

Goodbye, Greenhouse Gases; Hello, FutureGen?

The top principle in the Indiana Chamber's call for the development of state and national energy policies is using a diversified fuel mix, including clean coal technologies. The federal government has released plans for the ultimate in clean coal.

FutureGen involves the building of an experimental coal power plant, within the next 10 years, that would emit no carbon dioxide. The hope is that this leads to development of numerous such plants that emit no greenhouse gases.

Somewhat similar to coal gasification plants (Wabash River Energy was featured in the March/April 2002 *BizVoice*), FutureGen would go to the next level by extracting nonpolluting hydrogen to generate electricity or power fuel cells. Carbon dioxide would be pumped deep into the earth to avoid buildup in the atmosphere.

It's hard to argue against the undertaking, which capitalizes on the country's most plentiful fossil fuel. Still, debate over who will shoulder the plan's \$1 billion cost and other questions about its viability are fueling discussion.

Jerry Weeden, Northern Indiana Public Service Company

vice president of generation, anticipates that the predictions for the project's length and cost are too conservative.

"No one is an expert at FutureGen. From what I've read, the promoters of FutureGen would seem to be a bit optimistic when looking at their estimates for cost, schedule and performance for a new technology," he says.

The United States will work on FutureGen with international partners and private companies. Governments will be responsible for an estimated 80% of the costs. Concerned that the U.S. might eventually choose to support other projects with the money intended for FutureGen, some companies are hesitant to offer financial backing.

How can FutureGen's success best be measured?

According to Weeden, it is too early to determine its viability. "In the end, what will be the cost of the end product and how will it affect the competitive position of the end user? With that aside, I believe we must continue to find ways to use our coal resources in ways that balance the environmental concerns and the economic impacts."

Resource: Jerry Weeden at jbweeden@nisource.com

Missouri Legislator Goes High Tech

The office of Missouri state Rep. Rob Schaaf barely resembles those of his fellow lawmakers. Paper is difficult to find.

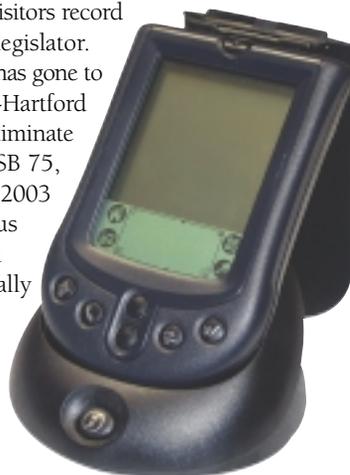
Filing cabinets and the traditional Rolodex are absent, replaced by computer files and a personal digital assistant. The freshman lawmaker does nearly all of his work by computer.

A legislative assistant, who leads a video production company in his real job, converts every document Rep. Schaaf receives to an electronic version, scanning business card information, meeting notices and other papers.

Rep. Schaaf finds that his virtual office saves time, conserves paper and leads to greater cost savings: "There is too much work to do to get it all done, so we had to figure out a way to be more efficient, and we are more efficient this way."

While technology is sometimes criticized for removing the personal element of communication, the representative finds that the electronic route makes him more accessible, strengthening his relationship with constituents. Visitors record messages on videodisc for the legislator.

While no Indiana legislator has gone to that extent, Sen. David Ford (R-Hartford City) is among those trying to eliminate extra paper in the Statehouse. SB 75, authored by Ford, passed in the 2003 session. The bill requires various state agencies to submit annual and assorted reports electronically to the General Assembly, Legislative Services Agency and the Legislative Council.



Moving Trucks Heading Out Instead of Coming In

The fact that people are leaving the Midwest and heading south and west is no secret. But, according to an annual migration survey conducted by United Van Lines, more people exited Indiana in 2002 than all but one other state.

For the third consecutive year, North Dakota ranked as the highest outbound state in 2002. Indiana came next, with 60% of movers leaving the state. The only other states with more than 55% outbound moves were Illinois, New Jersey, Michigan, New York, Kansas and Wisconsin.

A scientific measure it is not, but United Van Lines has been doing the survey for 26 years.

Executive vice president William F. Bear Jr. notes, "Migration patterns generally correspond with what is happening in the economy."

More people relocated to Nevada last year than to any other state as inbound shipments reached 65.5%. Neighbors Oregon, Idaho and Arizona are also on the high inbound list.

2002 State Shipments

% Inbound

Top 5

Nevada.....	65.5%
Oregon.....	61.3%
Idaho.....	61.1%
District of Columbia.....	60.3%
North Carolina.....	59.9%

Bottom 5

Michigan.....	42.3%
New Jersey.....	42.0%
Illinois.....	41.4%
Indiana.....	40.0%
North Dakota.....	36.8%

Source: United Van Lines

Rivers Run Dry

Overused and underappreciated. These terms take on new meaning when applied to America's rivers. Many businesses and industries have benefited from the state's plentiful supply of water. Nationally, however, many rivers are suffering depletion at an alarming level due to drought, human water consumption and irrigation. Will Indiana continue to be able to provide an adequate supply of water to meet its vast needs?

According to the World Water Council, the United States uses approximately 1,300 gallons of water each day, 60 times the amount used by many developing countries. The U.S. pumps approximately 28 trillion gallons of groundwater every year, reducing the natural flow of waters into the nation's rivers.

Indiana has experienced severe droughts in the 1940s, '60s and most recently a "mini" drought in 1988. In response, the Indiana legislature passed a bill requiring the establishment of a water shortage plan.

Natural climate cycles indicate that Indiana will have another drought at some time.

Vince Griffin, Indiana Chamber vice president of energy and environmental policy, says, "While the Indiana Department of Natural Resources (IDNR) did a fine job identifying the issues related to this drought plan, it failed to set a schedule that would determine who gets the water **when** we have another drought."

Studying water shortage topics is among the charges this summer and fall of the legislature's interim study committee on lake and water issues.

Resource: Vince Griffin at (317) 264-6881 or e-mail: vgriffin@indianachamber.com

Pencils in the Classroom? Who Needs Them!

The future of Maine seventh graders lies at their fingertips. Literally.

A new four-year program provides each with a laptop computer during the day, evenings and even on weekends. Students will use the laptops again in eighth grade (with additional funding required to allow them to keep the computers through high school).

The controversial program will consume \$37.5 million of Maine's \$50 million budget surplus. It has already yielded increased attendance, a decrease in detentions and improved student performance.

Many high-profile individuals are lending support. The Bill and Melinda Gates Foundation contributed \$1 million. After an on-site visit to one of the schools, novelist Stephen King volunteered to teach an online writing course.

Maine's technological initiative contrasts with Indiana's current situation. State fiscal woes threaten the ability to maintain even minimal budget increases for K-12 schools. This innovative approach would only be a dream in Indiana.

David Holt, Indiana Chamber director of education policy and congressional affairs, asserts, "That's not realistic here in Indiana. We couldn't afford to put a laptop with each student. If we could have one for every two or three students, it would be a win-win situation for us."

Resource: David Holt at (317) 264-6883 or e-mail: dholt@indianachamber.com

Union Membership Declining Nationwide

Twenty years ago, 20.1% of employees in the United States were union members. By 2002 that figure decreased to 13.2% (16.1 million). Union membership declined by 280,000 last year, according to the Labor Department.

Downsizing has led to the reduction of unions in the manufacturing, hotel and airline industries. The AFL-CIO reports that its manufacturing membership base has been reduced by nearly 50% since 1991. In 1983, 48.7% of Indiana workers in the manufacturing industry belonged to unions, compared with 20.7% in 2002.

National membership in the United Auto Workers shrank from 1.5 million in 1979 to 700,000 in 2002. The serious decline in private sector membership has led union leaders to

focus on new areas of public sector unionizing.

The statistics show that while union membership as a whole is dramatically declining, it is rising in Indiana's public sector. A total of 29.2% of workers in the public sector are in unions, compared to 24.4% in 1983.

Resource: Public Service Research Foundation at (703) 242-3575 or www.psrff.org

Employment and Union Membership in Indiana

(Numbers in thousands)

Year	Public		Private		Manfng		Total	
	Mbshp	Percent	Mbshp	Percent	Mbshp	Percent	Mbshp	Percent
1983	76.0	24.4	427.3	25.0	297.1	48.7	503.3	24.9
1993	93.7	26.5	365.1	17.2	239.0	36.1	458.7	18.6
2002	114.1	29.2	247.4	10.6	122.2	20.7	361.6	13.3

Source: Public Service Research Foundation

California Identity Theft Law Could Impact Indiana Companies

Is your business prepared to fight identity theft? Consider California's SB 1386 before answering.

Effective July 1, the law requires businesses nationwide to contact their California customers or employees when confidential information is unlawfully viewed. Failure to comply can result in lawsuits and financial penalties.

Barnes & Thornburg attorney Todd Vare recommends planning for security breaches before they occur. He advises evaluating company policy regarding how data can be accessed. Identify who has passwords and if they are changed periodically. Determine who has outside access to the system – both employees and non-employees.

According to Vare, "The first important thing would be to establish a plan of compliance with SB 1386. If you have a plan and a breach still occurs, which is very likely, one of the first things to do is to walk through the policies and procedures of SB 1386 to comply with everything. If you do that, you will be protected from civil damages under the bill."

Customers must be informed of the privacy invasion either electronically or in written form. In special circumstances or if the cost of communication reaches more than \$250,000, the business may make notification by e-mail, through an announcement on its web site and by alerting California media.

Resource: Barnes & Thornburg at (317) 236-1313

Indiana Brownfield Redevelopment Still Lagging

Don't let appearances mislead you. Dilapidated properties can be given new life.

Reshaping neglected sites into businesses and community projects is creating jobs and generating revenue internationally. The 2002 *XL Environmental Land Reuse Report* indicates that brownfield redevelopment increased 43% from 2001 to 2002.

David Valinetz, president and CEO of SESCO Group and managing member of its sister company, BDG, LLC (Brownfields Development Group), renovated a building on the near northwest side of Indianapolis (January-February 2001 *BizVoice*) that has helped revitalize the community.

According to Valinetz, the economy has forced a number of businesses in Indiana to close over the past few years, leading to vacant buildings and an increase in available properties. There has also been more funding made available, though the process is slow. He recommends public/private partnerships in some cases, as well as working with a community development corporation authorized to transfer properties.

Other states are moving forward more quickly than Indiana. Valinetz cites Pennsylvania's Department of Environmental Protection, which applies the "common sense approach to a problem instead of the scientific, technical approach to a problem" as a major contributor to that state's success.

"When you look at Indiana compared to other states – Pennsylvania, Massachusetts, New Jersey – which are so progressive," Valinetz notes, "we are so far away from what they're doing. They have thousands of brownfields projects occurring every year. We don't have thousands."

Resource: David Valinetz at (317) 347-9590

Middle Class Jump Into 'Rich' Tax Category

President Bush's 10-year tax cut plan has been criticized for giving the "well-to-do" an unfair advantage. Advocates argue, however, that since the rich are paying the majority of income taxes, they deserve a bigger tax break.

But whom are the people paying the most taxes? Many married couples that consider themselves to be middle class.

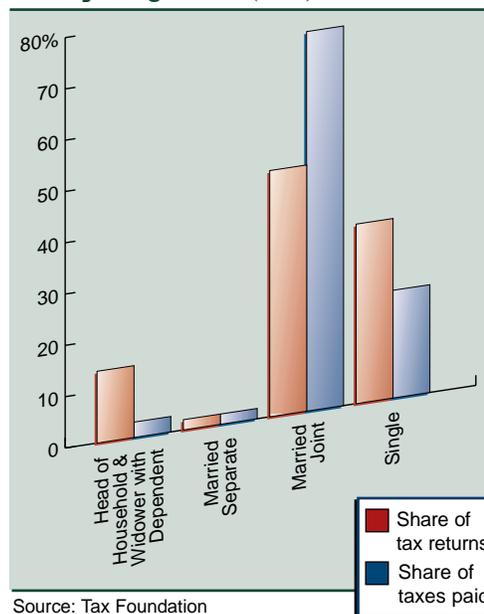
The IRS reports that more than one of every three married couples is statistically classified as "rich" (having incomes in the top 20% of tax filers). Married couples pay nearly three-fourths of all income taxes, though they file less than half of the total number of tax returns.

The Tax Foundation points out that changes in American demographics contribute to the imbalance. Census statistics show that more couples than ever fall into the dual-income classification. This figure increased from 25.4 million in 1986 to 31 million in 2000. Also rising is the number of non-tax or zero-liability tax returns, with approximately 36 million returns falling into this category in 2003, a 24% increase from 1996.

Thus, the middle class "rich" endure a larger share of the overall tax burden. Will they benefit most from the president's tax plan? Possibly. But are they paying more taxes than the rest of the population? Without question.

Resource: Tax Foundation at www.taxfoundation.org

Share of Returns and Taxes Paid by Filing Status (2003)



Source: Tax Foundation