



Indiana Manufacturers Association
Indiana's Leading Voice for Industry

MEDIA RELEASE

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Indiana Manufacturers Association Calls Tax Restructuring Plan " Good Starting Point," Cautions About Impact on Jobs

Indianapolis – In response to the tax restructuring plan released today by Lt. Governor Joe Kernan on behalf of the O'Bannon Administration, IMA President Pat Kiely stated: "There is only one measurement IMA will use to judge any tax restructuring plan – its impact on the retention and creation of good-paying jobs in Indiana. If it creates jobs, we will support it. If it causes job losses in Indiana, IMA will oppose!"

Mr. Kiely continued by stating that "there is no question that Indiana needs to move aggressively toward a new tax system. Our current system is antiquated, unfair and a disincentive for economic growth. There is also no question that something dramatic needs to be done about the impacts of reassessment. Without legislative intervention, some homeowners and all industrial taxpayers will find their costs of property ownership in Indiana skyrocketing. But let's not lose sight of the basics. We need good-paying manufacturing jobs in Indiana, and that is what needs to drive this debate."

"Lt. Governor Kernan has stepped up to the plate on the tax issue. He has supplied a good starting point for discussion. We applaud him for that. The IMA staff will be working closely with our membership to judge the job impact of the administration's proposal. We are willing to support the Kernan plan if our members tell us they can continue to supply good-paying jobs to Hoosiers under that plan."

Indiana is the most manufacturing-dependent state in the nation. Indiana's manufacturers, however, are in recession with over 37,000 jobs lost. Moreover, factors including international pricing issues, interstate competition

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and the lack of an Indiana economic development strategy has caused a weakening of Indiana's manufacturing base. At the same time, the tax cost of doing business in Indiana for manufacturers will significantly increase under the current reassessment plan unless legislation is passed.

"One of the great myths of reassessment is that manufacturers will be receiving a tax break. That is not true. The manufacturers' tax expense is normally 30 percent real property and 70 percent personal property. Unless changes are made, the personal property tax regulation now being promulgated will as much as double the personal property tax cost of some Indiana manufacturers. This regulation is set to go into effect in 2002. Indiana's manufacturers can't wait until 2003 for a solution," Kiely concluded.