

# The Ethanol Boom

April 16, 2007



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The next issue of Capitol Journal will be available on April 23rd.

## Top Story

*Ethanol plants are popping up all over the country, even in states not known for growing ethanol's main ingredient, corn. But is the "dot.corn" boom headed for its own major bust?*

## SNCJ Spotlight

### Will the ethanol boom last?

America is going crazy for ethanol. Plants for refining it are springing up all across the country. Farmers are growing corn used to produce it in record quantity. Automakers are ramping up their efforts to sell vehicles that run on it. And investors are pouring millions of dollars into it. But the boom probably wouldn't be happening right now if it weren't for the efforts of Congress and the state legislatures. And whether it continues may depend on what Washington and the states do next.



Ethanol, alcohol distilled from fermented sugar or grain, has actually been a viable motor fuel in the U.S. for over a hundred years. In fact, the vehicle that popularized the automobile in America in the first decades of the 20th century, Henry Ford's Model T, could run on either ethanol or gasoline. But despite efforts to promote ethanol use well into the 1930s, petroleum proved the cheaper alternative and ethanol was largely consigned to its more established "medicinal" purpose. It wasn't widely used as a fuel again until the '70s, when the Arab oil embargo spurred Congress and many state legislatures to grant oil companies tax breaks for blending ethanol into their gas. Once oil prices dropped in the late '80s, however, much of the heightened interest in ethanol did too.

Ethanol was revitalized once more in 1990 by the passage of the federal Clean Air Act Amendments, which mandated that oxygenates, principally methyl tertiary butyl ether (MTBE) and ethanol, be added to gasoline to reduce carbon monoxide emissions.

That act proved even more propitious about a decade later, when it was discovered that MTBE was contaminating the nation's groundwater, and ethanol became the default choice. Then, in response to spiraling oil prices caused by the Iraq war and other factors, Congress included in its 2005 Energy Policy Act an unprecedented renewable fuels standard (RFS) requiring petroleum refiners to increase the amount of ethanol in their gasoline to 7.5 billion gallons per year by 2012. The act also denied oil companies protection they'd sought against MTBE lawsuits. By early 2006, three states — HAWAII, MINNESOTA, and MONTANA — had passed RFS mandates of their own, and 25 had actually banned the use of MTBE.

All of the sudden, ethanol was a lucrative business. "We'll be the Arabs of the Midwest," the manager of an IOWA farm cooperative told the *Washington Post* last year. With oil at \$70 a barrel and corn at just \$2 a bushel at the time — making for a profit of over \$1 on a gallon of ethanol — that sort of grandiose claim wasn't

## **"We'll be the Arabs of the Midwest."**

unjustified. And that highly favorable economic proposition has given rise to a host of other aspiring ethanol sheiks. The Renewable Fuels Association report, *Ethanol Industry Outlook for 2007*, boasted that, as of this past January, 73 new biorefineries were under construction, more than the total number in operation just three years before. (There are now 114 working facilities.) Just as noteworthy is the fact that some of the new plants are being built in states well outside the Corn Belt, including ARIZONA, OREGON,

## The week in session

**States in Regular Session:** AK, AL, CA, CO, CT, DC, FL, HI, IA, IL, IN, MA, MD, MI, MN, MO, MT, NC, ND, NE, NH, NV, NY, OH, OK, OR, PA, SC, TN, TX, US, VT, WI

**States in Recess:** AR, DE, KS, ME, RI

**States in Budget Hearing Recess:** NJ

**States Currently Prefiling or Drafting:** LA

**States Projected to Adjourn:** GA, AZ, WA

**States Adjourned in 2007:** ID, KY, MD, MS, NM, SD, UT, VA, WV, WY

**State Special Sessions Adjourned in 2007:** AL "a", FL "a", NM "a", WI "a", WV "a"

— Compiled By JAMES ROSS  
(session information current as of 04/13/2007)  
Source: State Net database



WASHINGTON and NEW YORK.

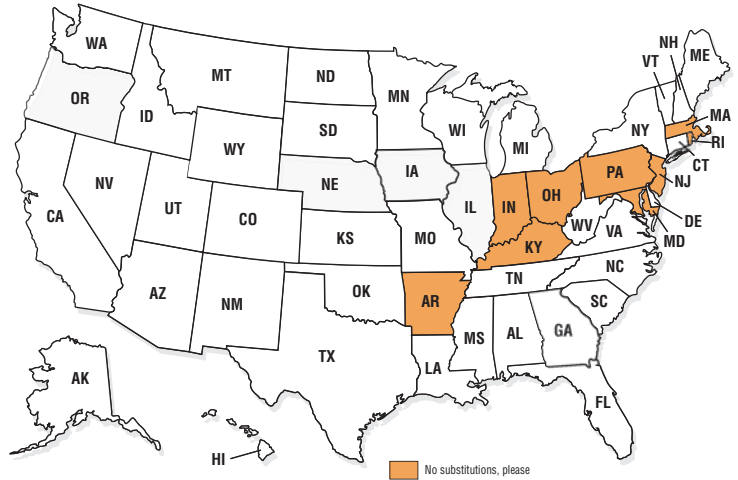
This year promises to be a busy one inside the Corn Belt too, and not just for ethanol plant construction crews. With corn prices having doubled in recent months to over \$4 a bushel for the first time in a decade, the U.S. Department of Agriculture is projecting that farmers will be planting over 90 million acres of corn this year, which would make it the largest corn crop since 1944. Business is also up for ag suppliers. John Deere dealers, for instance, have sold out of combines and Monsanto has run out of its top-of-the-line corn seeds.

Detroit could also receive a boost from the ethanol craze. America's Big 3 automakers are stepping up production and promotion of their "flex-fuel" vehicles, designed to run on either ordinary gasoline or gas blended with up to 85 percent ethanol, known as E85.

Ethanol has even overtaken high-tech start-ups as the investment opportunity of the moment, a development some are now calling the "dot-corn" boom. The small-town farmers, bankers and retirees who've been pooling together their resources to build processing plants the past few years are now being joined by the likes of Bill Gates and Goldman Sachs.

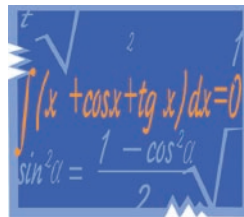
But not everyone has welcomed the boom. Livestock producers, who depend on corn for feed, have taken a big hit from the grain's recent price spike. Consequently, groups like the National Cattlemen's Beef Association are lobbying Congress to phase out the 51-cent-per-gallon ethanol producers tax credit and the 54-cent tariff on imported ethanol. "I don't think the government should be subsidizing one group of farmers to the detriment of the cattle feeders," said one NCBA official.

# Bird's eye view



Source: Associated Press

## States make math standards a common denominator



Education standards have long varied across virtually every subject and state, leaving no guarantee that the math or history curriculum in Portland, MAINE will jibe with those classes in Portland, OREGON. Efforts to impose national standards have met harsh resistance from states not inclined to allow Washington to dictate their education policy. But the advent of the federal No Child Left Behind law in 2002 — which requires states to administer annual math and reading tests to third through eighth graders and once more to high school students — has some states now rethinking that stance...for at least one subject. Saying that math shouldn't vary from state to state, the nine states indicated in the accompanying map announced last week that they will soon develop common academic standards for teaching and testing students on Algebra II. Supporters say more states and subjects will soon be added to the mix.



Food companies say they're "feeling the pinch" of higher feed and ingredient costs too. And they warn that those costs could soon be passed along to American consumers in the form of higher supermarket prices, not just for corn on the cob, but also for cereal, meat, dairy products, eggs and even soft drinks, which are sweetened with corn syrup.

There are also holdouts in the scientific and environmental communities who contend that with all of the fossil fuel used to create ethanol, such as the natural gas to make the fertilizer and the gasoline to power the tractors, it actually expends more energy than it generates, and produces greenhouse gasses besides. They also say focusing on ethanol potentially hinders other initiatives with greater potential to reduce dependence on foreign oil and curb global warming, like improving fuel economy standards or mandating carbon dioxide emission reductions.

There are plenty of other logistical problems with ethanol as well. For one thing, there are no pipelines to move it around the country as there are for gasoline. It has to be transported by rail or truck, which could become a problem at higher production levels. For another, only about 5 percent of the nation's cars are currently capable of running on gasoline blended with ethanol at a concentration higher than 10 percent, i.e. E85. As it happens, E85 is available at only 1,000 of the 180,000 gas stations in the country. And oil companies haven't been particularly eager to make it more readily available. Some require franchisees to buy fuel exclusively from them, effectively barring the franchisees from selling E85 because most oil companies don't produce it.

What's more, the industry acknowledges there's a ceiling on the amount of ethanol that can be produced from corn, about 15 billion gallons per year, which won't make much of a dent in the nation's dependence on foreign oil. So-called

**"I don't think the government should be subsidizing one group of farmers to the detriment of the cattle feeders."**

**"Investors are not investing in cellulosic plants because there's no supply. And farmers are not planting switch grass or other energy crops because there's no market."**

cellulosic ethanol, which can be produced from fast-growing crops like switch grass, as well as from agricultural waste products like corn stalks, offers much greater potential, but hasn't been proven commercially yet. And as U.S. Sen. Tom Harkin (D-IOWA), chair of the Senate Agriculture Committee,

put it, there's a bit of a "chicken and egg problem" with cellulosic. "Investors are not investing in cellulosic plants because there's no supply. And farmers are not planting switch grass or other energy crops because there's no market."

At the moment, the ethanol boom actually appears to be headed for a bust. The sharp increase in the price of corn and simultaneous decline in the price of oil



has virtually eliminated ethanol’s profit margin. And AgResource, an agricultural research and forecasting firm based in Chicago, has projected that the 6.1 billion gallons of ethanol capacity now under construction nationwide will push supply well past demand under the current federal mandate.

But help may soon be on the way. In his State of the Union Address in January, President Bush called for a five-fold increase in the federal RFS — from 7.5 billion gallons per year to 35 billion gallons, enough to replace 15 percent of the gas Americans use each year — between 2012 and 2035. Legislation is currently pending in Congress that could set an even higher RFS target: 60 billion gallons by 2030. But the ethanol industry itself apparently opposes the idea of a new RFS, presumably because it might further inflate the price of corn, although Renewable Fuels Association spokesman Matt Hartwig denies that. “Our board simply believes that a bigger renewable fuel standard doesn’t need to happen before the current one is fully implemented,” he said.

Regardless of what Washington does, though, states will remain very active on the issue of ethanol, even when it comes to renewable fuels standards, said Kate Burke, an energy policy specialist for the National Conference of State Legislatures. “States will look at their own needs and resources and determine what is best for them,” she said. A total of seven states have now enacted RFS mandates, according to the Pew Center on Global Climate Change, the latest additions being IOWA, LOUISIANA, MISSOURI and WASHINGTON. In addition, CALIFORNIA Gov. Arnold Schwarzenegger (R) created an RFS indirectly by issuing an executive order requiring fuel providers to reduce the carbon content of their fuels 10 percent by 2020, with one way of accomplishing that being to blend the fossil fuels with 20 percent biofuels.

RFS mandates are currently under consideration in at least three other states — COLORADO, MASSACHUSETTS and NORTH DAKOTA -- but that is far from the only ethanol-related subject on state lawmakers’ agendas. There are nearly 200 active bills pertaining specifically to ethanol in State Net’s legislative database, covering everything from producer tax credits, to incentives to promote cellulosic production, to state fleet requirements, to mtbe bans, to incentives to facilitate the installation of E85 pumps at gas stations. David Lehman of the Chicago Board of Trade recently said that “All the buzz in Washington surrounding ethanol indicates that it’s going to survive.” The same appears to be true in the states.

(U.S. NEWS & WORLD REPORT, BUSINESS WEEK, FORBES, WASHINGTON POST, FORTUNE, WALL STREET JOURNAL, NEW YORK

**“Our board simply believes that a bigger renewable fuel standard doesn’t need to happen before the current one is fully implemented.”**

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# Budget & Taxes

**MONEY BATTLE PITS CITY AGAINST STATE IN NY:** It seemed like one of the more innocuous items in the budget passed last month by the NEW YORK Legislature: a provision allowing two nonprofit health insurers to merge. But it has Gov. Eliot Spitzer (D) trading blows with city and labor union officials.

The battle is essentially over money. It seems the company that will be created by the joining of the two nonprofits, Health Insurance Plan of Greater NEW YORK and Group Health Inc., will be a for-profit operation with the ability to issue stock. Stock that will initially belong to the state. And which could ultimately be worth a tidy sum, although the two sides can't even agree on how much. The governor's office says \$1 billion. The city and unions say \$3 billion.

The administration's position is that the matter is already resolved, and the money from the eventual sale of the stock will go toward stem cell research and other programs. But the city and union officials are saying "not so fast." They contend that with over 90 percent of city employees enrolled with one or other of the two health companies, "The city, its employees and their unions have helped build these companies to what they are today, and if they convert, the city deserves a fair share of the proceeds..."

With the conversion likely to take at least months, the statement made by United Federation of Teachers president Randi Weingarten might prove to be accurate. "In our view, this debate is far from over," she said. (NEW YORK TIMES)

**BUDGETS IN BRIEF:** The CALIFORNIA Board of Equalization has decided to begin collecting taxes on the sale of medical marijuana, legalized by the state's voters in 1996. The board determined that the marijuana should not be exempt from the state sales tax because it is not dispensed by pharmacists or approved by the FDA as a medicine (ASSOCIATED PRESS, CONTRA COSTA TIMES). • A group led by a former NORTH CAROLINA Supreme Court justice is planning to challenge the constitutionality of the millions of dollars in incentives used to lure Google Inc. to the state. The NORTH CAROLINA Institute for Constitutional Law maintains that the incentives are illegal because they give special treatment to a single company, contrary to the idea of uniformity in the tax law (NEWS & RECORD [RALEIGH]). • The INDIANA House endorsed HB 1478, a measure that

would allow local governments to finance future operating growth through a local income tax rather than the property tax rolls. It would also permit cities and counties to raise the income tax further in exchange for directly reducing existing property tax levies on a dollar-for-dollar basis. The proposal now goes to a joint House-Senate committee (JOURNAL GAZETTE [FORT WAYNE]). • The **NEW HAMPSHIRE** House passed a two-year, \$10.4 billion budget last week, an 11 percent increase over the current budget and the first 11-figure spending plan in state history. Highlights included a 45-cent increase in the cigarette tax, to \$1.25 a pack, and a 4 percent increase in the real estate transfer tax, raising the rate for home buyers and sellers from \$7.50 to \$7.80 per each \$1,000 of home value. The proposal moves to the Senate for consideration (CONCORD MONITOR). • **MASSACHUSETTS** officials say that because new calculations indicate that even the lowest-cost health insurance would not be affordable for an estimated 60,000 people with low and moderate incomes who do not qualify for promised subsidies, the Bay State plans to exempt nearly 20 percent of uninsured adults from the new requirement that everyone have health insurance. That will leave approximately 1 percent of the state's population without health care coverage (BOSTON GLOBE). • **COLORADO** officials say they will challenge a federal appeals board decision that says the state must refund \$11.2 million in overpaid food- stamp benefits caused by a new state-of-the-art computer system that was intended to streamline the welfare process. The federal board rejected **COLORADO's** assertion that the benefit system was so complicated that it confused federal regulators and caused them to miscalculate the overpayments (DENVER POST). • **MONTANA** Gov. Brian Schweitzer (D) vetoed HB 469, a bill that he said would continue an improper 3 percent property-tax break for cellular-phone companies. Bill sponsors and cell-phone lobbyists complained that the veto likely will double taxes on those companies, which will in turn raise customer charges and slow the expansion of cell service in eastern **MONTANA**. Schweitzer countered that the legislative auditor concluded that state law requires wireless-phone-company property be taxed at the same rate as other utility, railroad and airline property (GREAT FALLS TRIBUNE). • The **IOWA** House endorsed SF 540, which would relieve Hawkeye State residents from paying inheritance taxes on property valued at less than \$5,000 (DES MOINES REGISTER).

— *Compiled by KOREY CLARK & RICH EHISEN*

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## Politics & leadership

**COLORADO REGRETS GIFT LIMIT:** Last fall, **COLORADO** voters overwhelmingly approved Amendment 41, making the Centennial State the first in the nation to chisel a limit on political gifts into its constitution.



Coloradoans evidently were eager to show that they took the issue of ethics seriously. The limit they approved was a strict one, barring all state employees, from the governor to the janitors at public schools, from accepting gifts over \$50 in value.

Critics had warned even before the vote that the broad wording of the measure might cause problems. But it became much clearer that was the case in December, when the state attorney general informed the president of the University of COLORADO System that under the law, professors would not be able to accept the monetary component of achievement awards, like the \$1 million-plus given to the winner of the Nobel Prize, or even receive a bottle of wine — a pretty nice bottle — from a friend invited over for dinner. The law

also forced a police chief at the University of COLORADO at Denver to give up his fundraising effort for a co-worker who'd lost a child. And another state worker became so worried that her children would lose their scholarship money, she quit her job.

A residents' group has filed a class-action suit seeking to strike down the entire law except for a provision restricting lawmakers from seeking employment as lobbyists less than two years after they leave office. Legislative leaders, meanwhile, are planning to petition the state Supreme Court to rule on whether they can fix the law themselves. If both those efforts fail, the issue will probably go before voters again in 2008.

“If ever there was a poster child for not putting ethics legislation in the constitution, it's [COLORADO's] Amendment 41 because it's so poorly written,” said Peggy Kerns, head of the National Conference of State Legislatures' Center for Ethics in Government.

But while Amendment 41's primary backer, Denver businessman Jared Polis, concedes that he sought the constitutional change only as a last resort, after seeing similar ethics measures rejected by the Legislature, he contends that the law offers a “workable framework.” (STATELINE.ORG)

**NATIVE AMERICANS EMBRACE LEGISLATIVE SERVICE:** No less than 73 Native Americans — Alaskans, Hawaiians and Indians — are serving in the states' legislatures this session. And while the native legislators are confined to just four states, ALASKA, HAWAII, MONTANA and OKLAHOMA, there have never been as many before, according to the National Congress of American Indians.

## Upcoming elections

(04/12/2007 - 05/03/2007)

### **04/14/2007 Delaware Special Election**

House 7th Representative District

### **04/17/2007 Massachusetts Special Election**

House 14th Worcester

### **04/17/2007 Massachusetts Special Primary**

House 11th Norfolk

### **04/24/2007 Florida Special Election**

House District 49

### **04/24/2007 New Hampshire Primary Special Election**

House Hillsborough District No. 9  
(Manchester Ward 2)



The greater representation is partly due to shifting attitudes about political participation in the Native American community. Rep. Jonathan Windy Boy (D) said that when he was a growing up on a reservation in north-central MONTANA, “there was a lot of skepticism, a lot of cynicism about the idea of voting at all.” In some cases, “people didn’t vote as a point of pride — defiance, even,” he said. “But that’s all changed. There’s much more a sense today that we can work within this system.” One measure of that change is the key role the solidly-Democratic Indian vote played in MONTANA Democrat Jon Tester’s narrow win over incumbent Republican Conrad Burns in the U.S. Senate race last year.

Native Americans have also become more politically active as they have sought to deal with government regulation of Indian gaming and other tribal development. “What we have now is a lot of tribal development,” said Jefferson Keel, lieutenant governor of OKLAHOMA’s Chickasaw Nation. “It’s not just casinos. There’s a lot of manufacturing. So people feel a real stake in the system.” (LOS ANGELES TIMES)

**POLITICS IN BRIEF:** The WASHINGTON Legislature approved legislation last week that would allow voting registration via the Internet. If signed by Gov. Christine Gregoire (D), the Evergreen State would become the second — after ARIZONA — to allow online registration (SEATTLE POST-INTELLIGENCER). • HAWAII’s overwhelmingly Democratic Legislature has sent Gov. Linda Lingle (R) a collection of eight bills designed to limit the authority of the Aloha State governor’s office, one of the most powerful in the nation. The powers that lawmakers want to curtail include Lingle’s ability to fill legislative vacancies, name candidates for judicial vacancies, appoint members to the state Tourism Authority board, pick nominees for the University of HAWAII Board of Regents and approve free trade agreements. Republicans say the measures are merely a partisan power grab, a charge the Dems deny. Lingle is expected to veto most if not all of the proposals. (SAN DIEGO UNION TRIBUNE)

— *Compiled by KOREY CLARK*

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# Governors

**G**OVERNATOR BECOMES ENVIRONATOR: CALIFORNIA Gov. Arnold Schwarzenegger’s (R) love of fine cigars and huge Hummer SUVs has long earned derision from critics who view his Hollywood lifestyle as the epitome of gas guzzling self-absorption. But while The Governator has not lost his love of a good stogie or his quartet of Hummers, something strange has happened — he has become the face of the rapidly growing international movement to address global climate change. It seems, in fact, that Schwarzenegger is everywhere these

days promoting his version of “hip, sexy, mainstream” environmentalism.

Schwarzenegger announced last week that in September he will discuss environmental issues during an address at the annual conference of Britain’s Conservative Party — a.k.a. the Tories, the party of Margaret Thatcher and Winston Churchill. But that was not even close to Schwarzenegger’s big moment of the week, which came when he appeared on the cover of *Newsweek*, underneath a caption that read “Save the Planet — Or Else.” Schwarzenegger later appeared at the Global Environmental Leadership Conference at Georgetown University, where he crowed that, “Three years ago I was followed around by environmental protesters with signs. Now I’m on the cover of *Newsweek* as one of the big environmentalists.”

Schwarzenegger credited CALIFORNIA’s Democratic leaders for their role in passing the state’s new environmental policies before taking the opportunity to poke fun at political leaders in Congress and other states who question global warming, calling them “fanatics” who are “in denial.” He warned that their defiant stance could have political repercussions, saying “You will become a political penguin on a smaller and smaller ice flow drifting out to sea. Goodbye, my little friend.”

**“You will become a political penguin on a smaller and smaller ice flow drifting out to sea. Goodbye, my little friend.”**

But not everyone is so enthused with Schwarzenegger’s green campaign these days. The auto industry is suing to stop the implementation of a CALIFORNIA law that would force automakers to drastically cut the tailpipe emissions that many scientists say contribute to global warming. Carmakers say the law would cost too much money and that the state does not have the power to set mileage standards, which they say is the only way to reach the emissions limits CALIFORNIA is demanding. To emphasize that point, GOP Congressman Joe Knollenberg (R- MICHIGAN) recently paid for a billboard in Detroit with Schwarzenegger’s picture and a caption that reads “Arnold to MICHIGAN: Drop Dead.” Nonplussed, Schwarzenegger told the Georgetown audience that “Now, there’s a billboard in MICHIGAN that accuses me of costing the car industry \$85 billion...The fact of the matter is what I’m saying is, Arnold to MICHIGAN: Get off your butt. Get off your butt and join us.”

## 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: 259**

**Number of Intros last week: 1,503**

**Number of bills enacted/adopted last week: 1,793**

**Number of prefiles to date: 31,242**

**Number of Intros to date: 125,552**

**Number of enacted/adopted overall to date: 14,974**

— Compiled By JAMES ROSS  
(measures current as of 04/12/2007)  
Source: State Net database



Schwarzenegger said he actually hopes American carmakers will eventually view the CALIFORNIA standards as inspiration to develop new emissions-friendly technologies. “We all know - let’s be honest - that if they don’t change, someone will. The Japanese will. The Chinese will. The South Koreans will. The Germans will,” he said. “I believe strongly in American technology. And I think in the end it will be technology that will ultimately save Detroit.”

**“The fact of the matter is what I’m saying is, Arnold to MICHIGAN: Get off your butt. Get off your butt and join us.”**

Schwarzenegger added that “we have to find ways to make environmentalism” more popular with the masses, noting that for years, “environmentalists were like prohibitionists at a frat party.” To seemingly prove his point, next week he will appear on the MTV reality show “Pimp My Ride,” which turns junker cars into hip-hopping custom cruisers. On Schwarzenegger’s episode, the crew will convert a worn out 1965 Chevrolet Impala into a biodiesel-burning green machine. Schwarzenegger says he’s doing the show because he wants to show that “biofuel is not like some wimpy, feminine car, like a hybrid.” (CONTRA COSTA TIMES, LOS ANGELES TIMES, SAN JOSE MERCURY NEWS)

**CORZINE INJURED, CODEY WILL SUB:** NEW JERSEY Gov. Jon Corzine (D) was listed in critical but stable condition after being seriously injured in a single-car accident last Thursday. Corzine suffered extensive injuries in the crash, including a broken left leg, sternum, collarbone, six ribs on each side and a lower vertebra. Doctors treating the governor said that given the severity of the injuries and the loss of blood involved, Corzine was lucky to have survived. They estimate it will be “days to weeks” before he is able to resume managing the state’s business, and three to six months before he is able to regularly move around. The accident occurred while Corzine was on his way to a meeting between the Rutgers University women’s basketball team and radio talk show host Don Imus, who had sparked a nationwide controversy over racist and sexist comments he made about the team on his program. Senate President Richard Codey (D) immediately took over as acting governor, a role he similarly filled when former Gov. Jim McGreevey (D) stepped down over a sex scandal in 2004. He will stay in charge until Corzine is released from the hospital. (NEW YORK TIMES)

**BLANCO WANTS END TO COCKFIGHTING:** Saying it hurts the Pelican State’s image at a time when it is desperate for federal dollars, LOUISIANA Gov. Kathleen Blanco (D) said she supports pending state legislation that would make cockfighting illegal. NEW MEXICO Gov. Bill Richardson recently signed legislation banning the practice there, leaving LOUISIANA as the only state in the country



where cockfighting is still legal. Blanco is reportedly worried that the bloody exhibitions — which usually do not end until one of the feathered combatants is either dead or too badly hurt to continue fighting — promote a negative image of the state and its residents in Congress, which is responsible for doling out federal funds to continue the state’s recovery from Hurricane Katrina. This would be the same Congress that last week approved a bill that would ban transporting animals across state lines for the purpose of fighting. (USA TODAY)

**GOVERNORS IN BRIEF:** Calling it a conflict of interest that should be abolished, **ALABAMA** Gov. Bob Riley (R) has announced his support for a bill that would bar any statewide elected official or member of the Heart of Dixie Legislature from working as a state employee or public education employee. Nearly one of every four **ALABAMA** lawmakers has a paid job in the Legislature and another position in state government or public education (HUNTSVILLE TIMES). • **TEXAS** Gov. Rick Perry (R) endorsed a proposal that could potentially hasten prayer in Lone Star State public schools. The proposal in question — HB 3678 — would require school districts to adopt policies protecting religious expression by students. “Freedom of religion should not be mistaken for freedom from religion,” Perry said (AUSTIN AMERICAN-STATESMAN). • **KANSAS** Gov. Kathleen Sebelius (D) toured the state last week to promote her signature on legislation that will allow for a dramatic expansion of gambling in the Sunflower State. Proponents say a bevy of new casinos could bring an additional \$200 million dollars a year into state coffers. But rival Indian gaming tribes and anti-gambling groups have also vowed to file suit to block the measure (LAWRENCE JOURNAL-WORLD).

— *Compiled by RICH EHISEN*

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## Hot issues

**B** **USINESS:** The **MARYLAND** General Assembly approves legislation that will require most companies with state contracts to pay their employees a “living wage” — \$11.50 per hour in urban areas and \$8.50 per hour in more rural locales. Exceptions are made for non-profits and companies with less than 10 employees. It moves to Gov. Martin O’Malley (D), who supports the measure (BALTIMORE SUN). • A **FLORIDA** Senate panel approves SB 2356, a measure that would bar Sunshine State employers from prohibiting workers and visitors from bringing weapons onto their property. It fires off to the Senate floor (PALM BEACH POST). • The **INDIANA** Senate approves HB 1027, which would require the Hoosier State minimum wage to equal the federal rate. The proposal moves back to the House



(JOURNAL GAZETTE [FORT WAYNE]). • The **VERMONT** House approves legislation that would allow traditional retail stores to sell beer with up to 16 percent alcohol content. Current law limits those outlets to beer with no more than 8 percent alcohol content; anything higher may be sold only from a state-run liquor store. The measure now pours into the Senate (RUTLAND HERALD). • The **GEORGIA** Senate okay's HB 227, which will allow video providers to obtain a single statewide franchise fee for their services. Current law requires cable companies to negotiate individual agreements with each community they serve. It returns to the House (ATLANTA JOURNAL-CONSTITUTION).

## Upcoming stories

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

- **The price of hiring illegal workers**
- **Making employers liable for data security breaches**
- **HPV update**

**CRIME & PUNISHMENT:** The **NEVADA** Assembly unanimously approves AB 92, which would require all felons to submit a DNA sample for a Silver State police database. Current law allows for authorities to collect those samples only from the most violent offenders. The measure moves to the Senate (REVIEW JOURNAL [LAS VEGAS]). • **NORTH DAKOTA** lawmakers give final approval to SB 2204, which grants immunity from prosecution to underage drinkers if they request help for another minor who needs medical assistance due to drinking too much. The measure heads to Gov. John Hoeven (R) for review (GRAND FORKS HERALD). • Also in **NORTH DAKOTA**, the House approves legislation that says residents do have a duty to avoid an armed confrontation if possible, but they are not obligated to retreat if they are facing down an intruder in their own home or workplace. The measure clarifies legislation passed in February. It also moves to Hoeven for review (BISMARCK TRIBUNE). • **VIRGINIA** Gov. Tim Kaine (D) vetoes legislation that would have required the Old Dominion to study whether it should castrate violent sex offenders instead of placing them in jail for life. Kaine said that is a decision best made by medical personnel, not lawmakers (WASHINGTON POST).

**EDUCATION:** The **WASHINGTON** House approves legislation that would place a 7 percent annual cap on in-state tuition hikes at Evergreen State colleges and universities. The proposal heads to Gov. Christine Gregoire (D) for review (SEATTLE TIMES). • **COLORADO** Gov. Bill Ritter (D) signs legislation that allows Centennial State public schools to permanently display foreign flags. Previous state law made it illegal to fly flags other than those of the United States or the state or local governments on a public building (DENVER POST). • The **IOWA** Senate approves HF 158, which requires that all Hawkeye State children take a blood test to determine the level of lead in their body before entering public elementary schools. It moves to Gov. Chet Culver (D), who has said he will sign it (DES MOINES

REGISTER). • **IOWA** Senators also approve a bill that would prevent schools from teaching sex education lessons that are medically inaccurate. It also now goes to Culver, who is expected to sign it (QUAD CITY TIMES [DAVENPORT]). • Sex education is also the issue back in **WASHINGTON**, where lawmakers approve SB 5297, a measure that requires Evergreen State schools to teach both abstinence and contraception in sex education classes. The bill moves to Gov. Christine Gregoire (D), who is expected to sign it (SEATTLE TIMES). • The **TEXAS** Senate and House each approve measures that call for random steroid testing on at least 3 percent of the Lone Star State's 733,000 high school student athletes. The two chambers must resolve differences over who will pay for the testing before the measure can be handed off to Gov. Rick Perry (R) for review (DALLAS MORNING NEWS). • The **KANSAS** House overwhelmingly endorses HB 213, legislation that would require Sunflower State colleges to issue an annual report to lawmakers detailing the steps those schools have taken to allow diverse viewpoints in their classrooms. It moves to the Senate (KANSAS CITY STAR).

**ENVIRONMENT:** **ILLINOIS** officials announce the Prairie State will no longer require tailpipe emissions tests on vehicles built before 1996. Supporters say the new regulations will save taxpayers money while critics contend it will dramatically increase air pollution (CHICAGO TRIBUNE).

**HEALTH & SCIENCE:** The **ILLINOIS** Senate approves SB 385, a measure that would establish a licensing procedure for Prairie State midwives. Under the proposal, a midwife would need at least an associate's degree from an accredited college and other training before being allowed to take the certification test. It will now be delivered to the House (STATE JOURNAL-REGISTER [SPRINGFIELD]). • The **MARYLAND** General Assembly approves legislation that allows doctors to give patients with certain sexually transmitted diseases antibiotics for themselves and their sexual partners, even if a doctor has not yet treated that person or persons. It moves to Gov. Martin O'Malley (D), who says he will sign it (BALTIMORE SUN). • Also in **MARYLAND**, lawmakers give final approval to legislation that will ban smoking in all Old Line State bars and restaurants. It too wafts over to O'Malley (D), who has pledged to sign it (BALTIMORE SUN). • The **INDIANA** House endorses a measure that would ban smoking in most indoor public buildings. Exceptions would be made for bars, tobacco stores and single-proprietor businesses. The bill moves to a joint House-Senate conference committee (SOUTH BEND TRIBUNE). • **VIRGINIA** Gov. Tim Kaine (D) vetoes HB 2422, a bill that would have made all Old Dominion eateries smoke free unless the owners posted signs saying smoking was allowed there. Kaine tried to amend the measure to make it a blanket ban in those establishments, but lawmakers rejected his changes (ROANOKE TIMES). • The **NEVADA** Senate approves SB 14, which would make

it illegal for anyone under age 18 to possess or use cigarettes. It lights up now in the Assembly (NEVADA APPEAL [CARSON CITY]).

**IMMIGRATION:** A **NEVADA** Senate committee endorses SB 415, legislation that would prohibit illegal immigrants from receiving state-sponsored college scholarships, loans and in-state tuition. The proposal moves to the Senate floor (REVIEW JOURNAL [LAS VEGAS]).

**SOCIAL POLICY:** The **WASHINGTON** House endorses SB 5336, a measure that creates an Evergreen State domestic partnership registry. The bill allows same-sex couples to, among other things, have legal hospital visitation and inheritance rights when there is no will. It moves to Gov. Christine Gregoire (D), who says she will sign it (SEATTLE POST-INGTELLIGENCER). • The **COLORADO** Senate approves HB 1330, which will allow same-sex couples to adopt children. It moves to Gov. Bill Ritter (D), who is expected to sign it (ROCKY MOUNTAIN NEWS [DENVER]). • The **NORTH DAKOTA** House rejects Senate amendments made to HB 1466, which would ban virtually all abortions in the Flickertail State should the U.S. Supreme Court overturn the 1973 *Roe v. Wade* decision that legalized abortion. The Senate version opposes an automatic trigger ban should the federal statute be lifted. It heads now to a joint conference committee (GRAND FORKS HERALD). • The **OKLAHOMA** Senate approves SB 714, legislation that bans the use of public funds or state-run hospitals for any abortion other than that performed to save a woman's life. The measure, which makes no exception for cases of rape or incest, would also require Sooner State women to obtain private health insurance policies to cover the procedure. It moves to Gov. Brad Henry (D) for review (OKLAHOMAN [OKLAHOMA CITY]).

**POTPOURRI:** The **TENNESSEE** Senate approves SB 1511, legislation that would rescind the Volunteer State's mandatory motorcycle helmet law. The measure, which allows anyone 21 or over to go helmetless on their hog, now tumbles and crashes into the House (KNOXVILLE NEWS). • The **WASHINGTON** House approves legislation that bans drivers from talking on their hand-held cell phones while behind the wheel. SB 5037 now goes to Gov. Christine Gregoire (D), who is expected to sign it (SEATTLE TIMES).

— Compiled by *RICH EHISEN*

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# Once Around the Statehouse Lightly

**“I, TERRORIST”** The OHIO Legislature may have created the world’s most useless questionnaire. According to the *Cleveland Plain Dealer*, lawmakers last year passed the OHIO Patriot Act, which includes a form that asks state employees, vendors and licensees if they are terrorists or have ever hired terrorists. The goal, says a sponsor of the act, is not to coerce a confession from Osama bin Laden but to catch an applicant in the act of committing perjury. That would happen if he or she was identified as a terrorist by some other means.

**“I, TERRAPIN”** The terrapin has been the mascot of the University of MARYLAND since 1932, but that status hasn’t prevented the commercial harvesting of terrapin in Chesapeake Bay. Until now. As the *Baltimore Sun* reports, Old Line State lawmakers finally banned the trapping of diamondback terrapin just before the final gavel rang down on the 2007 session of the state General Assembly. This particular species of turtle is considered a food delicacy and, as such, its survival has been at risk for several years thanks to an increase in demand for turtle soup — especially in Asia. According to state wildlife officials, more than 10,000 turtles were caught in 2006.

**“I, THREAT?”** John Rodriguez is a threat to society. That is the official view of the state of CALIFORNIA as voiced through its three most recent governors, each of whom has rejected Rodriguez’ bid for parole. So, Rodriguez continues to reside in a state prison, confined there since a 1982 conviction for murdering his wife. His sentence — 16 years to life. Rodriguez is up for parole this June, notes the *Sacramento Bee*, and Gov. Arnold Schwarzenegger, who denied parole in 2004, once again will be able to determine the inmate’s fate. Three things work in Rodriguez’ favor: He already has served a decade past the minimum sentence for his crime and has never caused a problem while in stir. Finally, Rodriguez is a Bronze Star Army veteran — of World War II — who will turn 95 before the governor has to decide. Continued threat to society? Hey, you never know when he might go on a bender and run over someone with his walker.

**“I, YI, YI!”** Thomas Wemberly, 74, spent most of the 1980s in state prison for vehicular manslaughter. He spent a chunk of 2006 in a KANSAS jail for, um, not committing a crime. Wemberly was arrested last July after walking out of a convenience store without paying for a pair of hot dogs, valued at \$2.11. Because he had a record, Kansas law required that his petty theft be prosecuted as a felony. That



circumstance meant bail, which he could not afford. So, Wemberly spent nearly three months behind bars, waiting for the justice system to grind his way. When his turn in court finally arrived, a jury acquitted him in less time than it takes to say, “This is stupid.” Even had they convicted him, the sentence would have been probation, not the 71 days he languished in jail waiting for trial. Wemberly’s trouble, reports the *Wichita Eagle*, stemmed not from his alleged crime but from his past; in addition to the manslaughter conviction, he had two other priors for minor offenses. The KANSAS Legislature is wrestling with a bill giving prosecutors more discretion.

“**I, POD.**” If some Democrats in the MICHIGAN Legislature have their way, every high school student in the state will have an iPod, courtesy of taxpayers. As the *South Bend Tribune* and The Associated Press report, Democrats want the music gizmos considered an educational tool and their purchase funded through a \$38 million proposal called “21<sup>st</sup> Century Learning Environments.” Other Democrats — and most Republicans — expressed a different view last week. “It’s absolutely, utterly ridiculous,” a Democratic lawmaker characterized the expense. Educators, too, were skeptical. “This is a case of legislators...not having a clue about what we’re trying to get accomplished on a day-to-day basis,” said one superintendent. Democratic proponents assured everyone that the proposal had nothing to do with their trip to CALIFORNIA earlier this year, partly paid for by Apple — makers of the iPod.

— *By A.G. Block*



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