**A message from:**

**Sen. David Long (R-Fort Wayne), Senate President Pro Tempore  
Sen. Brandt Hershman (R-Wheatfield), Senate Tax and Fiscal Policy Chair  
Sen. Luke Kenley (R-Noblesville), Senate Appropriations Chair  
Sen. Dennis Kruse (R-Auburn), Senate Pensions and Labor Chair**

Indiana legislators entered this session facing a crisis in our state's unemployment insurance fund. For many years, premiums paid by businesses have failed to keep pace with benefits paid to jobless Hoosiers, even when unemployment rates were at historic lows. On top of this structural imbalance, experts estimated hundreds of millions of dollars annually in waste, fraud and abuse of the system only exacerbated the problem.

Indiana's bankrupt fund is now borrowing more than \$7 million every day from the federal government. While the \$800 million loan balance from the federal government is temporarily interest-free, it is estimated Indiana's unemployment insurance borrowing may top \$1 billion by year's end - almost as much as the state has in emergency reserve funds. Indiana lawmakers had to take decisive action to reform the system and restore its fiscal integrity.

In response, the General Assembly approved - and now Gov. Mitch Daniels has signed - a bipartisan plan which puts the fund on a path to solvency, preserves worker benefits, addresses unfair premiums paid by tens of thousands of employers, gives employers new protections and appeal rights, and reforms the system to reduce waste, fraud and abuse.

Our Indiana compromise struck between the more liberal-leaning, pro-labor House of Representatives and our more conservative, pro-business Indiana Senate balances almost dollar-for-dollar the needs of workers and concerns of businesses. This reform-minded compromise has earned the support of a variety of employers, labor and pro-business advocacy groups. The National Federation of Independent Businesses, which represents the vast majority of small businesses in Indiana, has strongly endorsed many of the provisions of the new UI bill for their balance and fairness to the small-business owners across the state. Similarly, the Indiana Restaurant Association noted that "Legislators listened to small business."

Yet critics remain. And not surprisingly, many of the negative comments are being leveled by the same interest groups who years ago helped to carefully craft the system that is now bankrupt. Missing from their one-sided onslaught are these 15 facts critics apparently didn't want you to know about our efforts to make unemployment insurance work for all Hoosiers - small-business owners, industry leaders and their employees:

**1. Indiana Faced a Federal Government Takeover:** Some opponents of the bill - many of whom are benefiting financially from the current UI system - wanted legislators to delay a comprehensive solution to its insolvency. But if state lawmakers did not act quickly and thoughtfully this session, Indiana faced a forced-fix by the Obama Administration. A Washington takeover would have resulted in premium increases of up to 800 percent on all Indiana businesses - even those who never tap the fund. What's more, federal control could have actually loosened further standards already in our Indiana system and provided no reforms to clean up waste, fraud and abuse.

**2. Small Businesses Were Unfairly Forced to Subsidize Big Businesses:** For years, employees laid off or furloughed by some of the state's big businesses have been able to take advantage of the fund far in excess of what their employers ever paid in premiums, while Indiana's small businesses - whose owners would rather forego a paycheck themselves than lay off workers - footed the bill. Some businesses even factored in UI benefits in collective bargaining agreements, knowing that their planned annual furloughs would allow employees to draw more out of the UI fund in just one week than the company paid in premiums the entire year. These furloughs often lasted for several weeks, each and every year.

**3. Some Big Businesses Wanted "The Little Guy" to Bail Them Out:** It wasn't enough to have their scheduled layoffs and massive furloughs subsidized by Indiana's small businesses, some big businesses this year demanded their unemployment claims be bailed out by the little guy - Hoosier workers. Some groups actually lobbied legislators during the worst national economic calamity since the Great Depression for a new tax on workers to help make up the fund's shortfall. Lawmakers on both sides of the aisle considered a worker tax unpalatable and pointed out that only one other state - Alaska - requires regular employee contributions to their unemployment insurance funds.

**4. \$1.2 Billion House Price Tag Was Reduced 75 Percent by Senate:** An alternative plan proposed by the Democrat-controlled House would have doubled premiums on tens of thousands of Hoosier employers, even though evidence showed these employers never used the fund. Not only would this plan have unfairly plundered the pockets of small, hometown Hoosier businesses, it would have resulted in a more than \$1.2 billion annual tax increase on Indiana's business community and contained far fewer reforms to the system than the just-passed plan that big users of the fund are now disparaging.

**5. Reforms Save Employers Dollar-For-Dollar:** Indiana's solution, HEA 1379, does not put the responsibility of replenishing the fund solely on the shoulders of businesses, but balances it nearly dollar-for-dollar with \$302 million in cost-saving reforms to the system and with about \$315 million in new premiums for 2010. In their April 20, 2009, Legislative Agenda Update, the Indiana Chamber of Commerce called many of these reforms "necessary changes," and noted they supported the plan in part, but opposed it in part because it did not contain the previously mentioned worker tax. More recently, they said it's "no solution at all." These were inconsistent and inaccurate characterizations of the plan.

**6. Real Job Searches Will Be Required For The First Time:** Common-sense, cost-saving reforms to the system in the new plan include requiring Hoosiers out of work to actually "apply" for jobs, not just "look" for jobs as current law provides - a change that will save an estimated \$12 million annually. Further, workers will be penalized if they refuse to accept suitable work. To help out-of-work Hoosiers retool their skill sets, HEA 1379 also creates the Hoosier Workers Training Program, allowing workers to take advantage of state-offered retraining programs.

**7. Worker Misconduct Will Be Intolerable, Actionable:** Workers fired and found guilty of poor attendance, working under the influence of alcohol or stealing from their employers will no longer be able to claim benefits, eliminating an estimated \$20 million in waste each year.

**8. Compliance Center Will Police \$160 Million in Fraudulent Claims:** A recent federal audit found that some workers were defrauding Indiana's UI system at a rate of nearly five times the national average and further exacerbating the fund's bleeding by up to \$160 million each year. New cost-cutting reforms include the creation of a compliance center tasked with closely monitoring, preventing and stopping fraudulent claims.

**9. Indiana Will Discard Deck Stacked Against Employers:** Reforms to the claims adjudication process

would give employers the best, fairest shake at the table in disputing errant unemployment claims by former employees. Historically, these decisions have been so skewed in workers' favor, many employers -especially those already paying the highest premiums - found little point to dispute even the most fraudulent of claims. New training and review of administrative law judges will allow Indiana to discard the deck previously stacked against employers wanting to fight errant claims.

**10. Plan Considers Recession, Slows Premium Schedule:** Just as lawmakers recognized that a new tax on workers was indefensible given the national economic climate, they also recognized the need to slowly introduce any premium increases. Consequently, Senate Republicans kept in mind the recession employers are facing and spread the new rates over almost three years - saving businesses about \$100 million in 2010 premiums. What's more, there will be no premium increases in 2009.

**11. Surcharges Were Avoided, Lower Wage Base Was Used:** Senate Republicans fought for and were able to win key concessions for all of Indiana's employers, including removing an additional \$50-million 10-percent flat surcharge on all businesses in 2009 and lowering the taxable wage base from a House-proposed \$10,000 to \$9,500 - considerably lower than the national average of \$14,418.

**12. Unemployment Insurance Should, Will Work Like Other Insurance:** Indiana's Unemployment Insurance system is just that - an insurance system. Just as high-risk drivers pay higher premiums for their auto insurance than motorists who rarely have accidents, businesses with histories of large layoffs should - and now will - rightfully pay higher premiums than those that never lay off workers or make claims.

**13. 45,000 Employers Will See Premium Decreases:** Because Indiana's unemployment insurance will be operated in the future like other insurance programs, close to 45,000 Hoosier employers who have never tapped the fund may actually see slight decreases in premiums.

**14. New Reduced-Rate Option Raises Funds, Promotes Steady Jobs:** Indiana's just-passed bipartisan UI reform plan allows employers to take advantage of a first-ever buy-down option to lower their premiums. The plan gives employers a 2.5 for 1 bonus credit for every dollar they pay in to reduce their debit balance, potentially generating between \$75 million to \$100 million in new revenues to jump-start the fund's solvency. It will also give employers paying top premiums due to high claims the motivation to avoid future layoffs and provide Hoosiers a more predictable job market.

**15. Users' and Abusers' Premiums Stay Competitive in Midwest:** Those who use the fund more - and consequently oppose some of our reforms - will see increases, but only to levels that will maintain Indiana's economic competitiveness with other states. Even businesses that draw down Indiana's UI fund balance the most by laying off the most workers will still pay lower premiums than the Midwest average. In neighboring states with bankrupt jobless funds, very few businesses - if any - will see similar competitive premium adjustments as businesses in Indiana will under the new plan. Already, many of these states have merely hiked up rates on businesses without initiating the sweeping reforms contained in Indiana's plan.

Despite critics' claims that HEA 1379 "doesn't solve the problem," conservative estimates anticipate the plan will structurally balance the fund by 2012, begin building a surplus while repaying the federal government shortly thereafter and creating new on-going oversight to prevent future problems with Indiana's unemployment insurance fund.

Gov. Mitch Daniels has repeatedly stated to Senate Republican leadership that the administration's research revealed the unemployment insurance fix just passed will have no negative impact upon Indiana's high national pro-business ranking. We are proud of the partnership we have forged with Gov. Daniels to achieve the supportive business environment that our state enjoys today.

Senate leadership wanted you to know another side of the story on Indiana's new unemployment insurance law. We remain steadfastly committed to the principles of less government, low state taxes and a positive climate for entrepreneurship, growth and job creation.

Source: Indiana Senate Majority Caucus

## 2. WASTE TREATMENT BID RESULTS

Last Thursday, May 14<sup>th</sup>, the Board of Public Works and Safety used a reverse auction service to conduct bids on three wastewater utility pickup trucks. The auction was 1 hour and 32 minutes long. The following are tables that demonstrate how many bids were made and how the reverse auction led to lower and lower bids. The winning bids will be awarded at the Public Works and Safety meeting this Tuesday.

### Ford F350 XLT Pickup Truck #1 (or equivalent)

**Cost for one (1) Ford F350 XLT #1 Pickup Truck (or equivalent) per specs.**

Rank	Bidder	Initial Bid	Final Bid	# of Bids
1	Bloomington Ford, Inc.	\$42,765.00	\$36,165.00	16
2	Lake Shore Ford Mercury Toyota	\$39,980.00	\$36,262.00	6
3	Clinton Ford-Mercury Sales, Inc.	\$36,763.00	\$36,263.00	6

### Ford F350 XLT Pickup Truck #2 (or equivalent)

**Cost for one (1) Ford F350 XLT #2 Pickup Truck (or equivalent) per specs.**

Rank	Bidder	Initial Bid	Final Bid	# of Bids
1	Bloomington Ford, Inc.	\$43,565.00	\$36,565.00	14
2	Clinton Ford-Mercury Sales, Inc.	\$37,173.00	\$36,573.00	7
3	Lake Shore Ford Mercury Toyota	\$41,129.00	\$36,963.00	7

### Ford F750 Pickup Truck (or equivalent)

**Cost for one (1) Ford F750 Pickup Truck (or equivalent) per specs.**

Rank	Bidder	Initial Bid	Final Bid	# of Bids
1	Bloomington Ford, Inc.	\$120,097.00	\$98,655.00	80
2	Curry Supply Co.	\$110,000.00	\$98,700.00	40
3	Utility-Peterbilt of Indianapolis	\$115,000.00	\$104,625.41	22

## 3. NEIGHBORHOOD PARTNERSHIP CITY REPORTS

Every month, the Terre Haute Neighborhood Partnership (THNP) Steering Committee meets at the old Crawford School. Several neighborhoods in Terre Haute are represented at these meetings. There is also representation from our city government. Pat Martin, the City Planner; and Darrell Zeck, the Director of Public Affairs attended the meeting held April 28, 2009. The following is the city government report as recorded in the minutes by THNP Secretary Marie Pontius:

### City Government Report:

Pat Martin reported:

- Land acquisition continues for the Margaret Avenue project. Bids for the construction contract are scheduled to open in October or November.
- Brown Boulevard is looking at a July bid opening with construction starting in September. Two lanes will be added to Brown. Bridges over Lost Creek at Brown Boulevard and Maple Avenue are under construction. These are the first two bridges built in the city in over 50 years.

- The Twigg Rest Area on the Heritage Trail is under construction. An extension of the National Road Heritage Trail from the rest area to Chamberlain Road will open next Wednesday (May 6)
- The trail from Deming to Dobbs Parks will open for bid in August. Poplar Street will not have to be closed during construction.
- The extension of Blakley Ave. from Wabash to Fruitridge near the Marine Reserve post will open for bid in September or October.
- The Collett Park trail is still under construction. It should be completed by July for a 2 ½ mile addition to the trail.
- The interchange at US 41 and I-70 should be finished by September of this year.

Darrel Zeck reported:

- Construction on city sidewalks will start soon. There will be \$800,000 - \$1,000,000 worth of construction on sidewalks this summer.
- The Citywide Cleanup will be this weekend (May 2) starting at 8:00 am at Chauncey Rose Middle School. The school will be open for access to restrooms. The city is concentrating on three major areas of The Avenues into Twelve Points from 9:00 until noon. They are expecting several hundred people including volunteers from Wal-Mart and church groups. Marie Pontius added that Colleen Chestnut has coordinated efforts for a Farrington's Grove neighborhood-wide cleanup the same day. She added that Republic Services will be contributing dumpsters again as they have for the past several years.
- Keep Terre Haute Beautiful now has an executive director, Esther Anderson, who will present the Mayor with certification from Keep America Beautiful. The affiliation with KAB provides grant opportunities for funding cleanup efforts. Two grant applications have been submitted.
- Neighborhood Stabilization grant funds. The city is still waiting to hear from the State. Darrel has no idea when we might get notice. Funding has been delayed at the federal level. It has been the same with the federal highway projects. The money is not coming down fast. One example is the "shovel ready" projects. Projects had to be absolutely ready to go in order to apply for this money, but the feds are still dragging their feet. Terre Haute could've had more projects "shovel ready" if we had known it would take this long.
- Annetta Sweatt said she hoped we could have a "Neighborhood Awards Dinner" like downtown Terre Haute had (for the architectural awards). Peter Sacopulos was inspiring.
- Dave Thomas asked what happened to the kids who were caught burning down the covered bridge in Deming Park? Neither Pat nor Darrel knew.
- The graffiti in the Voorhees skate park is terrible. Darrel said he was so angry, he recommended closing the skate park the next day. Unfortunately, the vandalism was probably not done by the kids who use the park. The city uses a chemical that costs \$300 per

gallon to remove the graffiti, so it is a costly crime. Even the TREES sculpture at Memorial Stadium has been hit.

#### 4. PUBLIC MEETINGS

The purpose of this calendar is to encourage taxpayers to attend public meetings. Taxpaying persons working at your business or living in your neighborhood should be encouraged to attend a meeting of their choice at least once per year. The date and time for the meetings listed below are always subject to change. Organizations that are underlined have a web page that can be accessed by clicking on their respective hyperlinks. The contact person is also listed. You should call the appropriate office and confirm the date and time if you plan to attend.

<b>Date</b>	<b>Time</b>	<b>Public Meeting</b>	<b>Location</b>	<b>Contact Info</b>
Tue. May 26	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. May 26	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – 1 <sup>st</sup> Floor	Robin 232-4767
Tue. May 26	4:30 pm	<u>County Council</u>	County Annex	Auditor 462-3361
Wed. May 27	4:00 pm	<u>County Park Board</u>	County Annex	Julia 462-3391
Wed. May 27	4:30 pm	<u>City Park Board – Business Meeting</u>	Deming Park	Eddie 232-2727
Wed. May 27	5:30 pm	<u>Information Technology Advisory Board</u>	City Hall – 1 <sup>st</sup> Floor	Brad 244-2316
Wed. May 27	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524
Mon. Jun. 1	4:00 pm	<u>Vigo County Drainage Board</u>	County Annex	David 898-2685
Mon. Jun. 1	4:30 pm	<b>Animal Control Board</b>	City Hall – 1 <sup>st</sup> Floor	
Mon. Jun. 1	6:30 pm	<b>Riley Town Board</b>	Riley Town Hall	Wanda 894-2410
Tue. Jun. 2	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Jun. 2	10:00 am	<u>City Board of Sanitary Commissioners</u>	City Hall – 3 <sup>rd</sup> Floor	Sally 235-5458
Tue. Jun. 2	4:30 pm	<b>Honey Creek Conservancy District</b>	3241 S. 3 <sup>rd</sup> Place	Craig 232-4311
Wed. Jun. 3	9:00 am	<u>City Board of Zoning Appeals</u>	City Hall – 1 <sup>st</sup> Floor Conf. Room	Judy 462-3367
Wed. Jun. 3	7:00 pm	<u>County Area Planning Commission</u>	County Annex	Vickie 462-3354
Thur. Jun. 4	7:00 pm	<u>City Council – Sunshine Meeting</u>	City Hall – Courtroom	Michelle 232-3375
Mon. Jun. 8	2:00 pm	<u>Board of Public Works and Safety</u>	City Hall – 1 <sup>st</sup> Floor	Robin 232-4767
Mon. Jun. 8	6:00 pm	<b>West Terre Haute Town Board</b>	500 W. Nat'l, WTH	Melody 533-2034
Tue. Jun. 9	9:00 am	<u>County Commissioners</u>	County Annex	Judy 462-3367
Tue. Jun. 9	4:15 pm	<u>Vigo County Redevelopment Commission</u>	County Annex	Amanda 234-2524
Tue. Jun. 9	7:00 pm	<b>Seelyville Town Board</b>	Seelyville Water Office	Tamara 877-2665
Wed. Jun. 10	10:00 am	<u>County Board of Zoning Appeals</u>	County Annex	Judy 462-3367
Wed. Jun. 10	4:30 pm	<u>City Park Board – General Meeting</u>	Deming Park	Eddie 232-2727
Wed. Jun. 10	7:00 pm	<u>Airport Authority</u>	Airport	Kara 877-2524
Thur. Jun. 11	2:00 pm	<u>Board of Public Works and Safety – Reverse Auction</u>	City Hall – 1 <sup>st</sup> Floor	Robin 232-4767
Thur. Jun. 11	7:00 pm	<u>City Council – Regular Meeting</u>	City Hall – Courtroom	Michelle 232-3375

## 5. SOME FOOD FOR THOUGHT

*Never put both feet in your mouth at the same time,  
Because then you won't have a leg to stand on.*

**END**

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