

March 10, 2008

# Main Street vs. Wall Street



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● The next issue of Capitol Journal will be available on March 17th.

## Top Story

*States and municipalities say Wall Street's bond rating system is costing them money that could be put toward desperately needed road repairs and other pressing needs, and they want it to change.*

## SNCJ Spotlight

### States rebel against bond rating system

There's long been a double standard on Wall Street when it comes to rating bonds, with corporations evaluated on a more lenient scale than government bodies. But a number of states and municipalities are now saying that system is costing them money that could be put toward road repairs and other pressing needs and it's time for a change.







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# Politics & leadership

**BLOOMBERG BACKING GOP IN BATTLE FOR ALBANY:** Last June, New York City Mayor Michael Bloomberg set off speculation about a possible third-party presidential run with a speech in which he said, “The politics of partisanship and the resulting inaction and excuses have paralyzed decision-making, primarily at the federal level, and the big issues of the day are not being addressed, leaving our future in jeopardy.” Apparently, the mayor feels differently about local politics because several weeks ago he donated \$500,000 to the state GOP to help them hold on to the Senate, where they now have only a one-seat margin.

Naturally, Republicans welcomed the benefaction. “His support is not only advantageous, but fantastically desired by all of us,” said Sen. Serphin R. Maltese (R), who’s facing a Democratic challenge in his district of Queens. Another threatened Queens Republican, Sen. Frank Padavan, said the mayor has actually offered to stump for his re-election if necessary. “He’s made it very clear that he wants to see me stay in the Senate,” Padavan said.

Democrats, who’ve felt they had the momentum going into the election season — especially after a surprising special election victory in a heavily Republican district last month (see *DEMS MOVE STEP CLOSER TO CONTROL OF NY SENATE* in March 3 issue of *SNCJ*) — were less thrilled with the mayor’s partisan stand. An adviser to Gov. Eliot Spitzer (D), while acknowledging the mayor’s popularity, suggested it might not be the best career move for the mayor. “Bloomberg has the best name brand in the business,” he said. “If he is going to follow this third-way agenda, I am not sure that this would serve him well.” (*NEW YORK TIMES*)

**SPITZER SKIRTING OWN CAMPAIGN LIMITS:** In keeping with his highly publicized pledge to curb the influence of special interests in Albany, NEW YORK Gov. Eliot Spitzer (D) imposed strict limits on how much money he would accept from contributors. That promise has become particularly inconvenient lately, with Democrats battling the Republicans for control of the Senate. But the governor’s political organization has managed to raise \$1 million more than his cap allows by directing contributors to the state Democratic Party account which he controls as well. “It’s not meaningful if you raise the ethical bar but you have a very effective work-around,” said Russ Haven, legislative counsel for the NEW YORK Public Interest Research Group. “That doesn’t net you any reform to the system.” While Spitzer’s aides admit they’ve encouraged donors to contribute to both accounts, they maintain they’re conforming to the law and the governor’s pledge. They also suggest that it’s the Republicans who are to blame for their actions. “So long as the Republican Senate is there, reform is going to be too often frustrated by their obstructionist tactics,” said



Ryan Toohey, the governor's top political strategist.  
(NEW YORK TIMES)

### TX HOUSE COUP ATTEMPT COLORS

**PRIMARIES:** Last year's failed effort to oust TEXAS House Speaker Tom Craddick (R) figured prominently in last Tuesday's legislative primaries. One Republican, Rep. Pat Haggerty, and two Democrats, Reps. Boris Miles and Juan Escobar, who supported that coup attempt were ousted by their respective parties. Three Craddick allies, on the other hand — Democratic Reps. Kino Flores, Aaron Pena and Dawnna Dukes, members of a group known as Craddick Ds — prevailed in their primary challenges, thanks in part to some healthy financial support from the speaker. Dukes, however, refused Craddick's money. And a fourth Craddick D, Kevin Bailey, lost his seat, despite Craddick's assistance. Rep. Charlie Geren (R), another Craddick opponent, meanwhile, fought off a challenger who received \$75,000 from a Craddick ally. Whether Craddick ultimately retains the speakership could depend on how the surviving Craddick Ds fare in the general election. The vote will come on the first day of the session in January. (ASSOCIATED PRESS, HOUSTON CHRONICLE)

— Compiled by KOREY CLARK

## The week in session

**States in Regular Session:** AK, AL, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, MA, MD, ME, MI, MN, MO, MS, NE, NH, NJ, NY, OH, OK, PA, RI, SC, SD, TN, US, VT, WA, WI

**States in Perfunctory Session:** IL  
Special Sessions "a". "s"

**States in Special Session:** CA "c", LA "b", PA "a", WI "c"

**Special Sessions in Recess:** CA "a", CA "b"

**States Currently Prefiling or Drafting for 2008:** LA

**States Projected to Adjourn:** IN, WA

**States in Special Session Projected to Adjourn:** CA "c"

**States Adjourned in 2008:** NM, UT, VA, WV, WY

**State Special Sessions Adjourned in 2008:** CT "a", LA "a", OR "a"

Letters indicate special/extraordinary sessions

— Compiled By JAMES ROSS  
(session information current as of 03/07/2008)  
Source: State Net database

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# Governors

**FEDS TAKING OVER SOUTHEAST WATER FIGHT:** Frustrated with the inability of governors from ALABAMA, FLORIDA and GEORGIA to work out a joint water-sharing deal, Interior Secretary Dirk Kempthorne announced that the United States Army Corps of Engineers and other federal agencies will now put together their own water-sharing solution for the three states.

Kempthorne informed Governors Sonny Perdue of GEORGIA, Bob Riley of ALABAMA and Charlie Crist of FLORIDA, all Republicans, of his decision in a letter released last week, saying, "Regrettably, it will necessarily be a solution being directed to the states instead of our much hoped for solution coming from the states."

The gubernatorial trio did not have much to say in response. Riley and Crist offered no comment, while Perdue spokesperson Bert Brantley said only that “We certainly would have preferred to reach an agreement with our neighboring states.”

There is speculation from folks familiar with such disputes over water that Kempthorne doesn’t really want to follow through with having the feds take over the process. George William Sherk, a water law expert at the COLORADO School of Mines, says former Interior Secretary Gale Norton sent a similar letter in 2005 to seven western states bickering over the COLORADO River. Fearing what the feds might come up with, the seven quickly had what Sherk calls a “Come to Jesus moment” and worked out a deal on their own.

**“Regrettably, it will necessarily be a solution being directed to the states instead of our much hoped for solution coming from the states.”**

Jim Lochhead, a Denver attorney involved in that process, agrees that Kempthorne’s real intent is likely to “give some motivation to all three parties to sit down and work through a common agreement.”

Kempthorne did note one positive in his letter, saying that the states had made more progress on a water agreement in the last three months than in the entire 18 previous years they have been feuding. (ATLANTA JOURNAL CONSTITUTION, U.S. SECT. OF THE INTERIOR)

**GOVS DROP CAR FEE QUESTS:** Governors Bill Ritter (D) of COLORADO and Butch Otter (R) of IDAHO have each dropped proposals to significantly hike car registration fees in their states. They had proposed the hikes as a way to pay for needed transportation infrastructure repairs. Ritter had urged Centennial State lawmakers to take up the proposal, which he estimated could bring \$500 million in revenue to fund bridge and road repairs. But he acknowledged on his weekly radio show last week that with the economy ailing, lawmakers don’t have much stomach for pushing such a hike on taxpayers. “People are having a difficult time,” he said. “I would say that that’s not going to move forward in this legislative session.” Otter followed suit just days later when he dropped his own plan to double vehicle registration fees to raise an additional \$202 million annually by 2011 for road and bridge maintenance. Otter acknowledged his plan was highly unpopular, but accused lawmakers of using his proposal as “political cover” to avoid making hard decisions on how to make up for an anticipated \$200 million highway funding shortfall in coming years. “They’re standing for election, and I’m not,” Otter said. (DENVER POST, IDAHO STATESMAN [BOISE])





**VEEP TALK PICKS UP:** With ARIZONA Sen. John McCain having wrapped up the Republican nomination for president, talk has turned to who may be his running mate. Several current GOP governors are in the mix, including UTAH’s Jon Huntsman Jr., SOUTH CAROLINA’s Mark Sanford and FLORIDA’s Charlie Crist. As a long-time McCain supporter, MINNESOTA Gov. Tim Pawlenty is also thought to be a strong contender. Former governors Mike Huckabee of ARKANSAS and Mitt Romney of MASSACHUSETTS — both of whom also sought the nomination — may also be in contention, though Romney and McCain often sparred bitterly before Romney dropped out. (NEW YORK TIMES)

**EXECUTIVE ORDERS:** WASHINGTON Gov. Christine Gregoire (D) issues EO 08-01, which establishes a state New Americans Policy Council tasked with developing strategies to help legal permanent residents become naturalized (STATE NET). • MAINE Gov. John Baldacci (D) issues EO 11, which orders the Commissioner of Economic and Community Development to convene a working group to offer solutions to streamline the state’s economic development delivery systems (STATE NET).

— *Compiled by RICH EHISEN*

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## Hot issues

**B**USINESS: The VIRGINIA Senate unanimously approves SB 797, a bill that would require Old Dominion lenders to provide a 10-day advance notification of foreclosure to borrowers who are in default. Borrowers who notify the company of payment difficulties in advance would receive a 30-day grace period. Lenders would also have to provide a list of agencies that offer options to help borrowers avoid foreclosure. It moves to the House (RICHMOND TIMES-DISPATCH). • A joint VIRGINIA legislative panel approves a measure that would limit payday loan borrowers from taking out more than one loan at a time and no more than 10 in a year. It would also cap interest at 36 percent, but allow lenders to charge additional set fees. The measure moves now to the House and Senate floors (RICHMOND TIMES-DISPATCH). • The ALABAMA House approves HB 196, legislation that would raise the allowed alcohol content of beer sold in the Heart of Dixie from 6 percent to 13.9 percent. The measure moves to the Senate (BIRMINGHAM NEWS). • The NEBRASKA Legislature approves LB 123, which would, among other things, bar foreclosure consultants and equity purchasers from pressuring distressed homeowners to sign over their ownership interest. The measure moves to Gov. Dave Heineman (R) for review (OMAHA WORLD-HERALD).



before imposing outdoor watering restrictions rules that are tougher than the state's. The bill moves to the Senate (ATLANTA JOURNAL-CONSTITUTION).

**HEALTH & SCIENCE:** The **NEW JERSEY** Senate endorses a bill that would make the Garden State only the third in the nation to allow workers to take paid leave to care for a newborn or a sick relative. It moves to the Assembly (NEW YORK TIMES). • The **COLORADO** Senate approves SB 164, a bill that would eliminate the \$250,000 cap on jury awards in medical malpractice cases that involve physical disfigurement or impairment. It moves to the House (PUEBLO CHIEFTAIN). • The **WASHINGTON** House endorses SB 5261, which would require the state insurance commissioner to approve rate increases on individual health insurance plans. It moves back to the Senate (SEATTLE TIMES). • The **VIRGINIA** General Assembly unanimously approves a package of bills that will give families and courts greater flexibility in having people who are mentally ill involuntarily committed. They move to Gov. Tim Kaine (D) for review (WASHINGTON POST).

**HOMELAND SECURITY:** Health officials in **CALIFORNIA** release new “surge capacity guidelines” that call for, among many other things, allowing older or sicker patients to die in order to save the lives of others with a better chance of surviving a natural disaster, biochemical attack or flu pandemic. The plan also lists which patient protections may be waived in the event of such an emergency (SACRAMENTO BEE).

**IMMIGRATION:** A federal appeals court rejects a request for an emergency injunction against a new **ARIZONA** law that would strip companies of their business license if they knowingly employ illegal immigrants. A full hearing on the law's constitutionality takes place later this year (ARIZONA REPUBLIC [PHOENIX]). • The **UTAH** Legislature approves SB 81, which would, among other provisions, require employers to verify the legal status of their workers, bar “sanctuary cities” and make it illegal to harbor or transport illegal immigrants. It moves now to Gov. Jon Huntsman Jr. (R) for review (DESERET MORNING NEWS [SALT LAKE CITY]). • The **MISSISSIPPI** House endorses SB 2988, legislation that would require Magnolia State employers to use the federal E-Verify system to confirm their workers are in the country legally. Violators could lose their business license for a year. It moves to Gov. Haley Barbour (R) for review (CLARION-LEDGER [JACKSON]).

**SOCIAL POLICY:** The **ARIZONA** House endorses HB 2769, which would change the state's definition of partial-birth abortion to conform to federal law. It would also raise the penalty for performing the procedure from a class 6 to a class 5 penalty. It moves to the Senate (ARIZONA REPUBLIC [PHOENIX]). • The





idea that legislators might be armed clearly never enters some people’s mind, however. Such as the time in 2005 when the UTAH Jazz Bear, the NBA team’s mascot, burst into the House chamber and fired off a round from a confetti cannon. The sudden loud interruption understandably startled the heck out of everyone, so much so that Rep. Curtis Oda immediately went for his sidearm. Thankfully, the situation was diffused before the mascot ended up literally taking one for the team.

## Upcoming stories

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

- **Pharmaceutical gifts to doctors**
- **National energy corridors**
- **Spin Life insurance**

**HELL HATH NO FURY** like that of a lawmaker scorned. Or at least one who feels like his team got jobbed. Witness SOUTH CAROLINA Rep. Harold Mitchell, who, as the *Spartanburg Herald-Examiner* reports, has introduced House Bill 4794, a measure to require officials to use television replays to resolve close plays during high school football and basketball playoff games. A Spartanburg native, Mitchell filed the measure after Spartanburg High School lost the state basketball title game when refs ruled that a potential game-winning shot came after the buzzer had sounded. Since current rules don’t allow the refs to review the shot on video, that was that. An incensed Mitchell says that has to change because he doesn’t want any school to “ever go through anything like this again.” Or perhaps another sports-obsessed lawmaker.

**GO UNO, GO UNO:** When they have wrapped up figuring out how to referee basketball games, SOUTH CAROLINA pols can turn their attention to HB 4811, which, as State Net notes, would fete Uno on the House floor. Yes, that Uno, the Palmetto State beagle who was recently named the grand champion of the prestigious Westminster Kennel Club’s annual dog show in New York City. Now we all know that politics really has gone to the dogs of late, but isn’t this carrying things a bit too far? Someone might want to lay down some newspapers just in case Uno isn’t as impressed with lawmakers as they are with him.

**BRETT FAVRE, POLICY FACILITATOR:** Last week was an understandably sad one for Cheeseheads everywhere, what with the retirement of Green Bay Packers quarterback/deity Brett Favre and all. Perhaps no fan was more bummed out than WISCONSIN Gov. Jim Doyle, who gushed for five minutes to the *WISCONSIN Radio Network* about how much Favre had meant to the entire state during his 16 years under center for the Pack. Good times at Lambeau Field apparently also equate to “happy-happy joy-joy” under the Capitol dome in Madison, as Doyle lamented that it is “always easier to govern the state when the Packers are winning.” Gee, nothing like putting even more pressure on Aaron Rogers, Favre’s expected replacement. At least we already know who to blame if things take a big dumper in the Badger State next season.



**GUILT-FREE GUZZLING:** CALIFORNIA Sen. Jim Battin is mad as Hell and he isn't going to take it any more. Responding to criticism for bombing around the Golden State in a gas-guzzling Lincoln Navigator, the irked lawmaker bought himself some absolution by plunking down \$45 to get his rig a carbon offset sticker. But as the *Palm Springs Desert Sun* reports, Battin ain't done yet. He has also proposed legislation to allow anyone who has bought a carbon offset to drive in freeway carpool lanes. To further flip the figurative bird at his critics, Battin issued a press release touting his joy at the thought of allowing "every owner of a polluting, flashy, fuel-sucking car" to use the HOV lane, adding "I feel great about my carbon credit indulgence and think many other Californians will, too, when they are driving guilt-free in the empty diamond lane." All together now: What a charmer!

## In case you missed it

Prompted by recent shootings at VIRGINIA Tech and Northern ILLINOIS universities, lawmakers in more than a dozen states have introduced bills this year that would allow students to carry concealed weapons on campus. We took an in-depth look at this controversial issue in the March 3 issue of SNCJ.

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

[http://www.statenet.com/capitol\\_journal/03-03-2008/html](http://www.statenet.com/capitol_journal/03-03-2008/html)

— By *RICH EHISEN*



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