

Death Investment Boom



April 7, 2008

Budget & taxes	5
MD passes sweeping foreclosure crisis legislation	
Politics & leadership	7
Supreme Court settles DE-NJ river dispute	
Governors	9
Palin calls pipeline special session	
Bird's eye view	3
Hot issues	11
Once around the statehouse lightly	14

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

Top Story

Stranger-originated life insurance is a billion dollar annual business. But insurers say the practice is both distasteful — literally waging on human life — and ripe for abuse. Now several states are looking to send it to an early grave.

SNCJ Spotlight

Regulators take on life-insurance speculators

On leap day this year, the WEST VIRGINIA Legislature passed a bill prohibiting anyone from entering into a type of insurance settlement agreement for the terminally ill known as a viatical within five years of being issued a policy, unless they're able to prove they have a terminal illness. That seemingly redundant provision was joined with another somewhat cryptic one making the issuance or promotion of "stranger-originated life insurance" a "Fraudulent viatical settlement act." But the measure, which was

signed into law by Gov. Joe Manchin (D) a couple of weeks later, was hailed by life insurers as a major step toward eliminating what they consider to be a growing problem in the industry: speculation by third parties.

“WEST VIRGINIA is one of the first states in the nation to enact this vital legislation, which aims to deter a grisly type of transaction in which investors such as hedge funds literally wager on human life,” said Frank Keating, president of the American Council of Life Insurers, after the measure, SB 704, was approved. “We hope state legislatures across the nation will follow WEST VIRGINIA’s lead...”

There were signs a short time later that the insurers’ hope might be realized, when INDIANA passed HB 1379 and KENTUCKY passed HB 348, banning stranger-originated life insurance, or STOLI — also called SPIN-LIFE, for speculator-initiated life insurance — transactions in their respective states. And at least 20 others are considering similar measures. But there are also indications that things might not go entirely the insurers’ way.

Viatical settlements originated in the 1980s in response to the emerging AIDS epidemic. Terminally ill patients needed help covering their medical bills, and selling their insurance policies provided a way for them to do that. The purchasers proceeded to sell the policies to investors who became co-policyholders, assuming payment of the premiums, usually for a period of two years — to comply with state “wet ink” laws, which bar insurance settlements within two years of the policies’ effective dates — and receiving the full death benefit when the original policyholder died.

The viatical business flourished for a time until it became clear that it was rife with abusive practices. In some cases the settlement that patients received was a fraction of the death benefit. Settlement payments were also sometimes delayed or

denied altogether. Investors fell prey to deceptive behavior too, in the form of sellers who promised “risk-free” investments. At the same time that the industry was drawing the attention of prosecutors and regulators, medical advancements were extending patients’ lives, making

“Instead of terminally ill patients with life expectancies less than two years, senior life settlements are targeted at individuals over the age of 65 with life expectancies less than 15 years.”

viaticals less profitable. And by 1999, the market was pretty much dead.

But viaticals were shortly resurrected in the form of senior life settlements. Instead of terminally ill patients with life expectancies less than two years, senior life settlements are targeted at individuals over the age of 65 with life expectancies less than 15 years.

The settlements are generally tied to the same two-year interval that typified viaticals. But with the greater likelihood that the policyholder will survive that period, the contingency provisions of life settlements are a little more involved. Typically, a senior agrees to take out a loan to cover the policy’s first two years of premiums. If



the senior dies during that period, his or her heirs can keep the policy if they repay the loan and interest. If the senior survives, he or she can pay off the debt or sell the policy. If the policy sells for more than the amount needed to pay off the loan, the senior can pocket the difference. And if the sale doesn't cover the debt, the senior can sign the policy over to the lender and just walk away.

Life settlements have become big business. Small firms called life settlement providers have been enticing affluent seniors, with cruises, luxury cars and big cash payments, into buying multi-million policies, which the settlement providers then package and sell to hedge funds, pension funds and investment banks.

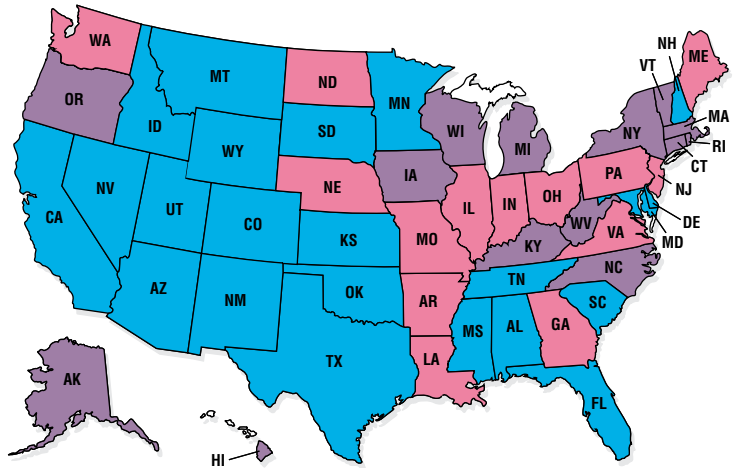
Insurers are none too pleased with that development. They say the senior settlements have undermined the purpose of life insurance.

“Life insurance is a way for individuals to protect their families,” C. Robert Henrikson, the CEO of MetLife,

“Life insurance is a way for individuals to protect their families. If someone profits from a stranger’s death, it stands the whole purpose of life insurance on its head.”

that a certain percentage of policyholders will cancel their policies before they die, for various reasons, such as their children growing old enough to care for themselves financially. In 2005, 19.8 million policyholders stopped paying their premiums,

Bird’s eye view



Source: International Association of Amusement Parks and Attractions. Legend: Pink = Operator must be 16, Purple = Operator must be 18, Blue = No age restrictions

States set age limits for thrill ride operators

Spurred by a grisly accident that severed the feet of a 14-year-old girl at a Louisville amusement park in 2007, KENTUCKY lawmakers unanimously endorsed legislation last week that will require thrill ride operators to be at least 18 years old. With Gov. Steve Beshear (D) primed to sign the bill into law, the Bluegrass State will become the 28th to set an age limit for those who run the most intense rides. Of those states, 13 currently require thrill ride operators to be at least 18, though three — IOWA, MICHIGAN and NEW YORK — allow 16-year-olds to run kiddie rides. Fourteen other states allow 16-year-olds to run all the rides, while the remaining 22 states have no age restrictions at all.



told The New York Times in 2006. “If someone profits from a stranger’s death, it stands the whole purpose of life insurance on its head.”

Insurers say the settlement boom is also likely to make it harder for seniors to afford coverage. The actuarial models insurance companies use to set premiums are based on the assumption





“We don’t see the secondary market as a threat; we see it as a tremendous opportunity,” said John K. Hillman, president and CEO of Phoenix Life Solutions.

Perhaps more significantly, Wall Street has gotten in on the act, buying up policies, pooling them, diving the pool into bonds and selling the bonds to institutional investors. That activity has helped propel the life settlement market from almost nothing in 2001 to \$15 billion in 2005. And analysts predict that with the

number of retiring baby boomers increasing in the coming decades, the market could top \$160 billion.

As with viaticals, there have been cases of abuse in the life settlement business. For instance, two CALIFORNIA men allegedly

“At the end of the day, what Wall Street does best is figuring out what investors might want and structuring products to meet those needs.”

raised \$69 million in a settlement scheme centered around the 2,000-member congregation of a church in South Central Los Angeles by promising investors 25 percent annual returns on the premise that the members “were predominantly African Americans and had a higher mortality rate than the average population.” Another group of investors reportedly hatched an even more ambitious plan involving all 45,000 inhabitants of the islands of Saint Kitts and Nevis in the Caribbean.

Wall Street is also currently dealing with the collapse of the bond market that was imprudently built on pools of subprime mortgages. But as Kenneth C. Froewiss, visiting professor of finance at New York University’s Stern School of Business and a former investment banker, told *BusinessWeek* last year, Wall Street has a knack for rationalizing its entry into shaky markets.

“At the end of the day, what Wall Street does best is figuring out what investors might want and structuring products to meet those needs,” he said.

And the lure of aging baby boomers looking to cash in on their life insurance policies could prove difficult for investors to resist.

(INSURANCENEWSNET.COM, BISANET.ORG, BUSINESSWEEK, STATE NET, NEW YORK TIMES, NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS, HARTFORD COURANT)

— *Compiled by KOREY CLARK*

Budget & taxes

MD PASSES SWEEPING FORECLOSURE CRISIS LEGISLATION: MARYLAND lawmakers passed a package of ambitious bills last week aimed at controlling the home mortgage crisis. Among other things, the



measures would subject the most egregious mortgage lending schemes to criminal prosecution, lengthen the foreclosure timetable and prohibit transactions that trick homeowners into signing ownership of their homes over to third parties.

Lawmakers praised the legislation, which was introduced by Gov. Martin O'Malley (D) after a careful study of the housing crisis by his administration last year.

"There are people who are suffering in silence and have the feeling they are two or three months behind in [payments] and don't know who to turn to," said Sen. Ulysses Currie (D), whose district was among the hardest hit by foreclosures. "The bills will give these people a sense of hope and direction."

Even the mortgage-lending industry largely embraced the legislation.

"All of that time deliberating the issues, I believe, has resulted in what is a very good package that will provide meaningful reform for borrowers but also continue to have an environment in the state that legitimate lenders will want to lend in," said Kathleen Murphy, president and chief executive of the MARYLAND Bankers

Association.

O'Malley is expected to launch a statewide campaign, utilizing ads in newspapers and on TV, radio and the sides of buses, to inform homeowners facing foreclosure about how to seek help and the new programs

"There's a lot of talk at the federal level, but there's seldom any action, so that's why the governor has taken the bull by the horns at the state level."

available to them, said state Secretary of Labor Thomas E. Perez.

"We will be using every creative available outreach tool to ensure that Marylanders in distress are aware of their rights and aware of their options," Perez said. "Passing laws is of minimal benefit if people aren't aware of the new rights that they have."

O'Malley was also scheduled to testify before Congress about his state's approach to the housing crisis.

"There's a lot of talk at the federal level, but there's seldom any action, so that's why the governor has taken the bull by the horns at the state level," Perez said. (WASHINGTON POST)

STATES SUFFERING ECONOMIC SQUEEZE: The sagging U.S. housing market and record oil prices are helping drag down state tax revenues from

CALIFORNIA to FLORIDA.

"States are experiencing a classic nutcracker effect."

But state governments are also suffering from another cruel trick of the economy: inflation that is

growing at a faster rate than the economy as a whole. "States are experiencing a classic nutcracker effect," said Robert B. Ward, deputy director of the Nelson Rockefeller



Institute of Government. “Costs are rising sharply just as revenues falter.” According to data released last month by the institute, the inflation rate for states and localities was 3.6 percentage points higher than for the national economy. Ward believes rising fuel costs and worker compensation expenses, for retiree health and pension benefits in particular, are at least partly to blame, but he says more research is needed. “It’s a very harmful trend,” he said. “A state’s dollar just won’t go as far.” (STATELINE.ORG)

BUDGETS IN BRIEF: NEW YORK officials have agreed to hike the cigarette tax from \$1.50 per pack to \$2.75 per pack. The \$1.25-per-pack increase would make NEW YORK’s levy the highest in the nation (ASSOCIATED PRESS, TIMES UNION [ALBANY]). • The number of cigarettes sold in **IOWA** has dropped 36 percent since the state increased its cigarette tax \$1 per pack in March of last year. Between March 2006 and March 2007, just over 5 billion cigarettes were sold in the state. Between March of 2007 and March of 2008, roughly 3.2 billion cigarettes were sold (DES MOINES REGISTER). • **WISCONSIN** voters approved a constitutional amendment last Tuesday stripping governors of their so-called “Frankenstein veto” power. The veto had been used by governors of both parties over the past 20 years to cut-and-paste words and sentences in spending bills to redirect funds in ways that weren’t approved by the Legislature (MILWAUKEE JOURNAL-SENTINEL). • **WEST VIRGINIA** Gov. Joe Manchin (D) signed HB 4420, a measure intended to prevent multi-state businesses from shifting profits to subsidiaries in offshore tax havens to avoid paying state corporate income taxes (CHARLESTON GAZETTE).

– *Compiled by KOREY CLARK*

Politics & leadership

SUPREME COURT SETTLES DE-NJ RIVER DISPUTE: Last week, the U.S. Supreme Court settled the latest round of a boundary dispute between DELAWARE and NEW JERSEY that dates back at least 130 years.

The most recent skirmish began in late 2003, when Crown Landing LLC, a subsidiary of BP, proposed building a \$750 million liquefied natural gas terminal on the Jersey side of the Delaware River, which would include a 2,000 foot delivery pier. DELAWARE refused to grant permits for the project, citing environmental concerns. So NEW JERSEY, invoking Article III of the U.S. Constitution, giving the Supreme Court “original jurisdiction” in cases involving a state, filed suit against DELAWARE directly in the high court. The Garden State alleged that it had a well-accepted right to build “improvements” to its shoreline like the pier of the proposed LNG terminal.



The court, however, disagreed, siding 6-2 in favor of DELAWARE. Writing for the majority, Justice Ruth Bader Ginsberg stated that while NEW JERSEY's assertion was correct for "ordinary and usual" uses of the shoreline, the Crown Landing project went "well beyond the ordinary or usual" and was therefore subject to DELAWARE's approval.

The dissenting justices, Antonin Scalia and Samuel Alito, both NEW JERSEY natives, questioned the majority's use of a vague standard like "ordinary and usual." Scalia asked, "What in the world does it mean? Would a pink wharf, or a zig-zagged wharf qualify?"

But Collins J. Seitz Jr., a partner in one of the law firms that represented DELAWARE, was happy with the court's decision and likely aware that the boundary battle between the two states had actually reached the Supreme Court twice before, in 1877 and 1934.

"Having these 20 miles of shoreline held hostage, as they are, is a real issue."

"We're proud to have once again successfully defended DELAWARE's border from encroachment by NEW JERSEY," he said.

Naturally, the plaintiffs' side wasn't quite as pleased with the outcome of the case.

"Needless to say, the decision is not something that's helpful to NEW JERSEY, regardless of people's position on an LNG facility," said state Assemblyman John J. Burzichelli (D). "Having these 20 miles of shoreline held hostage, as they are, is a real issue."

BP was undeterred, though, despite the court setback.

"This is an important energy project for the nation and for the region," said Tom Mueller, a spokesman for the company. "We will continue to explore other options and anticipate that the project will move forward and eventually be built here on the DELAWARE River." (STAR-LEDGER [NEWARK], NEW YORK TIMES, NEWS JOURNAL [NEW CASTLE-WILMINGTON])

BI-STATE BATTLE BREWING OVER NYC TRAFFIC PLAN: NEW

JERSEY may soon find itself in a dispute with another of its neighbors, judging from comments made last week by Gov.

"Unless this plan treats all drivers fairly, I am prepared to pursue legal action to protect NEW JERSEY commuters from this outrageous action."

Jon Corzine (D). The governor took offense at the stance NEW YORK officials are taking with the Garden State in relation to the proposed traffic congestion pricing plan for New York City. As drafted the plan would impose an extra \$3 to \$4 toll

on NEW JERSEY drivers entering Manhattan via bridges across the Hudson River. Top NEW YORK state officials, including Gov. David Paterson (D), have indicated

the state's requirement, but Palin rejected the bid, concluding there was nothing there to convince her to deviate from the state's plan.

Several state lawmakers said they presumed the TransCanada approval for the coveted license is now a done deal. "I thought, quite frankly, it was a foregone conclusion from day one," said House majority leader Rep. Ralph Samuels (R). But Samuels also questioned why Palin would wait two weeks after announcing acceptance of the TransCanada proposal to start the session. Lawmakers will have 60 days to review the license before deciding to accept or reject the proposal.

"Why would you burn that first two weeks," he said. "You've only got 60 days." Samuels said it is possible that the Legislature will call itself into session early to begin deliberations right after the announcement.

Palin said she is agreeable to that, but insisted her plan was "more sensible" because it gives legislators time to absorb the massive amount of information about the gas pipeline. (ANCHORAGE DAILY NEWS, JUNEAU EMPIRE)

BREDESEN WANTS SUPERDELEGATE PRIMARY: In an attempt to ease the prolonged battle between Democratic presidential candidates Barack Obama and Hillary Clinton, TENNESSEE Gov. Phil Bredesen (D) has proposed the party hold a two-day "superdelegate primary" after the last voter primary. Bredesen, who made his pitch to a meeting of the Democratic Governors Association in Big Sky, MONTANA, did not seek commitments from his fellow governors on the proposal. The Democratic National Party has so far been cool to the idea, but Bredesen said he will push the proposal should the race drag on or get excessively more bitter. He said the party needs to have a plan so that superdelegates make their picks well in advance of the August nominating convention. (BILLINGS GAZETTE)

EXECUTIVE ORDERS: OHIO Gov. Ted Strickland (D) issues 2008 07S, an executive order that creates the Children's Buy-In Program, a health care plan for hard-to-insure children under 19 in families with incomes more than 300 percent of the federal poverty level. The plan starts in June (STATE NET).

GOVERNORS IN BRIEF: MISSISSIPPI Gov. Haley Barbour (R) said last week he will veto HB 1089, legislation recently approved by lawmakers that would allow Magnolia State deer hunters to bait their quarry with grain or other foods. "We haven't gotten the bill yet, but as soon as the governor gets it, he will veto it," said a Barbour spokesperson (CLARION LEDGER). • NEW YORK Gov. David Paterson (D) has asked attorney general Mario Cuomo to investigate whether State Police are improperly delving into the backgrounds and political affairs of Empire State officials. Paterson's request came after a probe found that former Gov. Eliot Spitzer (D) used police to damage Republican Senate Leader Joseph Bruno (DEMOCRAT AND CHRONICLE [ROCHESTER]). • FLORIDA Gov. Charlie Crist (R) urged



lawmakers to approve legislation that would require insurance companies to cover autism screenings and treatment. Two such bills (SB 2654 and HB 1291) are currently pending in the Sunshine State Legislature. Lawmakers have expressed concern that forcing companies to provide the coverage could lead to higher consumer insurance costs (MIAMI HERALD). • **SOUTH CAROLINA** Gov. Mark Sanford (R) removed a state trooper from his security detail after officials released videotape of the officer punching a black passenger in a 2006 traffic stop. The incident was filmed on the officer's dashboard camera. A Sanford spokesperson said the officer was reassigned until the case has been thoroughly reviewed (GREENVILLE NEWS). • **ARIZONA** Gov. Janet Napolitano (D) said last week that she will wait until after a federal commission decides whether to recognize her renaming of the former Squaw Peak in Phoenix before she will focus on the 79 other **ARIZONA** sites that include "squaw" in their names. Napolitano renamed the site in 2003 in honor of U.S. soldier Lori Piestewa, the first female American Indian soldier to die in combat (ARIZONA DAILY STAR [TUCSON]). • **CALIFORNIA** Gov. Arnold Schwarzenegger (R) placed a salary freeze on 1,330 state agency supervisors and authorized an audit to find out why some are making more than allowed under the current pay scale. Salaries for the positions are supposed to range from \$74,076 to a maximum of \$160,572, but state personnel records show that some supervisors are making almost \$300,000 (SACRAMENTO BEE).

— *Compiled by RICH EHISEN*

Hot issues

BUSINESS: The **KENTUCKY** House approves HB 136, which would allow retailers to impose a \$30 service charge on top of the amount owed at the pump for people caught driving off without paying for gasoline. It moves to the Senate (COURIER-JOURNAL [LOUISVILLE]). • The **GEORGIA** Senate unanimously approves HB 130, which would allow Peach State residents to freeze their credit reports and block agencies from giving out their credit histories without written permission. It moves back to the House (ATLANTA JOURNAL CONSTITUTION). • **WEST VIRGINIA** Gov. Joe Manchin vetoes SB 638, which would have required automotive recyclers that buy catalytic converters to collect and maintain records on the sellers. Manchin said the proposed law would have violated the Fourth Amendment of the Constitution (CHARLESTON GAZETTE). • **WASHINGTON** Gov. Christine Gregoire (D) signs HB 2647, which bans the sale of toys that exceed allowable amounts of lead and other toxic materials. The law goes into effect July 1, 2009 (SEATTLE TIMES). • The **GEORGIA** House endorses



SB 155, which would allow consumers to take home unfinished bottles of wine from restaurants. Re-corked bottles would have to be placed in sealed bags or containers and transported in the trunk or locked glove compartment of a car. It goes to Gov. Sonny Perdue (R) for review (ATLANTA JOURNAL CONSTITUTION). • **MICHIGAN** Gov. Jennifer Granholm (D) signs legislation that creates a program to allow some Wolverine State homeowners to convert high-interest adjustable rate mortgages to 30-year fixed-rate loans through private lenders, which would then sell the mortgages to the MICHIGAN State Housing Development Authority (DETROIT FREE PRESS).

CRIME & PUNISHMENT: The **ARIZONA** House approves HB 2740, a measure that would force the parents of a person convicted of a second graffiti offense to perform community service alongside their children. It moves to the Senate (ARIZONA REPUBLIC [PHOENIX]). • The **TENNESSEE** House endorses legislation that would increase penalties for non-federally activated Volunteer State National Guard soldiers who go AWOL to six months in jail and a \$500 fine. It moves to the Senate (CHATTANOOGA TIMES). • **VIRGINIA** Gov. Tim Kaine (D) places a moratorium on executions in the Old Dominion until the U.S. Supreme Court rules later this year on the constitutionality of lethal injection. The ruling is expected this summer (VIRGINIAN-PILOT [NORFOLK]). • The **ALABAMA** House approves a bill that would prevent convicted sex offenders from living within 2,000 feet of a college or university. It moves to the Senate (TUSCALOOSA NEWS). • **MISSISSIPPI** Gov. Haley Barbour (R) signs HB 494, a bill that makes Magnolia State criminal incident reports public record (CLARION LEDGER). • The **PENNSYLVANIA** House shoots down a proposal that would have required handgun owners to tell police within 72 hours if their weapon was lost or stolen (PITTSBURGH POST-GAZETTE).

EDUCATION: The Bush administration announces it will require all states to use one federal formula to calculate graduation and dropout rates. Federal education officials say states are using formulas that significantly underestimate the total number of dropouts (NEW YORK TIMES). • The **OKLAHOMA** Senate shoots down HB 2513, a proposal to allow military personnel and others with firearms training to carry concealed weapons on college campuses (OKLAHOMAN

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: 169

Number of Intros last week: 3,600

Number of bills enacted/adopted last week: 1,576

Number of prefiles to date: 17,435

Number of Intros to date: 69,662

Number of bills enacted/adopted overall to date: 9,948

— Compiled By JAMES ROSS
(measures current as of 04/03/2008)
Source: State Net database

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[OKLAHOMA CITY]). • The **ARIZONA** House gives final approval to HB 2392, legislation that would allow the state to opt out of adhering to the federal No Child Left Behind law, but only if the state can replace the estimated \$600 million in education funding it will lose for doing so. It moves to the Senate (TUCSON CITIZEN). • The **MINNESOTA** House approves legislation that would require school athletic coaches to undergo a criminal background check. Similar legislation passed in the Senate, so the two measures move now to a conference committee (FORUM [FARGO]). • A federal court rules that a **VIRGINIA** regulation banning alcohol advertising in college newspapers is unconstitutional. The law banned using phrases such as “happy hour” in ads, which the papers said hurt their ability to sell advertising. State officials are considering an appeal (WASHINGTON POST).

ENVIRONMENT: The U.S. Dept. of Homeland Security announces plans to wave more than 30 state and federal environmental and cultural laws to speed construction of a 670-mile fence along the nation’s southern border with Mexico. DHS has completed about 300 miles of the fence, which stretches from **CALIFORNIA** to **TEXAS** (LOS ANGELES TIMES).

HEALTH & SCIENCE: The **VERMONT** House approves legislation that would, among other things, require health care insurers to cover adult children up to age 23 in family insurance plans. It also mandates continued coverage for divorcees who may otherwise lose their health insurance following the dissolution of a marriage. It moves to the Senate (TIMES ARGUS [BARRE/MONTPELIER]).

HOMELAND SECURITY: The **IDAHO** House approves changes to a measure that would bar the Gem State from adhering to the federal Real ID law unless the federal government agrees to pay for more of its costs to implement. The proposal moves to Gov. Butch Otter (R) for review (IDAHO STATESMAN [BOISE]). • The federal Dept. of Homeland Security gives **SOUTH CAROLINA** and **MAINE** an extension to 2010 to meet the requirements of the Real ID Act, making them the last two states in the nation to receive the extra time. Several states, including **MONTANA**, **NEW HAMPSHIRE** and **CALIFORNIA**, were granted extensions in spite of having informed DHS they will not comply with the federal law (USA TODAY)

IMMIGRATION: The **ARIZONA** House approves HB 2745, which would clarify that the state’s new law against employing illegal immigrants applies only to new hires made after January 1 of this year. The new proposal would also impose fines of up to \$5,000 on employers with more than one worker getting paid in cash. It moves to the Senate (ARIZONA REPUBLIC [PHOENIX]). • The **MISSOURI** Senate gives initial approval to SB 858, which would strip business licenses and state contracts from employers who knowingly hire undocumented workers. The proposal



would also bar illegal immigrants from receiving most state and local services. It must pass another vote to move on to the House (ST. LOUIS POST-DISPATCH).

SOCIAL POLICY: State regulators in **ARIZONA** approve new rules that will extend health coverage and other benefits to the domestic partners, gay or straight, of state workers. The new policy goes into effect on Oct. 1 (ARIZONA REPUBLIC [PHOENIX]). • The **FLORIDA** House approves a bill that would require Sunshine State women who are seeking an abortion to submit to an ultrasound before having the procedure. The bill, HB 257, allows women to opt out of viewing the fetal image and exempts cases of rape and incest. It moves to the Senate (ST. PETERSBURG TIMES).

POTPOURRI: The **ARIZONA** House endorses HB 2539, legislation that would make tripping a galloping horse a misdemeanor. Horse tripping is a competitive event at some rodeos. It moves to the Senate (ARIZONA REPUBLIC [PHOENIX]). • The **KENTUCKY** House endorses SB 203, a measure that would bar anyone younger than 18 from operating thrill rides at Bluegrass State amusement parks. It moves to Gov. Steve Beshear (D) for review (WASHINGTON POST). • The **MISSOURI** House endorses HB 1393, which would allow motorcyclists who are at least 21 years old to ride without a helmet. The proposal moves to the Senate (JEFFERSON CITY NEWS TRIBUNE). • The **GEORGIA** Senate approves HB 257, which would allow Peach State residents with concealed weapons permits to carry their firearms with them onto commuter trains and into restaurants as long as they do not drink. The measure fires off back to the House (ATLANTA JOURNAL CONSITUTION).

— Compiled by RICH EHISEN

Upcoming stories

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

- **Budget blues**
- **Family leave**
- **The plastic bag dilemma**

Once around the statehouse lightly

O **H NOW YOU TELL ME:** For Chicago Cubs fans, Game 6 of the 2003 National League Championship Series will forever be a bitter memory. Late in that game, a fan named Steve Bartman seemed to have a perfect angle on a foul ball heading into the stands. Unfortunately, so did Cubbie left fielder Moises Alou, or at least he did until Bartman knocked it away, sending Alou and the rest of the Wrigley faithful into an insane hissy fit. The Cubs subsequently blew the game



and the series. Fans heaped so much abuse on Bartman that he needed a police escort out of the stadium, prompting ILLINOIS Gov. Rod Blagojevich — a rabid Cubs fan who was at the game — to suggest that the young man hide out in the state’s witness protection program. But as the *Chicago Tribune* reports, it all may have been much ado about nothing. Alou now says that, in hindsight, he would not have caught the ball anyway. It probably isn’t much solace for Bartman, who endured death threats for weeks after the game. Of course, given Blagojevich’s current troubles in Springfield, he might be thinking about soon going underground himself.

In case you missed it

In the March 31 SNCJ, we examined how drug companies spend billions of dollars each year marketing their products directly to doctors, much of it in the form of free meals, travel, education and other gifts, and almost all of it out of the public eye. Now states are looking to change that.

In case you missed it, the article can be found on our Web site at http://www.statenet.com/capitol_journal/03-31-2008/html

FRANKENSTEIN IS DEAD: Or so it appears after WISCONSIN voters last week approved a constitutional amendment that puts a torch to the governor’s power to utilize the “Frankenstein” veto — crossing out words from two or more sentences, then stitching together the remaining words to create whole new sentences that look nothing like the originals. Badger State gov’s have used the veto for years, usually to redirect public dollars without waiting for that messy legislative approval. But as the *Milwaukee Journal Sentinel* reports, it was not the first time that angry villagers, err, voters have limited gubernatorial veto power. In 1990, they approved the so-called “Vanna White amendment,” a measure meant to stop then-Gov. Tommy Thompson (R) from splicing together individual letters to create new words as a way to divert cash into his own pet projects.

WEDDED BLISS AND A CLEAN DIAPER: A single word can often tilt the scales of legislation from bad to good or vice versa...Or in some cases, to downright goofy. Such was the case last session in ARKANSAS when pols tried to pass a measure that would have set 18 as the minimum marrying age, with a lone exception for pregnant teens under 18 that had parental permission to tie the knot. But as the *USA Today* reports, they instead endorsed a bill that allowed people of any age — even toddlers — to get hitched as long as they were “not” pregnant and had a note from mom and dad. Embarrassed lawmakers figured out their blunder and took advantage of a special session last week to pass a new law repealing the old/new one, which Gov. Mike Beebe quickly signed.

BOILING MAD: It wasn’t exactly *War of the Worlds*, but a radio jock in MONTANA recently proved that you can still fool some of the people all of the time. As the *Billings Gazette* reports, radio guy Casey of the “Casey and Hairboy Show” told listeners that a government agency called the “Tribunal Urban Rural Drinking Association,” or TURDA, had found a virus in the city’s water supply. Residents,



Editor: Rich Ehisen — capj@statenet.com

Associate Editor: Korey Clark — capj@statenet.com

Editorial Advisor: Lou Cannon

Correspondents: Richard Cox (CA), Steve Karas (CA), Bruce McKeeman (CA), Jeff Kinnison (CA), Chelsea Wolfe (CA), Linda Mendenhall (IL), Lauren King (MA) and Ben Livingood (PA)

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