



Indiana State Representative

District 60



Dear Friends,
The short session of the Indiana General Assembly started on January 7th and is in full swing. Four hundred thirty bills were introduced in the House and 533 in the Senate. Two bills have already dominated our discussions: restructuring our tax system, House Bill 1003, and balancing our budget, House Bill 1004.

The Ways and Means Committee, of which I am a member, held seven hearings around the state on these two bills, with two additional hearings in Indianapolis. By the time you receive this mailing, the bills will have been changed with amendments and received some type of action in the House.

The proposed 21st Century Tax Plan was developed following bipartisan discussions led by Lt. Governor Joe Kernan with assistance from tax experts from across the state. I have included in this newsletter some of the details of the proposed plan.

There has been discussion in Indiana for several years about the need to restructure our tax system. The Indiana Tax Court ordered that we change how we conduct reassessment, and it has been predicted that those changes could cause property taxes to rise an average of 33%. Many Hoosiers have been calling for a decreased dependence on property taxes and this is our opportunity to accomplish that. At the same time we must improve Indiana's ability to attract new and better jobs to the state. A recent Fort Wayne *Journal-Gazette* Editorial stated it well, "There are many ways for lawmakers to reduce the tax burden on homeowners, but most Hoosiers realize there's not much reason to own a home here if there aren't good jobs, good schools and healthy communities to go with it."

As you know, the national recession has severely affected our state income, thus affecting our ability to pay our state bills. It is projected that at the end of this two-year budget, we will have a \$1.3 billion budget deficit. Forty-three other states also have lower revenues than expected. The Governor has cut expenses throughout state government, but action needs to be taken by the General Assembly to balance the budget. HB1004 offers ways to make more cuts and provide more revenue, including increased taxes on tobacco and casinos. If you have specific suggestions about state spending, please let me hear from you. Also, if you would like more information on HB 1003 and HB 1004, please let me know.

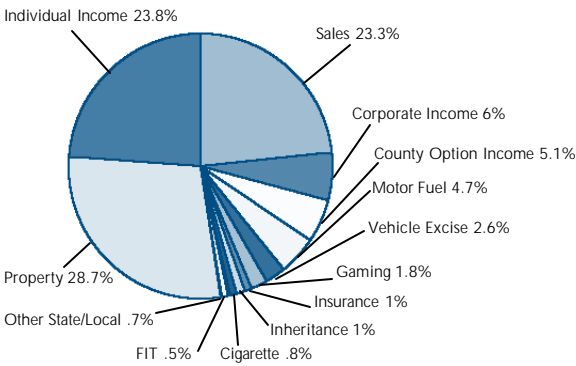
Proposed 21st Century Tax Plan

Comparison of Current Structure and 21st Century Tax Plan		
Revenues Reduced or Eliminated		
Elements of Plan	Current Structure	21st Century Tax Plan
Homestead Credit	10%	Raise to 15%
Corporate Gross Income Tax*	.3-1.2%	Eliminate
Rsrch & Dvlpmnt Income Tax Credit	5%	Raise to 20%; no apprt.
Inventory Tax	Yes	Eliminate (through credit)
Pers. Prop. Investment Tax Credit	No	Yes
Dependent Child Exemption	\$1,500	\$2,000
Renter's Deduction	\$2,000	\$3,000
School Gen. Fund Levy**	—	Reduce by 50%
Family and Children Fund Levy**	—	Eliminate
Hospital Care for Indigent**	—	Eliminate
Trial Court Levy**	—	Eliminate
Pension Relief Fund (police, fire)**	—	Additional \$30m
Earned Income Tax Credit	Income < \$12,000	Income < \$18,000

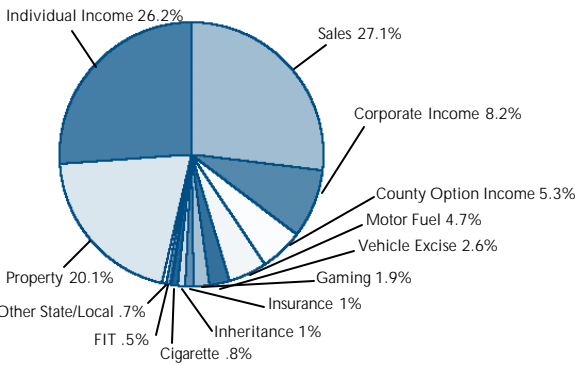
*Corporate Gross Tax is eliminated and the Corporate Adjusted Gross Income Tax and the Corporate Supplemental Net Income Tax are combined into a single income tax at 8.5%, .75% above the current rate. **Related to Property Tax.

Comparison of Current Structure and 21st Century Tax Plan		
Revenues Raised		
Elements of Plan	Current Structure	21st Century Tax Plan
Sales Tax	5%	6%
Income Tax	3.4% (flat rate)	3.9% income < \$90,000 4.4% income > \$90,000
Business Franchise Tax	No	Yes
Property Tax Replacement Credit	20% of specific levies	Restructure

Indiana State and Local Taxes, 2000



21st Century Tax Plan, IN Taxes 2004



“Where did the surplus go?”

“Where did the surplus go?”
I am frequently asked that by people in the 60th House District. It's a fair question, because it wasn't so long ago that Indiana's treasury was flush and the question for lawmakers was not so much whether we were going to cut taxes, but which taxes we would cut.

Most of the surplus went back to you, in the form of tax cuts enacted by Republicans and Democrats during the past few legislative sessions. I have outlined those tax cuts in the space to the right.

Take a moment to look at the list. Those tax cuts provide benefits for just about every group of Hoosiers, young and elderly.

On top of these cuts came the economic slow-down which gripped Indiana over the past 15 months. During the 2001 fiscal year, our rate of growth fell from 4.5 to 2.7 percent, a drop in our economy that has had a harsh impact on general fund revenues in our state budget.

As a legislator, I frequently hear from people who worry that we didn't provide enough funding for roads, education, home health care and prisons, among countless other programs. Now we have new concerns: emergency management and homeland security. Before September 11, I doubt that many of us paid much attention to those issues, but they will demand our consideration in the years ahead.

Within the framework in which we operate, I believe the Legislature has done a good job of balancing the need to fund critical state programs and return a portion of any surplus to the Indiana taxpayers who helped to create it. I am comfortable with the decisions that returned much of the surplus back to you, and I will do everything in my power to continue to make the kinds of decisions that ensure our state government runs efficiently.

Since 1996, legislators have worked to cut more than \$1.5 billion in taxes

•Increasing the Homestead Credit	\$381,000,000
•Personal Property/Inventory Tax Cut	\$323,000,000
•Welfare off of local Property Tax Rolls	\$ 68,000,000
•Property Tax Deduction	\$111,000,000
•Dependent Child Exemption	\$232,000,000
•Low Income Tax Credit	\$ 63,000,000
•Inheritance Tax Cut	\$ 59,000,000
•Renter's Reduction	\$ 22,000,000
•Repeal of State Add-back Requirement	\$174,000,000
•Income Tax Cut for Seniors	\$ 18,000,000
•Unemployment Tax Cut	\$108,000,000

Additional Funding Returned to Hoosiers

•Reduction in unfunded liability in the retired teacher pension program	\$300,000,000
•Additional funding for local roads and streets, divided among counties, cities, towns	\$300,000,000
•Cost of living adjustment in the teacher's retirement fund	\$172,200,000

Representative
Peggy Welch
200 West Washington Street
Indianapolis, IN 46204-2786



CONTACT
Representative
Peggy Welch

RESIDENCE
2802 Saint Remy Cr.
Bloomington, IN 47401
(812) 323-7978

OFFICE
200 W. Washington Street
Indianapolis, IN 46204-2786
1-800-382-9842

ONLINE
H60@in.gov
www.in.gov/R60

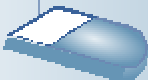
Stay informed with
online legislative updates

There are several ways to stay in touch with the Statehouse during session. A good place to begin is at www.in.gov, our state Web site.

You can track the progress of particular bills as they make their way through the legislative process, and stay informed of any public hearings that you may want to attend. You should also be able to find answers to questions about a particular agency or state office online.

I encourage you to visit my Web site at www.in.gov/R60. I'll post news about the bills that I'm working on and other items of interest to our district. You may also request several House publications which are available through my office.

Feel free to call my legislative office at 1-800-382-9842. I hope that you will make an effort to contact me during this session and throughout the year as we work to improve our state.



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Telephone Privacy List
It's not too late to register



You may still register to have your name included on the Telephone Privacy List. Those who sign up before February 20, 2002 will appear on the second quarterly list which becomes effective in April. If you have already registered, there's no need to re-register.

If you haven't signed up yet, you may call toll free, 1-888-834-9969, or register online at www.in.gov/attorneygeneral.

The Telephone Privacy list is designed to prevent most telephone solicitors from contacting you. If you wish to file a consumer complaint regarding an alleged violation of the Privacy List, you may either download the complaint form from the Attorney General's Website (www.in.gov/attorneygeneral), or call (812) 355-5915 to have the form mailed to you. The Attorney General's office must have a written and signed complaint form to begin an investigation of any violations.

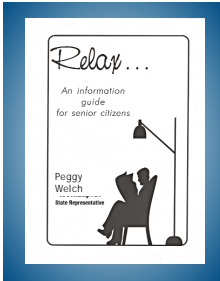
House Publications
Available from
Representative Welch

The following publications may be requested free of charge from my Statehouse office by calling 1-800-382-9842.

Women's Health — Answers to your questions about breast cancer, osteoporosis, pregnancy and other important issues are provided in this booklet.

Relax . . . — This informational booklet for senior citizens discusses a variety of issues, from taxes to health problems to leisure activities.

Guide to State Agencies — This booklet details various agencies within Indiana state government, listing phone numbers, functions and general areas of responsibility for each of the state agencies.



Keep in touch



At left, Rep. Welch attending a hearing with the Ways and Means Committee. At right, Rep. Welch with Legislative Assistant Katie Coyle.

Throughout this session I'll be working to stay in touch with you as I represent our district in the Statehouse. Many of the meetings that I attend are open to the public, and I would be glad to speak with you regarding the issues of the day.

You may also keep informed of current activities by visiting my Website (www.in.gov/R60), sending an e-mail (H60@in.gov) or calling my office, 1-800-382-9842.

When you call, you may speak with my Legislative Assistant, Katie Coyle. Katie is a recent graduate of DePauw University where she studied History and Political Science. If I am unavailable Katie will be able to reach me for you or direct you to another contact or agency.