



## **Did Luke Messer and Mike Braun raise taxes in Indiana?**

Manuela Tobias

April 30, 2018

In Indiana's Republican primary, no candidate for U.S. Senate wants to be accused of hiking taxes.

So when U.S. Rep. Todd Rokita called out his fellow challengers, U.S. Rep. Luke Messer and Mike Braun, for raising taxes in the April 23 debate, we budgeted some time for a fact-check.

"I am the only one onstage who has never voted to raise your taxes," Rokita said. "These two, each, a billion dollars worth of votes to raise your taxes."

Is that the case? The answer depends on what defines a tax increase. Through one lens Rokita may have a point. Through another, his comment can be seen as misleading.

Whether these actions are turn-offs for conservative voters May 8 is for them to decide: The Braun and Messer tax hikes were approved by a Republican-controlled Legislature and a Republican governor.

### **Has Todd Rokita ever raised taxes?**

Rokita, Indiana's former secretary of state, has only been in a position to raise taxes since he was elected to Congress in 2010. Congress has been under partial or total Republican control since that time, preventing votes on direct tax increases. (More on that in a minute.)

Unlike his competitors, he did not serve as a state legislator. Rokita joined the Indiana secretary of state's office in 1997 as general counsel, later becoming deputy secretary of state. He won two terms as secretary of state before moving to Washington in 2010. As secretary of state, Rokita had no budget-adopting or tax-approving authority.

"It is usually easier for someone who has served less time in legislative bodies to make the argument being made by Rokita," said Paul Helmke, a professor at Indiana University's School of Public and Environmental Affairs.

Braun and Messer, on the other hand, are associated with a couple of tax hikes from their time in the state Legislature.

Messer's team argued that Rokita's record of no tax votes is not so clear.

Messer's campaign pointed to the FAST Act, a transportation bill that tied customs user fees to inflation, increasing funding for highway spending by \$5.2 billion over 10 years. But the transportation bill also won the vote of Messer, elected to Congress in 2012.

Chris Edwards, director of tax policy studies at the Cato Institute, said this qualifies as a tax, because the government is imposing new charges on private market transactions. The same reasoning would apply to a bipartisan 2012 tariff on imports that Rokita supported.

Helmke, on the other hand, didn't consider the fee a tax hike because it was not assessed on the general population, as most people are not direct customs users. And while tariffs can lead to increased costs, he didn't consider a vote to give the Commerce Department authority to impose a tariff as a vote for a tax hike.

### **Has Braun ever voted to raise taxes?**

To understand Rokita's point against Braun, you have to hit the road.

Rokita pointed us to road funding legislation supported by Braun and signed into law by Republican Gov. Eric Holcomb in 2017. It came with a 10 cent per gallon gas statewide tax increase.

The measure's Republican sponsors said the tax hike would raise an average of \$915 million a year in each of the next seven years. That's pretty close to the \$1 billion figure Rokita lobbed.

The nonpartisan Indiana Legislative Services agency estimated the tax increase would bring in roughly \$5 billion over a seven-year period.

The main sponsor of the measure, GOP Rep. Ed Soliday, insisted it was not a tax hike but an adjustment to restore the state's buying power lost to inflation. Others called it a user fee, which affects only users of a service. But Michael Hicks, director of the Center for Business and Economic Research at Ball State University, didn't mince words.

"Most people would say the gas tax is a tax and pretty hard for us to avoid," Hicks said.

Rokita, however, previously supported the same tax hike when he was secretary of state.

"There's already been 19 or 20 states that have raised their gas tax, because the federal government won't, and as a result are going to have a better infrastructure," Rokita told Indianapolis radio host Abdul Hakim-Shabazz in 2015. "And by the way, I don't know of a politician that's been unelected for that yet. So, I encourage all those in elective office — from the federal, to the state, to the local level — to look at these ideas."

The call to action followed a month-long emergency closure of an interstate bridge that sank several inches in Rokita's district in August 2015.

### **Has Messer ever raised taxes?**

Experts had a tougher time calling Messer's legislative actions tax hikes.

The first half of Messer's tax hikes come from a 2005 bill to finance a new Colts Stadium in Indianapolis, signed into law by Republican Gov. Mitch Daniels. The bill didn't directly raise taxes, but authorized local governments to do so. That included taxes on food, beverages, hotels, motels and auto rentals.

Much of the tax fell on tourists, Hicks said. And it was at the behest of the local governments.

"It was an increase that the legislators from the affected counties all asked for," Hicks said. "It's inaccurate to say this was a tax hike the state was responsible for. The local governments didn't have to do it."

In effect, Messer voted to allow certain counties to raise taxes by close to a billion dollars, according to the principal and interest payments on the bonds that financed the stadium.

The other half of the attack on Messer comes from a 2005 budget that affected property taxes.

The budget included language that reduced a state credit to local governments for property taxes. Without the credit, more taxes fell on property owners. It also altered the way property taxes were assessed, raising taxes for properties that had been previously undervalued by assessors.

Statewide property taxes increased by an average of 24 percent, according to Larry DeBoer, agricultural economics professor at Purdue University, though some surprised homeowners received rebates that helped ease the burden.

"But back then a taxpayer group threw tea bags into an Indianapolis canal in protest — perhaps we can claim the first modern tea party movement here in Indiana, for better or worse," he said.

Hicks said it was irresponsible to consider this hike without considering the large property tax cuts that followed, in 2008. But Messer was out of the state House by then.

### **Our ruling**

Rokita said, "I am the only one onstage who has never voted to raise your taxes. These two, each, a billion dollars worth of votes to raise your taxes."

There is some truth in that Rokita has never voted to raise taxes in Indiana. As secretary of state, he did not have that power. In Congress, neither Rokita nor Messer have voted for direct tax increases. But Rokita voted for bills that raised user fees and import tariffs, which affected some taxpayers. (Messer, too, voted in favor of the user fees.)

Braun indeed voted to increase taxes by almost \$1 billion annually in a 2017 road funding law. Left unsaid by Rokita: He supported the gas tax from the sidelines, because it would lead to better infrastructure.

Rokita also left out important context for Messer's two 2005 votes that indirectly raised taxes by over \$1 billion. One allowed local governments to increase taxes to fund the Indianapolis Colts football stadium. Another cut subsidies and changed the way property taxes were assessed.

Overall, we rate the statement Half True.