

July 2, 2007

# Troubles By the Score



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The next issue of  
 Capitol Journal will be  
 available on July 9th.

## Top Story

*Lenders have long used credit scoring to gauge the worthiness of potential insurance customers. But while states and the courts have taken significant action over the last few years to curb this practice, the issue just won't go away.*

## SNCJ Spotlight

### Credit scoring continues to run up legislative tally

**W**hat's in a number? Well, if it happens to be a three-digit figure between 100 and 999 known as a credit score, quite a bit. Lenders have been using credit scoring to gauge the creditworthiness of potential credit card and auto loan customers for decades. More recently, its use has expanded to include not only home mortgage lending but also non-lending matters, most controversially, the setting of insurance rates. Most states have taken action on the issue at



some point over the last few years but it still won't seem to go away.

Credit scoring has been around since the late 1950s, when it was invented by the then-CALIFORNIA-based firm Fair Isaac & Company. Now, according to that company, over 90 percent of credit card lenders and more than 75 percent of mortgage lenders use credit scoring to make lending decisions. And the practice is not limited to financial matters alone. Among many others, employers use it to screen job applicants and utility service providers use it to qualify potential customers.

The growing pervasiveness of credit scoring has been accompanied by a proliferation of scoring models. While Fair Isaac's model, the FICO score, which is based on such factors as an individual's payment history and amount of debt, is the most widely used, many companies have developed their own model tailored to their specific business, which they tend to regard as a company secret.

That combination of ubiquity and secretiveness has prompted many of the legislative efforts to regulate credit scoring over the years, such as a measure passed in CALIFORNIA in 2000 (SB 1607), requiring mortgage lenders to disclose detailed credit score information to their customers. "I actually had realtors who were complaining to me about it," said the bill's author, former Sen. Liz Figueroa (D). "They told me they were running into more and more situations where clients could either not buy a home because of their credit score or were paying much higher interest rates."

But it's the insurance industry that has been the target of most of the recent legislative activity on the issue. U.S. insurers began turning from traditional underwriting practices to credit scoring in the late 1990s in an effort to more accurately gauge risk — and thereby reduce cost — in the face of growing competition and ever-increasing claims. The consumption of 20 percent of the world's reinsurance capacity on 9/11 only accelerated the process.

Critics of credit scoring haven't welcomed the development, charging that it is a completely arbitrary way to assess insurance risk and set rates. Your auto insurance premium, for instance, should depend on your driving record and not on whether or not you pay your bills on time, they argue. They also allege that credit scoring models negatively impact minorities and individuals with low incomes.

Insurers counter that there is a close relationship between credit scores and risk. They point to studies like the one by the actuarial firm Tillinghast, which reportedly

## The week in session

**States in Regular Session:** CA, DC, IL, MA, NC, PA, WI

**States in Skeleton Session:** OH

**States in Recess:** MI, NH, NJ, NY, US

**States Currently Prefiling or Drafting for 2008:** FL, KY

**States Projected to Adjourn:** DE, NH

**States in Special Session Projected to Adjourn:** CT "a"

**States Adjourned in 2007:** AK, AL, AR, AZ, CO, CT, FL, GA, HI, IA, ID, IN, KS, KY, LA, MD, ME, MN, MS, MT, ND, NE, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WA, WV, WY

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

Letters indicate special/extraordinary sessions

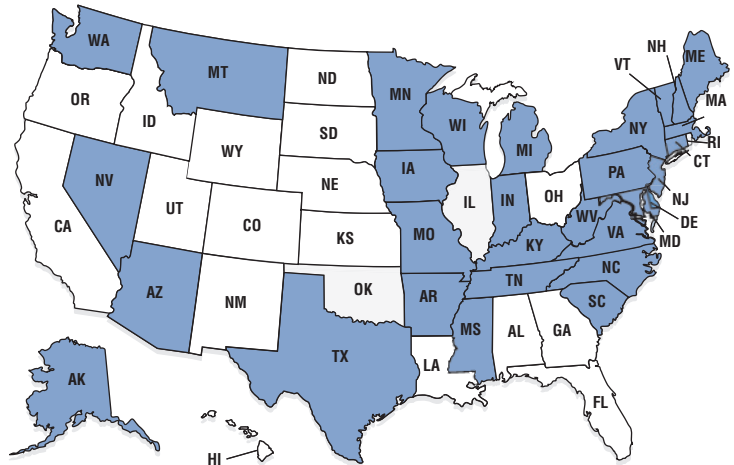
— Compiled By JAMES ROSS  
(session information current as of 06/29/2007)  
Source: State Net database

showed a 99 percent correlation between insurance industry credit scores and what's known as the loss ratio, the cost of claims filed in relation to dollars paid in premiums. Moreover, the Insurance Information Institute (III) says that more than 50 percent of policyholders actually pay lower premiums because of good credit than they would if their credit information were not considered. The III also reports that there's no conclusive evidence demonstrating credit scoring adversely impacts low-income and minority populations simply because insurers don't collect information about applicants' race or income.

States have sought to reconcile those two opposing viewpoints, acknowledging the need to take action but, for the most part, adopting a measured approach. According to the III, 48 states have passed laws restricting the use of credit scoring by insurers, about half of which are based on model legislation developed in 2002 by the National Conference of Insurance Legislators. That model law allows insurers to use credit scoring but not to base rate and other decisions on credit scores alone. It also, among other things, prohibits insurers from including income or ethnicity in their scoring models and requires insurers to notify consumers in "clear and specific language" of the reason for any adverse action, such as denial of coverage or nonrenewal. Only three states have banned insurers from using credit scoring outright. CALIFORNIA prohibits the use of credit scoring for setting auto insurance rates. MARYLAND bars the practice in connection with homeowners premiums. And HAWAII has a blanket ban covering both types of insurance.

Data compiled by the National Conference of State Legislatures indicates that insurance-related credit scoring peaked as a legislative issue in 2003 (when 42 states

## Bird's eye view



Source: State Net

■ 2007 credit scoring legislation

### States debate insurers' use of credit scoring

The insurance industry has long believed there is a direct correlation between a person's credit history and the likelihood they will file an insurance claim. As such, insurers regularly use consumer credit scores to help establish rates. But consumer groups vehemently oppose the practice, saying it discriminates against the poor and minorities. The debate has resulted in a plethora of bills seeking to end the use of credit scoring in insurance every year since 2002, including 83 this year. But to date, only HAWAII has completely banned the use of credit scores in determining insurance rates. CALIFORNIA also bars their use in determining auto policy rates, while MARYLAND prohibits credit scoring usage for homeowners' policies. DELAWARE could soon join them as lawmakers recently approved legislation that would bar credit scoring use for setting renewal rates. That bill now awaits a decision by Gov. Ruth Ann Minner (D).





introduced 141 bills, 27 of which were passed), dropped off quite a bit the following year (28 states, 58 introductions, 18 passages) and has held fairly steady since. According to State Net’s database, 83 such bills were considered in 31 states this year. “It’s an issue where there’s a lot of concern because it deals with credit,” said Heather Morton, an analyst at NCSL. “It may not be as much of a hot button as it has been, but there’s still a lot of interest in it.”

**“It may not be as much of a hot button as it has been, but there’s still a lot of interest in it.”**

Interest may dwindle somewhat, however, as a result of a U.S. Supreme Court ruling last month in a pair of cases (*Safeco Insurance v. Burr* and *GEICO Insurance v. Edo*) involving alleged violations of the federal Fair Credit Reporting Act. The

plaintiffs in the cases charged that the two insurers had acted “in willful disregard” of the FCRA by failing to disclose to them that because of their credit scores, they received less favorable rates than other customers. Last year, the 9<sup>th</sup> U.S. Circuit Court of Appeals ruled in the plaintiffs’ favor, potentially opening up the insurers to billions of dollars in claims from other customers

who also had not received adverse action notices. But this month, the Supreme Court, in a unanimous decision, reversed the circuit court ruling, essentially decreeing that companies were not obligated under the FCRA to send out adverse action notices any time a customer was charged more than others, as the 9<sup>th</sup> had stipulated, only when a customer was charged more than they would have been if their credit score hadn’t been taken into account.

The industry had no complaints about the decision. “We are pleased with the ruling and hope it helps put to rest any questions about what constitutes an adverse action notice and when such notices need to be sent,” said Kathleen Jensen, senior legal counsel for Property Casualty Insurers of America. “Thanks to this ruling, insurers now have greater certainty regarding how insurers must comply with the FCRA.”

But while that ruling may hasten the decline of insurance-related credit scoring as a legislative issue, it didn’t bring about its immediate demise. A couple of weeks after the Supreme Court handed down its decision, DELAWARE’s General Assembly passed a bill — SS 1, a substitute for SB 31 — barring insurers from denying coverage or setting premiums for new policies based exclusively on credit information and from canceling coverage or raising the premiums of existing policyholders on the basis of credit information at all. The vote was 19-0 in the Senate (with one senator not voting and another absent) and 41-0 in the House. And at least one of the state’s lawmakers still appears to have some fight left in her on the issue. “This isn’t everything we wanted,” said the bill’s sponsor, Sen. Margaret Rose Henry (D). “I wanted a complete ban. But this is a big step forward, and it’s long overdue.” (NEWS JOURNAL [WILMINGTON], NATIONAL UNDERWRITER ONLINE NEWS SERVICE, INSURANCE NEWS NET, NCSL.ORG, INSURANCE





alternatives are preferable to raising taxes. “It’s definitely a trend that’s here to stay,” he says. (STATELINE.ORG)

**MEDICAID GENERICS IN JEOPARDY:** A recent report by the Government Accountability Office indicated that proposed federal cuts to Medicaid will likely lower the reimbursement rates pharmacists receive for dispensing generic drugs to an average of 36 percent less than the wholesale cost of the drugs, meaning that many pharmacists would no longer be able to afford to dispense them for Medicaid patients. At least four states, IOWA, KANSAS, LOUISIANA and TEXAS, have boosted their state dispensing fees to offset the federal reductions, but those measures must be approved by the Centers for Medicare and Medicaid Services, the federal agency that administers Medicaid, and it’s unclear whether it will do so. Leslie Norwalk, the agency’s acting administrator, said the state proposals must be “both data-driven and reasonable in terms of being economic and efficient.” (WALL STREET JOURNAL)

**RENDELL MAKES SACRIFICES FOR BUDGET ACCORD:** Last week, PENNSYLVANIA Gov. Ed Rendell (D) gave up three of his major goals for the year — privatizing the PENNSYLVANIA Turnpike, imposing a tax on oil company profits and raising the state sales tax by 1 percent — in order to speed along a compromise on the state budget. Legislative leaders had told the governor there was little support for the three initiatives, even among his fellow Democrats, who hold a 1- seat majority in the 203-member House and 21 seats in the 50-member Senate. (PITTSBURGH POST-GAZETTE)

**WESTERN STATES TARGET PAYDAY LENDERS:** In the past few months, the West has become a decidedly less hospitable place for payday lenders, purveyors of the short-term, high-interest loans intended to tide customers over until their next paycheck. Last month, OREGON enacted legislation capping the annual interest rate on payday and other short-term loans at 36 percent. A couple of weeks earlier, NEVADA passed a bill closing a loophole in Silver State law allowing payday lenders to charge annual interest rates of up to 900 percent. And in March, NEW MEXICO imposed new restrictions on payday loans, including a ban on renewals and rollovers and a waiting period between consecutive loans. (STATELINE.ORG)

## Upcoming elections

06/28/2007 - 07/19/2007

07/03/2007

### **South Carolina Republican Primary Runoff**

Senate District 44

07/10/2007

### **California Special Election**

Assembly District 39

### **New Hampshire Special Election**

House Merrimack District No. 9 (Hooksett)

07/17/2007

### **Georgia Special Runoff**

US House (Congressional District 10)



**BUDGETS IN BRIEF:** Last Tuesday, **WISCONSIN**'s Democrat-controlled Senate approved a two-year, \$66.1 billion budget that included a sweeping health care plan that would cover virtually every resident of the state. The budget is not expected to get through the Republican-led House with the universal health care plan intact (ASSOCIATED PRESS, WISCONSIN STATE JOURNAL [MADISON]). • The **CONNECTICUT** General Assembly approved a \$36 billion state budget last week, without the income tax restructuring plan that the Democratic majority had sought. Democratic leaders explained that the plan was actually done in by the strong performance of the state's economy (THE DAY [NEW LONDON]). • The **LOUISIANA** House approved a measure (SB 45) that would provide a tax deduction for private and parochial school tuition. Steve Monaghan, president of the LOUISIANA Federation of Teachers, one of the state's largest teachers unions, blasted the measure, saying, "It's not government's role to incentivize private education." But the bill's sponsor, Sen. Rob Marionnaeux (D), countered, "It's time for the teachers unions to recognize that it's time for some alternatives to funding public education." The measure headed back to the Senate (TIMES-PICAYUNE [NEW ORLEANS]). • **FLORIDA** budget analysts reported last week that sales tax collections are down so much since March that the state could end fiscal year 2007 with a \$400 million shortfall and next fiscal year with an \$800 deficit (MIAMI HERALD). • **MISSOURI** Gov. Matt Blunt (R) signed off on the state's \$21.5 billion budget, which includes more money for education and healthcare, along with pay raises for judges, state workers and some elected officials (JEFFERSON CITY NEWS TRIBUNE)

— *Compiled by KOREY CLARK*

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## Politics & leadership

**HIGH COURT REJECTS USING RACE IN SCHOOL PLACEMENT:**  
 The U.S. Supreme Court last week rejected school diversity plans in WASHINGTON and KENTUCKY that allow the use of race when placing kids into public schools. Many observers believe the decision, which covers two similar cases involving school districts in Seattle and Louisville, could endanger similar plans across the nation.

**“The way to stop discrimination on the basis of race is to stop discriminating on the basis of race.”**

in question had failed to meet “their heavy burden” of justifying “the extreme means they have chosen — discriminating among individual students based on

In explaining the court's 5-4 decision, Chief Justice John Roberts wrote that the districts



race by relying upon racial classifications in making school assignments.” Roberts further wrote that “The way to stop discrimination on the basis of race is to stop discriminating on the basis of race.”

But school boards across the country often use race as a tool for offsetting the impact of racially divided housing patterns, a practice believed to involve hundreds of districts and millions of children. But in 2000, a group of Seattle parents formed a group called Parents Involved in Community Schools that sued the district, claiming the policy of using race as a tiebreaker when determining school assignments was unfair and violated Students’ civil rights. The case eventually made its way to the federal courts, which upheld the policy in both Seattle and Louisville. That all changed, however, when the high court, voting along strict liberal-conservative lines, narrowly rejected those policies.

**“This is a decision that the court and the nation will come to regret.”**

Justice Stephen Breyer, one of four dissenters, said the ruling undermined the spirit of the historic 1954 *Brown v. Board of Education* decision that ended school segregation. The last half century has witnessed great strides toward racial equality, but we have not yet realized the promise of Brown,” Breyer wrote. “This is a decision that the court and the nation will come to regret.” Another dissenter, Justice Anthony Kennedy, also hinted that race may still be a valid factor in some cases, writing that “Diversity, depending on its meaning and definition, is a compelling educational goal a school district may pursue.”

But Kathleen Brose, head of the parents’ group that brought the suit, called the court’s decision — and the likelihood that it will force school districts around the country to change their current practices for achieving diversity — a victory for both parents and students. During a press conference after the ruling, Brose said many kids, including her oldest daughter, had been denied entrance to multiple schools because of their race. “The public schools are for all of us,” she said. “We’ve never said we didn’t like diversity,” Brose added. “We’re against discrimination... There’s just other things they can do without discriminating.” (SEATTLE POST-INTELLIGENCER, ABC NEWS.COM, NEW YORK TIMES, TIME)

**POLITICS IN BRIEF:** The **ALASKA** Legislature met in Anchorage last week, the only legislative session ever conducted outside of Juneau. The seven-hour session was also historic on another count — it was the shortest such meeting in state history (KTUU.COM [ANCHORAGE]). • **HAWAII** House and Senate Democrats said last week they will hold a one-day veto override session July 10 to attempt an override of most of the bills on Gov. Linda Lingle’s potential veto list. Lingle has 33 bills on her veto list, but also has until that date to determine which she will actually strike down (HONOLULU ADVERTISER). • The **MONTANA** Legislature upheld all 19 of Gov. Brian Schweitzer’s (D) 19 vetoes (BILLINGS GAZETTE). • **FLORIDA** Gov. Charlie Crist (R) signed SB





the deal in the session's waning hours. But Blanco spokeswoman Marie Centanni said the governor has not completely given up on the deal, noting that Blanco might ask legislators to approve a sale later this year if market conditions improve. "We're going to continue to monitor the market. We can always do this by mail ballot," she said. (TIMES PICAYUNE [NEW ORLEANS])

**KAINE WILL TRY AGAIN TO SNUFF OUT SMOKING:** VIRGINIA Gov. Tim Kaine (D) said last week that he plans to continue his efforts to ban smoking in Old Dominion restaurants after the fall elections are complete. Lawmakers passed legislation earlier this year that would have allowed restaurants to get rid of their nonsmoking sections, replacing them with "Smoking Permitted" signs above the door to warn smoke-sensitive patrons that lighting up is allowed in that facility. Kaine, however, amended the measure to completely ban smoking in eateries statewide. Lawmakers rejected that amendment, so Kaine vetoed the measure when it returned to him. (VIRGINIAN-PILOT [NORFOLK])

**EXECUTIVE ORDERS: OHIO** Gov. Ted Strickland (D) issued EO 13, which requires, among other things, that all Buckeye State agency directors review and begin updating existing information technology security policies and practices. It also orders the state's Chief Privacy Officer to coordinate with those agencies to implement improved data security measures. The order came after the names and Social Security numbers of all 64,000 Ohio state employees were recently stolen from a state agency intern who left a backup data storage device in his car (STATE NET). • **MISSOURI** Gov. Matt Blunt (R) issued EO 26, which creates the Governor's Crime Laboratory Review Commission, which is tasked with providing independent review of any state or local crime lab funded with public money (STATE NET) • **FLORIDA** Gov. Charlie Crist (R) issued EO 07-107, which creates the nine-member Commission on Open Government. That panel will review and evaluate hundreds of exemptions to Sunshine State public records laws, the fees charged to inspect and copy those records and examine ways to better use the Internet to improve public access to government information (STATE NET, ST. PETERSBURG TIMES).

**GOVERNORS IN BRIEF:** The Western Governor's Association sent a letter to several U.S. House and Senate leaders urging the Senate "to pass comprehensive

## 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: 75**

**Number of Intros last week: 833**

**Number of bills enacted/adopted last week: 1,236**

**Number of prefiles to date: 34,643**

**Number of Intros to date: 149,149**

**Number of enacted/adopted overall to date: 32,979**

— Compiled By JAMES ROSS  
(measures current as of 06/28/2007)  
Source: State Net database

immigration reform legislation as soon as possible.” The letter was signed by **UTAH** Gov. Jon Huntsman (R), **CALIFORNIA** Gov. Arnold Schwarzenegger (R) and Gov. Janet Napolitano (D) of **ARIZONA** (SALT LAKE TRIBUNE). • **TEXAS** Gov. Rick Perry (R) joined **FLORIDA** Gov. Charlie Crist (R), Schwarzenegger and **NEW YORK** Gov. Eliot Spitzer (D) in their own letter-writing campaign, sending Congressional lawmakers currently crafting the 2007 national farm bill a note asking for additional funding and resources in six areas. The Goves want Congress to focus on specialty crop programs; tools to combat invasive species and threats to plants and animals; expansion of crop insurance coverage and safety net programs; support for conservation programs and initiatives; maintenance of the U.S. Department of Agriculture Food Stamp Program and additional promotion of health diet programs; expansion of the cultivation of organic products (BOZEMAN DAILY CHRONICLE). • **UTAH** Gov. Jon Huntsman Jr. (R) has opted not to renew the state’s contract with its Washington, D.C. lobbyist. The decision leaves the Beehive State without a capital lobbyist for the first time in over two decades (SALT LAKE TRIBUNE). • **NEW YORK** Gov. Eliot Spitzer (D) announced that starting this week all state agencies and public authorities will broadcast their meetings over the Internet. (NEWSDAY [NEW YORK]). • **KENTUCKY** Gov. Ernie Fletcher (R) said he will oppose any efforts to amend the constitution to legalize casino gambling in the Bluegrass State. Fletcher has previously said he would stay out of the gambling debate, but changed his mind when his Democratic challenger in the fall election came out in favor of legalizing casino gaming (COURIER-JOURNAL [LOUISVILLE]). • **FLORIDA** Gov. Charlie Crist (R) signed off on legislation that will allow the Sunshine State’s top three research universities to raise undergraduate tuition above that of other state schools. The hike does not go into effect until 2008 (ST. PETERSBURG TIMES). • **CALIFORNIA** Gov. Arnold Schwarzenegger (R) signed gaming compacts with four Indian tribes that could dramatically expand casino operations in the Golden State. The deals, which would allow as many as 22,500 new slot machines to be added to the 60,000 existing casino slots, must be approved by state lawmakers (CONTRA COSTA TIMES [WALNUT CREEK]).

— *Compiled by RICH EHISEN*

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## Hot issues

**B**USINESS: The **DELAWARE** House endorses SB 31, which would bar insurance companies from using consumer credit scores to set renewal rates. The measure would allow using those scores for establishing new policies. It resides now with Gov. Ruth Ann Minner (D), who is expected to sign it into law (NEWS JOURNAL [WILMINGTON]). • The **ILLINOIS** Senate approves



legislation that would allow video services providers to obtain a single statewide license to sell their products.

It moves to Gov. Rod Blagojevich (D) for review (CHICAGO SUN-TIMES). • The **LOUISIANA**

Senate gives final approval to SB 223, which would more than double the minimum auto liability insurance coverage requirements for Pelican State drivers. It now moves to Gov. Kathleen Blanco (D) for consideration

(ADVOCATE [BATON ROUGE]). • Still in the Pelican State, the House approves SB 301, which would create the **LOUISIANA** Infrastructure Bank, an arm of the state treasury that would serve as a depository for private investors seeking to help finance the rebuilding of public infrastructure devastated by Hurricane Katrina. It moves back to the Senate (TIMES-PICAYUNE [NEW ORLEANS]).

**CRIME & PUNISHMENT:** The **LOUISIANA** Senate approves HB 108, which would make the Pelican State the last in the nation to ban cockfights. Violators would face fines and jail time, or both. It moves to Gov. Kathleen Blanco (D) who has indicated she will sign it (TIMES-PICAYUNE [NEW ORLEANS]). • The **OREGON** Legislature approves HB 2843, a measure that makes it a crime to furnish children with material depicting actual or simulated sex acts. Lawmakers additionally approve HB 3515, which creates the crime of online sexual corruption of children. Penalties for each new crime include fines and jail time. Both bills move to Gov. Ted Kulongoski (D) for review (STATESMAN JOURNAL [SALEM]).

**EDUCATION:** The U.S. Supreme Court upholds a rule that bars high school coaches from recruiting athletes for their sports programs. The decision came in response to a suit brought by a **TENNESSEE** high school, which claimed that that 1st Amendment’s guarantee of free speech should allow coaches to contact students and encourage them to enroll in their school (LOS ANGELES TIMES). • **FLORIDA** Gov. Charlie Crist (R) signs HB 461, legislation that will establish random steroid testing for thousands of Sunshine State high school athletes participating in football, baseball and weightlifting. Crist also signed HB 463, which creates a public-records exemption for results of the tests and allows school officials to discuss them in closed meetings (TALLAHASSEE DEMOCRAT). • The **LOUISIANA** Senate kills HB 767, which would have imposed fines and even 30 days of jail time on parents of children who are tardy to school at least five times. Opponents complained that the jail time was excessive (ADVOCATE [BATON ROUGE]). • **NEW HAMPSHIRE** Gov. John Lynch (D) signs legislation that raises the Granite State school dropout age from 16 to 18 (CONCORD MONITOR).

**ENVIRONMENT:** A federal judge rejects a lawsuit seeking to temporarily curb water transfers from Northern **CALIFORNIA** to the southern part of the

## Upcoming stories

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

- **Payday loans**
- **Medical marijuana**
- **Animal rescues**

Golden State. Environmental groups contend that the massive pumps used to send water are capturing and killing federally protected delta smelt, a tiny fish they say is in danger of extinction. The judge ruled, however, that the immense economic damage such an order would potentially cause to the state outweighed the danger to the fish (OAKLAND TRIBUNE). • The **NEW JERSEY** Legislature approves a bill that will require the Garden State to reduce emissions to 1990 levels by 2020. The measure also mandates that emissions be cut 80 percent from current levels by 2050. It goes to Gov. Jon Corzine (D), who expected to sign it (NEWS JOURNAL [WILMINGTON]). • **MAINE** Gov. John Baldacci (D) signs legislation that makes the Pine Tree State the 10th northeastern state to join the Regional Greenhouse Gas Initiative, which seeks to reduce pollution from power plants 10 percent by 2018 through a cap-and-trade system. The measure requires the state's six largest power plants to pay for the right to release carbon dioxide, the heat-trapping gas most blamed for global warming (BOSTON GLOBE). • The **DELAWARE** House approves HB 30, which bars most use of public lands for the disposal of treated sewage. It moves to the Senate (NEWS JOURNAL [WILMINGTON]). • The **LOUISIANA** House rejects SB 117, a proposal that would have barred Pelican State residents from feeding alligators in the wild (TIMES-PICAYUNE [NEW ORLEANS]). • Federal wildlife officials remove the American bald eagle from protection under the Endangered Species Act in the lower 48 states. Eagles have grown from just 417 nesting pair in 1963 to more than 11,000 today (LOS ANGELES TIMES).

**HEALTH & SCIENCE:** The **OREGON** House rejects a proposal to add the Beaver State to the list of states to explore using public money to fund embryonic stem cell research. To date **CALIFORNIA, ILLINOIS, MARYLAND, NEW YORK, NEW JERSEY** and **CONNECTICUT** all have launched such programs (STATESMAN JOURNAL [SALEM]). • Still in **OREGON**, Gov. Ted Kulongoski (D) signs SB 571, legislation that extends the Beaver State's indoor smoking ban to restaurants, bars, bowling alleys and bingo parlors (STATESMAN JOURNAL [SALEM]). • The **PENNSYLVANIA** Senate approves a proposal to ban smoking in most public places and work places. Gov. Ed Rendell (D) has said he will veto the measure in its current form because it allows an exemption for child-care facilities. It moves to the House, which is also considering its own proposal (PITTSBURGH TRIBUNE-REVIEW). • **CONNECTICUT** Gov. M. Jodi Rell (R) vetoes a measure that would have allowed patients with certain serious medical conditions to grow up to four marijuana plants in their homes with a doctor's prescription. Rell said she was concerned that federal law still bars marijuana use of any kind (HARTFORD COURANT).

**HOMELAND SECURITY:** The **NEW YORK** Legislature endorses a proposal that would exempt citizens who report possible terrorist behavior from civil lawsuits. The measure is in response to a lawsuit against an airline and passengers

who complained that six Muslim imams were acting suspiciously before a flight in **MINNESOTA**. The measure moves to Gov. Eliot Spitzer (D) for review (NEWSDAY [NEW YORK]). • **NEW HAMPSHIRE** Gov. John Lynch (D) signs legislation that will make the Granite State the sixth to reject adherence to the federal Real ID Act. **SOUTH CAROLINA, MONTANA, WASHINGTON, OKLAHOMA** and **MAINE** have previously rebuffed the statute, which sets national standards for driver's licenses (MANCHESTER UNION LEADER).

**IMMIGRATION:** The **ARIZONA** Legislature approves HB 2779, legislation that would suspend or revoke the business license of Grand Canyon State companies that knowingly hire illegal workers. The measure heads to Gov. Janet Napolitano (D), who has not indicated if she will sign it into law (ARIZONA REPUBLIC [PHOENIX]). • **CONNECTICUT** Gov. M. Jodi Rell (R) vetoes legislation that would have allowed illegal immigrants to pay in-state tuition rates at Constitution State colleges and universities (HARTFORD COURANT).

**SOCIAL POLICY:** The **NEW YORK** Assembly approves a proposal to legalize same-sex marriage in the Empire State. It moves to the Senate (ALBANY TIMES UNION). • The **LOUISIANA** Senate approves SB 161, which would ban so-called “partial-birth” abortions in the Pelican State. The measure would be the first adopted by a state since the U.S. Supreme Court affirmed the constitutionality of such statutes. It moves to Gov. Kathleen Blanco (D) for review (ADVOCATE [BATON ROUGE]).

**POTPOURRI:** The **DELAWARE** House approves HB 175, legislation that would bar First State authorities from confiscating citizens' firearms during a state of emergency. It shoots off to Gov. Ruth Ann Minner (D) for review (NEWS JOURNAL [WILMINGTON]). • **FLORIDA** Gov. Charlie Crist (R) signs legislation that prohibits bars from refusing service to a person who does not purchase alcohol. The law developed from the case of a Sunshine State man who was tossed from a bar for refusing to buy drinks in spite of his assertion that he was the designated driver for his group (ST. PETERSBURG TIMES). • The **CALIFORNIA** Assembly approves AB 1634, which would require pet owners to spay or neuter their dogs and cats by the time they are four months old. It moves to the Senate (SAN DIEGO UNION TRIBUNE).

— Compiled by *RICH EHISEN*

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# Once around the statehouse lightly

**M**AYBE THEY SHOULD HAVE TOSSED IN SOME CHEESE: For almost four decades, MINNESOTA and WISCONSIN have had a nice, neighborly agreement that allows students who cross the border to go to college to pay in-state tuition at the rate of schools in their home states. If either state lost money in the deal, the other simply paid them the difference and all went about their merry way. But as the *Milwaukee Journal-Sentinel* reports, the Gopher State recently began to cry foul because WISCONSIN students at MINNESOTA campuses now pay up to \$2,200 less than home-grown students. Badger State officials asked what the big deal was, contending they pay about \$7 million a year to make up the difference. Alas, it turns out that MINNESOTA places those payments into the general fund rather than sending them to the higher education system. Last week, MINNESOTA Gov. Tim Pawlenty (R) and WISCONSIN Gov. Jim Doyle (D) worked out a deal that cuts grabby-handed lawmakers entirely out of the picture — the Badger State will now pay their tuition differential directly to MINNESOTA colleges.

**SPITZER DON'T NEED NO STINKING LEGISLATURE!** NEW YORK Gov. Eliot Spitzer came into office with a reputation as a guy who doesn't easily suffer the opinions of others. He learned quickly, however, that the Empire State Legislature feels pretty much the same way, most notably Republican Senate Leader Joseph Bruno. The inevitable clash that built steam all year finally boiled over when Senate Republicans left town after the session officially ended on June 21. According to *Newsday*, Spitzer wanted them to stay and keep working on a plethora of bills he has championed. Bruno said no, and the battle was on. Saying that dealing with lawmakers is only “one small piece” of his job, Spitzer plans to govern without lawmakers, using his executive order power and control over the state's numerous public agencies. He also plans to travel to GOP districts to rail on Bruno and his colleagues. Bruno responded by calling the governor “temperamental” and a rich brat.

**OREGON DON'T NEED NO STINKING BUDGET!** The glory days for Portland Trail Blazers basketball long ago went the way of the dinosaur. But don't think for a moment that their traditionally rabid fan base has lost its love for the wayward hoopsters. Case in point — last week, during the final hectic hours of this year's legislative session, one would think every Beaver State lawmaker's focus would have been on working out the final x's and o's of the \$15 billion two-year budget. One would be wrong, reports the *Statesman Journal*, which noted that 26 harried pols — 13 senators and 13 representatives — somehow found time to sign



off on a resolution suggesting the Blazers pick OHIO State center Greg Oden in this year's NBA draft. Nobody knows if the team was swayed by the unsolicited advice, but they did choose Oden anyway.

**AT LEAST HE WASN'T A NANNY:** Whacking back illegal immigration has long been a stalwart GOP issue, so you can't blame CALIFORNIA Republicans for being up in arms at the Party's state chairman, Ron Nehring, these days. According to the *San Francisco Chronicle*, Nehring championed the hiring of one Michael Kamburowski, an Australian native Nehring had once worked with in D.C. Turns out, however, that Kamburowski has something of a checkered immigration history, even being jailed once in 2001 for visa violations after earlier being ordered deported by the U.S. Department of Homeland Security. Kamburowski is suing DHS over the deal, which has only made the party faithful angrier. Kamburowski has resigned, and calls abound for Nehring to follow suit. As long-time Golden State Republican strategist Dan Schnur told the *Chronicle*, "It's a problem under any circumstances, but in the middle of a highly charged debate about immigration, it's even more of a problem." Uh, yes, you could say that.

**GOOD DEEDS CALL FOR SACRIFICES:** At least, that is probably what OKLAHOMA First Lady Kim Henry told herself during a recent trip to Africa. As reported by the *Daily Ardmoreite*, Henry and her husband, Gov. Brad Henry, were part of an expedition to bring chemically treated mosquito nets to the malaria-plagued African nation of Ghana. But while the gov called the work "uplifting," he acknowledged that Mrs. Henry didn't necessarily enjoy some of the rougher elements of tribal life. She passed on most dinners, noting that as "a very picky eater" she was not interested in eating guinea fowl. She also brought her own sheets and, as her husband noted, has "a new definition now of what is a usable restroom."

— By RICH EHISEN



**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), Linda Mendenhall (IL),  
Lauren King (MA) and Ben Livingood (PA)

**Graphic Design:** Vanessa Perez

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