

Wrong Turn?



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The next issue of Capitol Journal will be available on February 14th.

Top Story

For many cash-strapped cities across America, the ongoing economic slowdown has made bankruptcy an all too real possibility. But a movement to give states that same option is being met with derision...by states themselves.

SNCJ Spotlight

States say 'no' to bankruptcy idea

Members of Congress have been quietly working on legislation that would allow states to unburden themselves of some of the weightier financial obligations they are currently struggling with, including contracts with public sector employees and their associated pension costs. But state officials are seeking to quash the proposal, which would allow them to file for bankruptcy, fearing the damage even discussing it could cause.

California Treasurer Bill Lockyer (D) didn't pull any punches when he addressed the state bankruptcy idea during a conference call with reporters arranged by the nonpartisan Economics Policy Institute last month.

"It's a cynical proposal intended to incite a panicked response to a phony crisis," he said. "Killer bees, space aliens...now it's the invasion of the bankrupt states. The truth is, no state wants to declare bankruptcy, no state needs to declare bankruptcy, and no state would."

Lockyer hadn't actually seen the proposal. As of a couple of weeks ago, no draft bill had been circulated, and no member of Congress had signed on as a sponsor.

"It's a cynical proposal intended to incite a panicked response to a phony crisis."

One of the main reasons for that is the devastating effect a state bankruptcy option could have on the already shaky municipal bond market, potentially driving away the investors states rely on for billions of dollars worth of infrastructure and other capital projects.

"Just the availability of a bankruptcy option and the potential bond default could severely damage state credit ratings and destroy the trust of bondholders," said New York Comptroller Thomas DiNapoli.

The co-chairs of the National Governors Association, Washington Gov. Chris Gregoire (D) and Nebraska Gov. Dave Heineman (R), said much the same thing in a joint statement issued on Jan. 25.

"The mere existence of a law allowing states to declare bankruptcy only serves to increase interest rates, raise the costs of state government and create more volatility in financial markets," the statement said.

In the last two months, over \$25 billion has flowed out of mutual funds that invest in municipal bonds, according to the Investment Company Institute. And while many analysts consider a state bond default extremely unlikely, Paul S. Maco, a partner at Vinson & Elkins and head of the SEC's Office of Municipal Securities during the Clinton administration, said the mere introduction of a bankruptcy bill could be enough to trigger "some kind of market penalty," such as higher borrowing costs for states and downward pressure on bond values.

But proponents of the bankruptcy idea say some states are so burdened that it may be the only way out for them. They also want to avoid the prospect of a last-minute federal bailout.

Harry J. Wilson, the sole Republican on the Obama administration task force that ushered General Motors and Chrysler through financial restructuring in 2009, said Congress initially resisted their efforts, voting against financial assistance to G.M. in late 2008. And he suggested a repeat of that scenario seemed likely in the current Congress.

"Now Congress is much more conservative," he said. "A state shows up and wants cash, Congress says no, and it will probably be at the last minute and it's a real problem. That's what I'm concerned about."

The state bankruptcy idea took off in November, after former U.S. House speaker and potential future Republican presidential candidate Newt Gingrich gave a speech addressing the major challenges facing the nation, including government debt.

“We just have to be honest and clear about this, and I also hope the House Republicans are going to move a bill in the first month or so of their tenure to create a venue for state bankruptcy,” he said.

The prospects for a bankruptcy measure aren’t promising. On top of the fears that it could make the states’ fiscal problems worse, it also presents some thorny constitutional questions revolving around the fact that states are considered sovereign entities. David A. Skeel, a law professor at the University of Pennsylvania who published an article in the *Weekly Standard* last year entitled “Give States a Way to Go Bankrupt,” said those questions

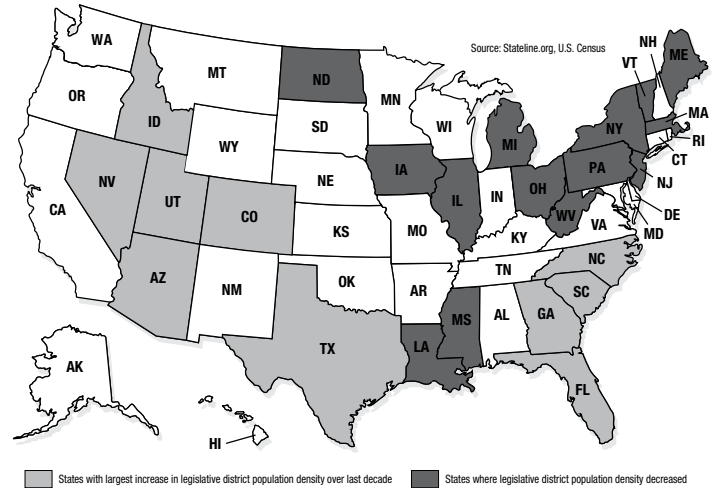
were “easily addressed” by making sure states can’t be forced into bankruptcy. The ready model for Congressional lawmakers, he said, is the Chapter 9 bankruptcy law for local governments, which relieves distressed municipalities of their debts while they restructure their obligations with the aid of a bankruptcy judge.

But more damning for the bankruptcy proposal’s chances is that U.S. House Majority Leader Eric Cantor (R-Virginia) opposes the idea. Cantor told the *Wall Street Journal* last month, “There will not be a federal bailout of the states” and they already have all “the requisite tools” they need to balance their budgets every one or two years.

That is a position Texas Gov. Rick Perry (R) evidently couldn’t agree with more. “Bankruptcy should not be a bailout for states that have been poorly managed,” a spokesman for the governor said last month. “Families across America have to live within their means, and state and federal governments need to do the same.”

The long odds for a full-blown bankruptcy proposal could lead Congressional lawmakers to opt instead for some sort of oversight panel for distressed states, like

Bird’s eye view



Population growth making legislators’ jobs tougher

A decade ago, the 80 members of California’s Assembly each represented about 423,000 people, on average, while the 400 members of New Hampshire’s House represented only about 3,100. The disparities between those states and others have only grown wider over the past decade due to major population shifts, according to U.S. Census figures. Michigan lawmakers, for instance, will serve roughly 1 percent fewer people, on average, than they did in 2000, while Nevada lawmakers will serve about 35 percent more. Despite the growing number of constituents in some states, however, the number of representatives seems to be heading in the opposite direction. Since 2000, three states have reduced the size of their legislatures, and 13 states have done so since 1912.





the Municipal Assistance Corporation, which helped New York City through its 1975 financial crisis. Whatever the bankruptcy idea’s prospects or the likely outcome of the current discussions, however, union officials are worried.

“They are readying a massive assault on us,” said Charles M. Loveless, legislative director for the American Federation of State, County and Municipal Employees. “We’re taking this very seriously.” (NEW YORK TIMES, STATELINE.ORG, WALL STREET JOURNAL, CHICAGO TRIBUNE)

— *Compiled by KOREY CLARK*

Budget & taxes

MEDICAID CRISIS LOOMING FOR STATES: With states facing budget gaps estimated at \$125 billion, few government services are likely to avoid cuts this year. But Medicaid’s outsized — and ever increasing — share of state budgets has made the program a prime target.

California Gov. Jerry Brown (D) has proposed cutting Medicaid by \$1.7 billion, in part by restricting the number of doctors’ visits and prescriptions for beneficiaries. Georgia Gov. Nathan Deal (R) has proposed discontinuing coverage of dental, vision and podiatry treatments for adults under the program. South Carolina is considering eliminating hospice care. A number of states, including Texas and California, are considering reductions of as much as 10 percent in Medicaid reimbursements to providers. And several states are planning to raise co-payments for beneficiaries.

The cuts will undoubtedly be tough on Medicaid recipients, but states have little choice. On July 1, the billions of dollars in federal aid provided to states for Medicaid under the federal stimulus program will disappear, increasing each state’s Medicaid costs between a fourth and a third overnight. On top of that, states have already made big cuts to the program. Last year alone, 39 states cut Medicaid payments to providers and 20 reduced benefits, according to the Kaiser Family Foundation.

“States have already cut payments to health care providers and scaled back benefits over the last few years, so these new proposed cuts are much more painful,” said Edwin Park, a health expert at the left-leaning Center on Budget and Policy Priorities.

Medicaid reimbursements are already so low, many physicians no longer accept the coverage. And although Brown’s proposed cap on doctors’ visits would only affect about 10 percent of California’s Medicaid recipients, many of them would be among the state’s sickest. Brown has also proposed eliminating an adult day care program that could force 27,000 people into nursing homes.



“We are having to make proposals that are not the best choices for our most vulnerable beneficiaries,” said Toby Douglas, the state’s Medicaid director. “But given our limited resources, they are the best choices for the State of California.”

They are also, presumably, permissible under the provisions of the federal stimulus program, which is on the way out, and the health care reform law, which is on the way in.

Arizona Gov. Jan Brewer (R), however, wants to reduce her state’s Medicaid costs by removing 280,000 people from the program’s rolls, in direct conflict with the new health care law’s requirement that states maintain their Medicaid eligibility levels until 2014, when many of the law’s provisions kick in.

Last month Brewer formally requested a waiver from the U.S. Department of Health and Human Services (HHS).

“Please know that I understand fully the impacts of this rollback, and it is with a heavy heart that I make this request,” the governor wrote. “However, I am left with no other viable alternative.”

Brewer does seem to have a case. Two hundred and fifty thousand of the individuals she wants to remove from the Medicaid program are low-income childless adults who were granted eligibility under a 2000 referendum that made Arizona one of the few states to cover them.

Jessica Santillo, a spokeswoman for HHS, said the agency wouldn’t comment on Arizona’s request.

“We want to continue our close partnership with the states and our nation’s governors,” she said.

But approving the waiver could put the administration in a tough spot. It would likely trigger a flood of waiver requests. Twenty nine Republican governors have written to President Obama and Congressional leaders urging repeal of the health care law’s Medicaid enrollment provision.

“The states are reaching a crisis point fiscally,” said Dan Mendelson, CEO of the consulting firm Avalere Health. But allowing states to cut their Medicaid rolls “runs directly counter to the goals” of the Obama administration, he said, adding that it would result in “an erosion of coverage before the next (presidential) election.”

Doing nothing, however, could lead to a standoff. Some governors’ staff have reportedly warned congressional offices that if they aren’t given federal authorization

Upcoming elections

2/03/2011 - 2/24/2011

02/08/2011

Florida Special Primary

House District 103

Senate District 33

02/15/2011

California Special Primary

Senate Districts 17 & 28

Georgia Special Election

House Districts 136 & 178

Minnesota Special Election

House District 5B

South Carolina Special Primary

House District 64

02/19/2011

Louisiana Special Primary

Senate District 26

02/22/2011

Connecticut Special Election

House Districts 20, 25, 36, 99, 101, 126

Senate Districts 6, 13 & 27

Missouri Special Election

Senate District 9

South Carolina Special Primary

Senate District 16



to downsize their programs, they might just do so with out it, forcing the administration to decide whether to stop sending those states Medicaid funding. On average, the federal government pays between 57 percent and 75 percent of the cost of the joint state-federal program, excluding the additional stimulus funding.

Donald Berwick, administrator for the federal Centers for Medicare and Medicaid Services, said he is sensitive to the states’ position but they should look to funding that is already available to them, such as subsidies to establish insurance

exchanges. He added that his agency plans to make recommendations to states on ways they can cut costs by improving care, such as by reducing hospital admissions.

Congressional Democrats have a few other ideas. U.S. Sen. Tom Harkin (D-Iowa), chairman of the Health, Education, Labor and Pensions Committee, and House Minority

Leader Nancy Pelosi (D-California), would like to extend the expiration of Medicaid aid until 2014. Harkin, said he also planned to look into turning Medicaid over entirely to the federal government, an idea that has been proposed before.

“Maybe the federal government should take over the whole thing, and in exchange states would do other things,” he said.

Harkin’s and Pelosi’s proposals have little chance of moving forward, however, with the Republicans now in control of the U.S. House focused on reducing the federal deficit.

Avalere Health’s Mendelson suggested another idea from the past: having the federal government cover the cost of nursing home care for Medicaid enrollees who are also eligible for Medicare, the federal health care program for the elderly. With long term care representing a large chunk of Medicaid spending, AARP’s state policy director JoAnn Lamphere called the idea “intriguing.” But he said it’s “a long term policy discussion that’s not going to save the states right now.” (NEW YORK TIMES, KAISER HEALTH NEWS)

‘KING OF PORK’ AGREES TO CONGRESSIONAL EARMARK BAN:

Last week, U.S. Senate Appropriations Committee Chairman Daniel Inouye (D-Hawaii) announced he will enforce a ban on earmarks in all spending bills for the next two years. The declaration was an uncharacteristic one from the senior senator — the chamber’s longest serving member — whose staunch support of congressional earmarks has earned him the title “King of Pork.” His home state had the most earmarks per capita of any state last year, according to separate rankings by Taxpayers from Common Sense and Citizens Against Government Waste.

Inouye didn’t have much of a choice in the matter, however. Republicans who now control the U.S. House of Representatives have vowed to rein in federal

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spending, starting with earmarks. And President Obama vowed to veto any spending bill containing earmarks in his State of the Union address.

“The handwriting is clearly on the wall,” Inouye said last week. “Given the reality before us, it makes no sense to accept earmark requests that have no chance of being enacted into law.”

As a result of the ban, Hawaii, which Inouye has represented for over half a century, will likely take an immediate \$321 million hit, an earmark included in a \$1.3 trillion federal spending bill abandoned in the face of Republican opposition during December’s lame-duck session. Still, some Aloha State Republicans welcomed Inouye’s decision.

“The King of Pork’s years of earmarking have left Hawaii unnecessarily dependent on federal government handouts,” said Jonah Kaauwai, chair of the Hawaii Republican Party. “I believe that Hawaii’s people want to and can be self-sustaining, and this is a positive first step toward standing on our own two feet and getting our nation out of debt.” (STATELINE.ORG, WASHINGTON POST, HONOLULU STAR ADVERTISER)

BUDGETS IN BRIEF: Cash-strapped states have begun looking at online advertising on government websites as a way of generating additional revenue. **CONNECTICUT** is considering the idea, **WASHINGTON** recently began a trial program on its state ferries website, and school districts in **ARIZONA** and **VIRGINIA** have already started running web ads on their official sites. One of the downsides of the concept is government websites that accept ads have to switch to a “.com” domain name because federal regulations prohibit non-government advertising on “.gov” domains (HARTFORD COURANT). • **IOWA**’s House Ways and Means Committee has approved a 20-percent, across-the-board state income tax cut. House File 4 reduces the current individual income tax rates — which range from 0.36 percent to 8.98 percent — to a range of 0.28 percent to 7.18 percent. House Republicans said they will replace the \$200 million in lost revenue with the budget reductions included in House File 45, which would eliminate funding for universal preschool, a smoking cessation program and passenger rail, and cut funding for higher education and family planning services (IOWA INDEPENDENT, RADIO IOWA [DES MOINES]). • **A NEW YORK** state oversight board has seized control of the finances of Long Island’s Nassau County, saying the county, one of the country’s wealthiest and most heavily taxed, failed to balance its \$2.7 billion

In the hopper

At any given time, State Net tracks tens of thousands of bills in all 50 states, the US Congress and the District of Columbia. Here’s a snapshot of what’s in the legislative works:

Number of Prefiles last week: 2,474

Number of Intros last week: 7,387

Number of Enacted/Adopted last week: 481

Number of 2011 Prefiles to date: 24,311

Number of 2011 Intros to date: 46,664

Number of 2011 Session Enacted/Adopted overall to date: 3,851

Number of bills currently in State Net Database: 141,498

— Compiled By JAMES ROSS
(measures current as of 2/3/2011)
Source: State Net database



budget. The board said county officials didn't face up to the tough economic realities of the recession quickly enough (NEW YORK TIMES). • The 26 states that won a U.S. district court ruling in **FLORIDA** last week against the federal health care reform law are now considering whether to ask the U.S. Supreme Court to hear the case before it is fully litigated in the lower courts. A decision could come in the next few days (WALL STREET JOURNAL). • **OREGON** Gov. John Kitzhaber (D) proposed a \$14.5 billion 2011-13 budget that would give most state agencies about the same amount of money as they received in the current budget (OREGONIAN [PORTLAND]). • Between 2000 and 2009, the average total compensation for **MICHIGAN** public employees rose 19 percent while pay for private sector workers dropped 13 percent, according to a report released last week by Gov. Rick Snyder (R). State workers' wages and benefits averaged \$85,076, about twice what private sector workers earned (DETROIT FREE PRESS). • **NEW YORK** Gov. Andrew Cuomo (D) proposed a \$132.9 billion budget that would reduce year-to-year spending for the first time in over a decade. The plan would lower spending by 2.7 percent overall, cutting funding for Medicaid and public schools by \$2.85 billion apiece (NEW YORK TIMES). • **FLORIDA** Gov. Rick Scott (R) has proposed requiring current public employees to start contributing to their retirement accounts — 5 percent of their salaries — and denying new hires the option of a defined benefit pension plan, offering them a 401k-style retirement plan instead (MIAMI HERALD). • **MASSACHUSETTS** Gov. Deval Patrick (D) proposed a \$30.5 billion budget that would cut overall spending by 1.8 percent, or \$570 million, the state's biggest year-over-year cut in 20 years (BOSTON GLOBE). • State tax revenues grew in the fourth quarter of 2010 at their fastest rate in nearly five years, according to a report by the Nelson A. Rockefeller Institute of Government. State tax collections rose 6.9 percent in the 41 states that reported their revenues (WALL STREET JOURNAL). • **NEW YORK's** Republican-controlled Senate passed Gov. Andrew Cuomo's (D) bill limiting the growth of local property taxes to 2 percent per year or the rate of inflation, whichever is lower (DEMOCRAT AND CHRONICLE [ROCHESTER]). • An appeals court in **ILLINOIS** struck down the state's massive road, bridge and school construction bill, ruling that lawmakers violated the statute limiting laws to a single subject when they approved the \$31 billion package in 2009. Gov. Pat Quinn (D) said construction projects already in progress would continue while the administration appeals the decision to the state Supreme Court (SOUTHERN ILLINOISIAN [CARBONDALE]).

Upcoming stories

Here are some of the topics you may see covered in upcoming issues of the *State Net Capitol Journal*:

- **Federal health care reform**
- **Film incentives**
- **Immigration**

— Compiled by *KOREY CLARK*

Politics & leadership

CIVILITY LACKING IN PA HOUSE: This is the year of civility. It began with a call for exactly that by President Barack Obama in a State of the Union address delivered before an uncharacteristically nonpartisan-looking Congress, with Democrats and Republicans seated together for the first time in State of the Union history.

“We will move forward together, or not at all — for the challenges we face are bigger than party, and bigger than politics,” Obama said.

Days before, in his inaugural address, Pennsylvania Gov. Tom Corbett (R) called on the lawmakers in his own state to be “firmly dedicated to a civil discourse.”

Those speeches evidently didn’t leave a lasting impression on some members of Pennsylvania’s House of Representatives.

Two weeks ago, Rep. Daryl Metcalfe, the new Republican chairman of the House State Government Committee, as a result of the GOP takeover of the House in November, refused to take up an amendment to a bill proposed by Democratic Rep. Babette Josephs, maintaining that it had been filed after the committee’s deadline for accepting amendments. When another Democratic member, Rep. Greg Vitale, suggested Metcalfe postpone action on the bill until the committee’s next meeting to allow Josephs’ amendment to be considered “in the spirit of collegiality,” Metcalfe replied that members could offer amendments to the bill when it reached the House floor.

Two days later the Republican-led House Ways and Means Committee voted to make it easier to ignore amendments — and remove one Democrat from every House committee. The Republicans said the measures were in response to the Democrats’ attempt to disrupt their legislative agenda by submitting more than 40 amendments to the bills under consideration, which ironically concerned government reform.

“We’re not doing these floor games,” said House Majority Leader Mike Turzai (R).

Democrats responded to the Republicans’ action with epithets about dictatorship such as “Welcome to the gulag,” although some made the more substantive argument that Republicans filed more than 2,700 amendments last year when they were the minority party.

The fracas continued the following day, with state Democratic Party Chairman Jim Burn calling for Turzai’s resignation, prompting Turzai to remark, “Jim Burn’s a partisan hack who’s afraid we’ll have success moving the voters’ agenda forward.” Not to be outdone, state Republican Party chairman Rob Gleason demanded the resignation of House Minority Leader Frank Dermody (D) for failing to control his members.

Tom Baldino, a political science professor at Wilkes University in northeastern Pennsylvania, said the idea that either legislative leader would heed the call of the opposition party chairman is “absurd.”

“It’s apparent there’s a lot of frustration on the part of Democrats who lost control of the House and the governorship” he said. But he added that the Republicans’ reaction to the perceived threat to their agenda was “a bit extreme.” (PATRIOT-NEWS [HARRISBURG], PITTSBURG TRIBUNE-REVIEW)

EMANUEL BACK ON TRACK FOR CHICAGO MAYORSHIP: Rahm Emanuel left his post as White House chief of staff last year with an air of inevitability that he would be the next mayor of Chicago, replacing the retiring Mayor Richard Daley. Emanuel had a huge fundraising advantage over his opponents and was the only candidate in early polling to receive double-digit popular support.

But the certainty of Emanuel’s impending mayoral victory was called into question as soon as he returned to his hometown only to find that the tenant renting his Lakeview home was unwilling to move out. That touched off a months-long battle over whether Emanuel met the 1-year residency requirement for Chicago mayoral candidates.

Emanuel prevailed in the early skirmishes, winning the approval of the Chicago Board of Elections and a Cook County district judge. But on Jan. 24, a panel of the Illinois Appellate Court declared that Emanuel didn’t meet the residency standard and was therefore not eligible to run.

The state Supreme Court immediately stepped in, halting the printing of ballots for the Feb. 22 election without Emanuel’s name — after 300,000 had already been produced — while the justices deliberated.

A few days later they issued their verdict unanimously overturning the Appellate Court ruling — and expressing the apparent displeasure at least some of them felt about having been called upon to render an emergency ruling in a case they viewed as clear cut.

The court said the residency question hinged on whether Emanuel showed any intent to permanently abandon his Chicago home — a standard established by an 1867 Illinois Supreme Court case involving a judge who temporarily moved to Tennessee — and not on whether Emanuel rested his head in Chicago every night, the standard that had been applied by the Appellate Court.

“The novel standard adopted by the Appellate Court majority is without any foundation in Illinois law,” stated the opinion signed by five of the justices.

The week in session

States in Regular Session: AK, AR, AZ, CA, CO, CT, DC, GA, HI, IA, ID, IL, IN, KS, KY, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OK, OH, OR, PA, PR, RI, SC, SD, TN, TX, US, UT, VA, VT, WA, WI, WV, WY

States in Special Session: WI “a”, CA “a”

Upcoming Special Sessions: LA “a” regarding Census / Redistricting convenes 03/20/2011.

States in Joint Finance Hearings: DE

States Currently Prefiling or Drafting for 2011: AL, FL, NV, OK

States Adjourned in 2011: IL (2009-10 Session - Adjourned 01/12/2011)

State Special Sessions Adjourned in 2011: AL “a”, AZ “a”

Letters indicate special/extraordinary sessions

— Compiled By JAMES ROSS
(session information current as of 2/4/2011)
Source: State Net database

Martinez's directive, Executive Order 2011-009, rescinds a 2005 order (2005-019) from former Gov. Bill Richardson (D) that barred state law enforcement from asking about a person's immigration status only for the purpose of determining whether the individual was in violation of federal immigration laws.

In a statement, Martinez said, "The criminal justice system should have the authority to determine the immigration status of all criminals, regardless of race or ethnicity, and report illegal immigrants who commit crimes to federal authorities."

The order drew sharp criticism from immigration and civil rights groups.

"This executive order invites racial profiling by giving an incentive to police to

arrest people who look and sound "foreign," said Peter Simonson, executive director of the New Mexico chapter of the American Civil Liberties Union.

María Cristina López, who chairs the city of Santa Fe's Immigration Committee, noted the parallels to Arizona's controversial SB 1070, accusing Martinez of "converting New Mexico into an Arizona." Lopez said the governor had

failed to consider all of the negative ramifications of the new policy.

"She is acting without thinking of the repercussions of racial profiling," Lopez said. "She's exposing herself for many legal battles and she's dividing people."

Martinez spokesperson Scott Darnell denied the governor's order was directly tied to immigration or that it would lead to racial profiling.

"Governor Martinez believes that public safety is an important priority and this is a public safety issue, not an immigration issue," he said, also noting that Martinez had vowed to make the policy change during her campaign.

Gorden Eden Jr., a former U.S. marshal who Martinez has nominated as secretary of Department of Public Safety, said officers impacted by the law -- state police, game wardens and State Park rangers

-- would not need any additional training to implement the policy, which he said consists of asking a single additional question about immigration status to someone who has already been arrested.

Under the tenets of the directive, officers are not allowed to ask the question of crime victims or witnesses or others who contact law enforcement about other matters. Darnell said police will also not ask about immigration during routine traffic stops.

Martinez has also called on lawmakers to rescind a current state law that allows undocumented immigrants to obtain a driver's license. Lawmakers introduced two

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bills to that end last week: HB 78, authored by Rep. Andrew Nunez (D), which would require an applicant for a driver’s license to have a Social Security number, and HB 261, authored by Rep. Bill Rehm (R), which would revoke previously issued licenses of foreign nationals but allow them to seek a “driving permit” that would have to be renewed each year. Martinez has not issued a public comment on the measures, but her previously-stated position is more in alignment with HB 78. Both measures are currently in the House Judiciary Committee. (SANTA FE NEW MEXICAN, EL PASO TIMES, FOX NEWS, FARMINGTON DAILY TIMES, LAS CRUCES SUN-NEWS, NEW MEXICO GOVERNOR’S OFFICE, STATE NET)

In case you missed it

President Ronald Reagan is an icon to Republicans sworn to fend off all attempts at raising taxes. But as California governor, Reagan also signed off on what was the largest tax hike of any state in history.

In case you missed it, the article can be found on our Web site at

http://www.statenet.com/capitol_journal/01-24-2011/html

O’MALLEY SAYS ‘NO TAXES, NO CAR’: Maryland Gov. Martin O’Malley (D) proposed last week to prevent people who have unpaid, undisputed tax obligations from renewing their driver’s license or vehicle registration. The governor said his proposal, which was contained in his budget reconciliation bill, could produce an additional \$40 million in revenue over the next two years as the state tries to close a \$1.3 billion shortfall.

O’Malley spokesperson Shaun Adamec was quick to point out that, if adopted, the plan would not constitute a new tax but rather a collection of already owed levies.

“The purpose of this is to collect taxes that are a liability on the state’s books. These are accounts receivable,” he said.

The proposal drew some negative reaction from consumer advocates as well as O’Malley’s usual critics in the General Assembly. Ragina Averella, a spokesperson for AAA Mid-Atlantic, called the proposal “of concern” to them, adding “In many instances a driver’s license is key to enabling somebody to earn a living and thus pay their taxes.” House Minority Leader Anthony J. O’Donnell Jr. (R) was also skeptical, calling the proposal “the heavy hand of government.”

A handful of states already use similar methods to rein in tax scofflaws. Robert Bliss, a spokesman for the Massachusetts Department of Revenue, which withholds licenses but not registration, says the Bay State program produced more than \$17 million in revenue during the last budget year.

“It really is quite effective in getting the attention of taxpayers who owe money,” he said.

Louisiana, Michigan and Iowa also have license or license plate withholding policies. In addition, Michigan prevents hunters with delinquent taxes from getting their hunting license. Using a driver’s license as leverage is not even completely new in Maryland, which has long suspended driving privileges for parents in arrears on child support payments.



Lawmakers must approve O'Malley's proposal for that authority to branch out to include tax liabilities. The reconciliation bill, SB 87, is currently in the Senate. (BALTIMORE SUN)

GOVERNORS IN BRIEF: MAINE Gov. Paul LePage (R) has proposed loosening three dozen of the Pine Tree State's environmental laws. His suggestions, which have been sent to the Legislature's new Joint Select Committee on Regulatory Fairness and Reform, include zoning 10 million acres in the northern part of the state for development, repealing laws that require manufacturers to take back recyclable goods for disposal and reversing a ban on the use of a chemical linked to cancer in children's products (PORTLAND PRESS HERALD). • **OHIO** Gov. John Kasich (R) named the first non-white member of his cabinet last week. Kasich picked Michael Colbert, who is African-American, to head the Ohio Department of Job and Family Services. The governor had come under increasing criticism of late from Democrats and black leaders for not having any minorities among his first 22 Cabinet selections. Democrats accused Kasich of governing "like it's 1811, not 2011" (PLAIN DEALER [CLEVELAND]). • **INDIANA** Gov. Mitch Daniels (R) will have outpatient surgery next week to repair a torn rotator cuff (INDIANAPOLIS STAR). • **VIRGINIA** Gov. Robert McDonnell (R) proposed a budget amendment last week that would ban taxpayer-funded embryonic stem-cell research in the Old Dominion. Current state law already bars public funding for the research, but McDonnell's provision would bar state spending on any embryonic stem-cell research funded through the state budget, including colleges and universities (RICHMOND TIMES-DISPATCH).

— Compiled by RICH EHISEN

Hot issues

BUSINESS: The **NORTH DAKOTA** Senate approves SB 2133, which would allow Flickertail State businesses to confiscate an ID they believe has been altered to enable an underage person to buy alcohol. It has moved to the House (FORUM [FARGO]). • The **SOUTH DAKOTA** Senate Health and Human Services Committee kills legislation that would have required salons to get parents' approval before allowing minors to use a tanning bed (RAPID CITY JOURNAL). • **WISCONSIN** Gov. Scott Walker (R) signs AB 3, a bill that gives businesses that relocate to the Badger State a two-year break from paying state taxes. The bill, which went into effect immediately, is retroactive to January 1 (MILWAUKEE JOURNAL SENTINEL). • The **MISSISSIPPI** Senate approves SB 2226, which would bar the



sale of a kind of bath salts that contain chemicals some people use to obtain a cocaine-like high. It has moved to the House (CLARION LEDGER [JACKSON]).

Corrections

In the January 24 issue of SNCJ, in the column Once Around the Statehouse Lightly, we referred to Ohio Gov. John Kasich as "Rick." We regret the error.

CRIME & PUNISHMENT: The U.S. Supreme Court rules that state prisoners have no constitutional right to parole. The decision overturns an earlier ruling by the 9th U.S. Circuit Court of Appeals, which said **CALIFORNIA** parole officials were wrong to deny parole to a man convicted of attempted murder (ARIZONA DAILY STAR [PHOENIX]). • The **MISSOURI** Senate endorses SB 11, a bill that would broaden the Show Me state law barring young drivers from sending text messages to include drivers of all ages. Current law applies only to drivers under 21. The bill faces one more vote this week before it can move to the House (KANSAS CITY STAR). • The **INDIANA** House approves HB 1129, which would bar drivers from sending or reading text messages while behind the wheel. Violators would face fines up to \$500. It moves to the Senate (LOUISVILLE COURIER-JOURNAL). • The **ARKANSAS** House approves HB 1049, which would ban Razorback State drivers from using hand-held cell phones while driving through a school zone when children are present, except in emergencies. The Senate approves a similar measure, SB 154, which would also bar cell phone use in construction zones. The bills now cross paths heading to the other chamber for review (ARKANSAS NEWS [LITTLE ROCK]). • The **WYOMING** House approves HB 29, a bill requiring suspected drunken drivers to submit to breath, blood or urine tests. It moves now to the Senate (CASPER TRIBUNE). • The **OHIO** Department of Rehabilitation and Correction announces it will switch to the drug pentobarbital for lethal injections. The decision came after the maker of the current drug, sodium thiopental, objected to its product being used for capital punishment. The Buckeye State becomes the first to use pentobarbital, normally used during heart surgery, to carry out executions (PLAIN DEALER [CLEVELAND]).

EDUCATION: The **NORTH DAKOTA** Senate unanimously approves SB 2281, which would require student athletes who suffer concussions to undergo a medical examination and obtain written permission from a doctor before returning to their sport. Coaches would also be required to receive training on the nature and risks of concussions. The bill moves to the House (FORUM [FARGO]). • Also in **NORTH DAKOTA**, the House rejects HB 1212, a measure that would have barred the possession or sale of alcohol at college sporting events (GRAND FORKS HERALD). • **OHIO** education officials announce they will delay a mandate that schools provide all-day kindergarten beginning next fall. Buckeye State lawmakers are expected to soon abolish the requirement (COLUMBUS DISPATCH). • The **INDIANA** House endorses HB 1019, a bill that would require Hoosier State teachers to be trained in child suicide

prevention and to recognize the warning signs of students considering suicide. It moves to the Senate (STATE NET, NORTHWEST INDIANA TIMES [MUNSTER]).

ENERGY: NEW JERSEY Gov. Chris Christie (R) signs SB 2381, which establishes a long-term capacity pilot program intended to spur the building of new Garden State power plants. Supporters say the measure will provide up to a decade of incentive payments to developers for the construction of 2,000 megawatts of natural gas-fired power generation (STATE NET, WALL STREET JOURNAL).

ENVIRONMENT: The federal Environmental Protection Agency announces it will impose limits on permissible levels of a new set of toxic chemicals in drinking water, including the first standards for perchlorate, a dangerous compound found in rocket fuel and fireworks that has contaminated water supplies in 26 states. The decision to regulate perchlorate reverses a 2008 finding by the Bush administration that a nationwide standard for the chemical was unnecessary and would do little to reduce risks to human health. EPA Administrator Lisa Jackson said it will take up to four years to implement the regulations (NEW YORK TIMES).

HEALTH: A federal court in **FLORIDA** rules that the federal health care reform bill signed into law last year by President Barack Obama is unconstitutional. It is the second ruling against the law; two others have upheld it. Most observers expect the final decision to come from the U.S. Supreme Court (MIAMI HERALD). • **WISCONSIN** Gov. Scott Walker (R) signs SB 1, a bill that limits noneconomic damages in medical malpractice suits at nursing homes to \$750,000 and limits punitive damages to \$200,000. The measure also bars reports on abuse in such facilities from being entered into evidence in civil or criminal abuse cases (MILWAUKEE JOURNAL SENTINEL). • **ILLINOIS** Gov. Pat Quinn (D) signs HB 5420, a comprehensive Medicaid reform measure that, among many things, requires recipients to show proof of Prairie State residence, imposes annual redetermination of eligibility and levies strict penalties against those who defraud the system (CHICAGO TRIBUNE). • The **SOUTH DAKOTA** Senate endorses SB 22, which would allow state health officials to license and regulate birthing centers outside of hospitals. The measure moves to the House (CAPITAL JOURNAL [PIERRE]).

SOCIAL POLICY: The **IOWA** House approves HJR 6, which would enact a constitutional amendment to bar same-sex marriage in the Hawkeye State. The measure moves to the Senate. If endorsed there the measure would go before voters in November (DES MOINES REGISTER). • The **IOWA** House also endorses HF 111, which would allow residents to ignore federal law requiring all U.S. citizens to purchase health insurance. It moves to the Senate (DES MOINES REGISTER). • **ILLINOIS** Gov. Pat Quinn (D) signs SB 1716, which allows both heterosexual and



same-sex couples to enter into a civil union that grants them the same state rights and protections granted to married couples. The Prairie State becomes the sixth to allow civil unions. The others are **CALIFORNIA, NEVADA, NEW JERSEY, OREGON** and **Washington**. The law goes into effect on June 1 (**CHICAGO TRIBUNE**). • The **WYOMING** House endorses HB 74, which bars the Equality State from recognizing same-sex marriages or civil unions performed in other states. It moves to the Senate (**CASPER TRIBUNE**). • The **INDIANA** House approves HB 1018, which would bar smoking in most public places. The bill, which exempts casinos and most bars and taverns, moves to the Senate (**INDIANAPOLIS STAR, STATE NET**). • Still in **INDIANA**, the Senate approves SB 86, a bill that would require all applicants for unemployment benefits to state they won't use controlled substances without valid prescriptions. Anyone failing or refusing to take a drug test from a potential employer would automatically lose their benefits. The measure moves to the House (**SOUTH BEND TRIBUNE**). • The **SOUTH DAKOTA** House Health and Human Services Committee kills HB 1120, which would have forced people applying for or receiving certain state assistance to submit to drug tests (**CAPITAL JOURNAL [PIERRE]**). • The **MISSISSIPPI** Senate signs off on SB 2617, which requires any doctor performing an abortion to have admitting privileges at a local hospital and be board-certified in obstetrics and gynecology. It is now in the House (**CLARION LEDGER [JACKSON]**).

POTPOURRI: The **WYOMING** Senate approves SF 51, which would increase the fine for driving without a seat belt to \$75 from \$25. It is now in the House (**CASPER TRIBUNE**). • **NEW JERSEY** Gov. Chris Christie (R) conditionally vetoes SB 1, a bill that would have, among other things, required all Garden State towns to have 10 percent of their housing be for low- and mid-income residents. The bill returns to the Legislature (**STAR-LEDGER [NEWARK]**).

— *Compiled by RICH EHISEN*

Once around the statehouse lightly

CAN'T BUY ME LOVE...OR VOTES: Legendary California Assembly Speaker Jess Unruh once famously called money “the mother’s milk of politics.” But money alone couldn’t save former EBay CEO Meg Whitman’s unsuccessful 2010 candidacy for California governor. As the *Sacramento Bee* reports, the final campaign finance reports show Whitman dropped a record \$178.5 million trying to beat eventual winner Jerry Brown, \$144 million of that out of her own pocket.



Brown, meanwhile, spent a paltry-in-comparison \$36.7 million. Whitman spent more than \$13 million on an army of consultants and staff people and another \$122 million on TV and radio ads. She has laid low since the defeat, even skipping a post-election analysis at the University of California that no other campaign winner or loser has missed since 1990. Still, it's hard to blame her for not wanting to rehash dropping that much cash on losing to someone once derisively known as "Gov. Moonbeam."

'TIL BUDGET DO US PART: California Assemblyman Das Williams is one dedicated guy. As Williams notes on his personal Web site, he and his fiancé were planning to wed in October, but the reality of trying to pull off a traditional wedding with all the accompanying hoopla at the height of the Golden State's legislative year proved too daunting. So a few weeks back they ditched the fancy affair in lieu of a small to-do at the Santa Barbara courthouse, then on to the honeymoon. Uh, hold up there. Williams says the state's \$25 billion budget shortfall precludes his absence right now. As the *Sacramento Bee* reports, he has promised his new wife a "traditional Navajo sunrise ceremony and wedding celebration in the future," including a honeymoon, but not until the "the budget passes or when we're on track to fix the fiscal crisis." We hope she's not holding her breath on that one.

THE OTHER SIDE OF THE KEYBOARD: For those who thought former Pennsylvania Gov. Ed Rendell would go quietly into the ether upon leaving office, guess again. As *The Morning Call* of Allentown reports, not only is the former gov lined up with paying gigs on network TV to talk politics, he is also now penning a sports column for the *Philadelphia Daily News*. The initial column opened last week to modest reviews. How long it lasts is anyone's guess, but the folks at *Morning Call* couldn't resist hammering home a point the Philly and Harrisburg press can surely relate to without reading a word: if there is one thing the emotional, witty and often-surlly-with-the-press Rendell may struggle with, it's having an editor.

SHUT UP ALREADY: Speaking of loquacious governors, New Jersey Gov. Chris Christie has developed a reputation for relentlessly sharing his own verbal torrent, often on issues outside of his own realm. That apparently doesn't sit well with Illinois Gov. Pat Quinn. As the *Chicago Sun-Times* reports, Quinn took umbrage at Christie's recent series of ads in the Prairie State that rail about a tax hike Quinn endorsed, and which try to entice companies to relocate to Jersey. "I don't know why anybody would listen to him," Quinn said of Christie. "New Jersey's way of balancing the budget is not to pay their pension payment, not to deliver on property tax relief that was promised, to fire teachers... I don't need that kind of advice from that guy." In other words, shut up already. In a rare moment of silence, Christie did. He offered no comment.

— By RICH EHISEN

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