

# IACC Conference Panel Presentation on Circuit Breakers and Public Relations

December 2, 2009

**IT IS AN HONOR** to serve on this afternoon's panel. There's an old saying that the only sure things are death and taxes. However, with the Indiana General Assembly (IGA) making major changes in the Indiana Circuit Breaker, it now appears that, with property taxes at least, taxes are not as certain as they once were.

I have five points to make:

- The recent background that led to the Circuit Breaker
- The larger economic problem of which the Circuit Breaker is a symptom
- How the Circuit Breaker could make Indiana's economy worse
- The importance of a county strategy and communications plan
- The key issues to focus on in the county's communications

**FIRST**, let's look at the recent background that has led the IGA to create a system that has the potential to reduce the tax revenue local government depends upon. Most county commissioners are familiar with the election defeat of former Indianapolis mayor, Bart Peterson. This defeat was interpreted by many as the response of an electorate angry over changes in property tax. A number of political observers felt that the members of the IGA quickly created the current Circuit Breaker program to appease voters across the state and to avoid the fate of Mayor Peterson.

**SECOND**, it is important to keep in mind that the current Circuit Breaker program is in a real sense only a symptom of a much larger economic problem. Indiana has an economy that has underperformed the national economy for the last three decades. The state has been unable to replace the wage rates of the tens of thousands of high-paying manufacturing jobs that have been lost during that period.

As a result, many Hoosiers are rightly concerned about the fact that their incomes are not keeping up with the national

By **Thayr Richey**



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average. Unless Indiana is able to modernize its economy, it is likely that the Circuit Breaker will not be the last effort from the IGA to reduce tax revenue for local government.

**THIRD**, ironically, the Circuit Breaker program has the potential to:

- Worsen the state's economic decline by limiting local government's ability to invest for the future
- Limit local government's capacity to make needed investments in infrastructure to remain competitive in economic development
- Threaten the health and safety of county residents by increasing the response time for safety and health services because of staff reductions and by a county's inability to remove snow from rural roads in a timely fashion

**FOURTH**, it is more critical than ever for each county to have a clear strategy on:

- How it will deal with the Circuit Breaker program's impact; and
- How it will communicate this impact and the county's plan to residents.

Since the Circuit Breaker will affect each county differently, certainly each Board of County Commissioners should have a clear understanding of how its county revenue stream will be impacted in both the short-term and long-term. County Commissioners should inform their constituents regarding any revenue reduction created by the Circuit Breaker and the choices their county faces as a result.

My company, Strategic Development Group, has

three simple rules for public relations:

1. Tell the truth.
2. Keep your message simple.
3. Keep telling your story repeatedly.

County Commissioners should issue a simple statement of the impact of the Circuit Breaker on the county and the choices the county faces in responding to this threat. The statement might compare some aspects of the most recent annual budget with your projections for next year. The public release should provide some details about of the areas or programs that might face reduced funding.

And finally, the statement should explain the limited choices counties have in dealing with reduced revenue due to the Circuit Breaker and due to the lack of fiscal home rule.

**FIFTH**, there are two overriding goals that County Commissioners should keep in mind regarding circuit breaker CAPs:

1. Clearly explain what has changed to county constituents;
2. Attempt to maintain excellent relations with their state legislative members.

My recommendation is that counties should be more aggressive in seeking fiscal home rule. Rather than attempt to attack the Indiana General Assembly for limiting taxes, counties, led by its statewide association should make a more concerted effort to free the citizens of each county to decide if they would rather raise local taxes to maintain certain levels of safety, health, and economic opportunity.

Strategic Development Group, Inc. (SDG), was founded in 1991 by Thayer Richey, Ph.D. An accomplished Indiana economic and community development professional, Dr. Richey has served as executive director of the Indiana Department of Commerce, as a member of the South Central Indiana WIB and as president of the Indiana Economic Development Association.

Now one of Indiana's most respected consulting firms, SDG has worked in more than 100 communities, helping businesses, governments, and community-based organizations on strategic planning, research, management and economic development projects.

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