



Indiana Manufacturers Association

Indiana's Leading Voice for Industry

Press Release

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The Election and Indiana's Economy

What We Know and What We Don't Yet Know

By Patrick J. Kiely, President, Indiana Manufacturers Association
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To start with—we know the elections are behind us. Nationally, it couldn't have been a better day for President Bush and the Republicans. In Indiana, it was a victory for Republicans at the top of the ticket, sweeping all four races; and for Democrats, it was somewhat of a good day by keeping control of the House of Representatives.

It appears that with no changes in recounts, the House will be 51D-49R with Representative Patrick Bauer of South Bend the new Speaker of the House. Representative Bauer brings with him years of legislative experience, as well as years of fiscal experience as Ways and Means Committee Chairman, that he will need to tap in order to survive a very difficult session with a razor-thin majority.

We know that Indiana's economy is bottoming out and not progressing as forecasted. Every day that passes before a recovery takes place magnifies the state's economic and financial woes. Although the legislature, in the special session, raised more than \$600 million in projected new revenue in each of the next three years, it appears this will only cover roughly half the deficit. With forecasted revenue trending negatively, the state could face another \$700 to \$800 million problem per year.

We know this is a budget session. Indiana operates on a biennial budget, and this session the legislature will determine spending priorities through June, 2005. This budget will set the tone for the 2004 elections but, more importantly, set the state's direction deep into the decade.

We know education will be the major area of the budget that will receive the most attention. The debate in the K-12 arena will be about adequate resources to implement new standards, curriculum,

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textbooks, testing and remediation. In higher education, the discussions will focus on affordability, access, accountability and direction.

We know that we will implement a new reassessment system in 2003. With the elections over, we will begin to compile property tax information from hundreds of governmental entities to determine, for the first time, the real effects of the new assessment rules. The outcome will have an impact on every voter and business in Indiana and could be as important a political issue in the session as the budget.

We know starting January, 2003 that several positive tax changes will occur for manufacturers. We hope to build on the successes of this year and start an economic development effort to renew Indiana.

What we don't know is – will the governor, who is in the last two years of his political career, have a clear vision and plan to emphasize the importance of economic growth and what will it mean to all Hoosiers. The administration is showing signs of understanding, but what is still lacking is a needed realignment of institutional thinking.

Economic expansion cannot occur if businesses are not able to get the necessary regulatory approvals in a rational and expedited process. Economic expansion cannot occur without the necessary resources to promote Indiana. Economic expansion cannot occur if the legislature sends the wrong messages by adding new business mandates and taxes.

This session of the general assembly will be as important to Indiana's future as the session that ended just a few short months ago. It's literally the second half and the game is on the line!