

July 19, 2010

## Heating Up



<b>Budget &amp; taxes</b>	<b>6</b>
Hybrid pension plans catching on	
<b>Politics &amp; leadership</b>	<b>9</b>
National party ops gearing up for state battles	
<b>Governors</b>	<b>12</b>
Dem govts not thrilled with immigration lawsuit	
<b>Bird's eye view</b>	<b>2</b>
<b>Hot issues</b>	<b>15</b>
<b>Once around the statehouse lightly</b>	<b>17</b>

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### Top Story

*Tough budget times have shifted the focus of the debate over global warming from science to economics. Nowhere is that more evident than in CALIFORNIA, where a battle is now raging to snuff out the state's efforts to fight climate change.*

## SNCJ Spotlight

### Will economics trump science in battle over global warming?

For years, the debate over climate change centered on science: is global warming occurring and, if so, is it being caused by humans? But with the economy still struggling, the argument has shifted to one of dollars and cents. As complex as the scientific debate has been, the fiscal reality of fighting climate change is even more confusing and politically charged.

Nowhere is this more evident than in CALIFORNIA, where an all out battle is now underway to block state officials from implementing AB 32, the Global Warming Solutions Act of 2006, which requires the Golden State to



reduce its greenhouse gas (GHG) emissions to 1990 levels by 2020. Additional legislation and executive orders have added to that directive, requiring the state to achieve a 33 percent renewable energy portfolio by 2020 and local municipalities to account for GHG reduction in regional planning and development. Gov. Arnold Schwarzenegger (R) has set an ultimate goal of cutting GHG emissions 80 percent by 2050.

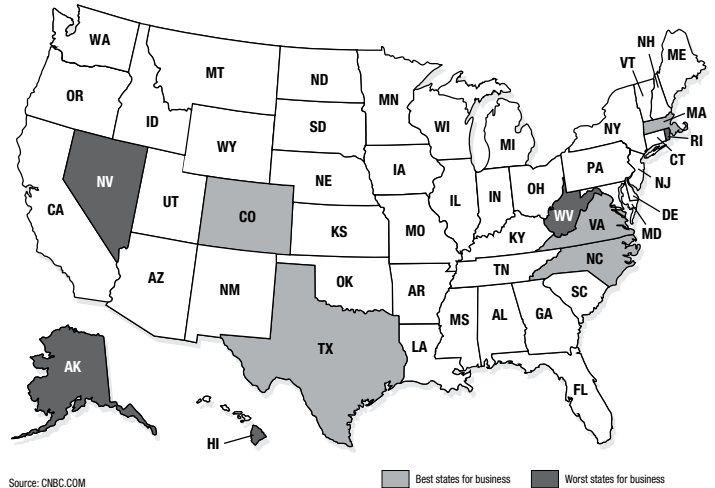
National Conference of State Legislatures analyst Glen Anderson says that is the most ambitious goal of its kind in the nation. “A dozen states have adopted policies to combat climate change,” he says, “But none quite as aggressively as CALIFORNIA.”

To its critics, the law is a boondoggle sure to lead to massive consumer price hikes and job losses without doing a thing to slow climate change. But to others, AB 32 is a godsend that will cement CALIFORNIA as the global leader in “clean” technology, combating global warming while creating hundreds of thousands of jobs and spurring billions of dollars of new investment to boot.

The controversy — like many others in the Golden State’s past — has made its way to the ballot box. This November, voters will weigh in on Proposition 23, a ballot measure that would halt AB 32’s implementation until the state’s unemployment rate falls from its current rate of just over 12 percent to an average of 5.5 percent or less for four consecutive quarters, a feat the state has rarely accomplished. GOP gubernatorial candidate Meg Whitman has also vowed to, if elected, enact a clause in the law allowing its implementation to be delayed for a year in the event of “extraordinary” economic circumstances.

Experts believe the two sides in the battle over Prop. 23 could end up spending over \$150 million making their case. If so, the ballot campaign would be among the most expensive in history.

## Bird’s eye view



### Texas No. 1 state for business

TEXAS is the top state in the nation for business, according to CNBC’s fourth annual ranking of state business environments. Last year’s winner, VIRGINIA, dropped to No. 2, TEXAS’ former rank. Those two states have now occupied the top spot two years apiece. Rounding out the top five this year are COLORADO, NORTH CAROLINA and MASSACHUSETTS, which has never ranked among the top five before. In compiling America’s Top States for Business, CNBC measures all 50 states on 40 different metrics in 10 categories, including cost of doing business, economy, education and cost of living. The worst state, according to CNBC, is ALASKA, which ranked in the bottom 10 in all but one category, Quality of Life.





Much of the financial support for Proposition 23 has come from companies with a lot to lose under AB 32’s requirements, primarily a cadre of TEXAS oil companies like Valero and Tesoro. Anti-tax and pro-business groups — including the CALIFORNIA Manufacturers and Technology Association, the state’s largest manufacturing lobby — have also helped fund the measure, though the state’s largest business advocacy organization, the CALIFORNIA Chamber of Commerce, has not taken a formal position.

But AB 32 also has powerful supporters. Schwarzenegger, who has long made GHG reduction a signature issue of his administration, is joined by a wide spectrum

of advocacy groups, from the Sierra Club to the American Lung Association and AARP. A long list of clean tech companies also oppose the ballot measure, as do Golden State icons like Google, Levi Strauss, Yahoo and eBay.

Bill Hauck, president of the CALIFORNIA Business Roundtable, a non-partisan business advocacy group, says the split has deep roots in the unknown.

“Part of the difficulty here is the anticipation of the potentially negative impact

AB 32 will have on the California economy,” he says. “It depends to a great extent on how you implement the law.”

That it does. AB 32 itself is fairly brief, only requiring the state to cut greenhouse gas emissions to 1990 levels by 2020 and providing no details about how to do so. It has been left to the CALIFORNIA Air Resources Board (CARB) to fill in the blanks. With no clear guidelines for achieving such an enormous goal, CARB has devised a “scoping plan” that includes a mix of direct regulations, voluntary compliance mechanisms and incentives for both industry and consumers. In all, the plan has over 70 measures, the bulk of which may barely be noticeable to the average consumer.

But the plan also has major components, most of which go into effect by 2012. These include mandates for car manufactures to cut their new vehicles’ GHG emissions 30 percent by 2016 and for petroleum companies to reduce the carbon content in automotive fuels 10 percent by 2020. Energy efficiency is also a key, with lots of financial incentives for consumers to upgrade their homes’ heat and air systems. The state is asking many industries to upgrade their equipment as well, particularly those that emit “high global warming potential gases” like refrigerants, which CARB says “trap heat in the atmosphere at levels many times that of carbon dioxide.”

But no element of the scoping plan is larger or more controversial than the proposed carbon cap-and-trade program, which would allow companies to buy and sell pollution credits on the open market. Under the proposed system, companies that put out less GHG emissions than they are allowed will be able to sell their remaining

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credits to higher polluters on the open market. These allowances would gradually be lowered year-on-year, in theory forcing all big polluters to get more efficient. CARB estimates the program will impact 85 percent of the state's GHG sources and shave 34 million metric tons of carbon dioxide from the system by 2020.

There has been some debate over that last figure, but it pales in comparison to the dissension over how the law will impact the CALIFORNIA economy. Both sides have produced numerous studies supporting their stance while vehemently debunking those put forward by the other side. Most pretty much say what their supporters want them to say, but some concerns cannot be uniformly cast off, most notably what happens if CALIFORNIA's cap-and-trade program is not joined by other states?

As a member of the Western Climate Initiative (WCI), a coalition of seven western states and four Canadian provinces, CALIFORNIA is heavily counting on those partners coming on board around the same time its system is set to go in 2012. But with at least one of those states, ARIZONA, moving to halt its GHG reduction efforts, that probably won't happen. If it does not, the Legislative Analyst's Office (LAO) says CALIFORNIA consumers could indeed face higher across-the-board prices for most goods and services as well as job losses brought on by "economic leakage" as companies leave for states where the cost of doing business is cheaper.

That possibility rankles CALIFORNIA Assemblyman Roger Niello (R) to no end.

"I think it is absurd for a single state to pursue a policy that seeks to affect something on a far and wide basis all by itself," he says.

AB 32's supporters counter that CALIFORNIA would not be the only state with a carbon cap-and-trade program even if the other WCI states do bail out. Ten northeastern states have managed a cap-and-trade program since the early 1990s, first to deal with acid rain and then, in 2003, moving on to carbon reduction under the flag of the Regional Greenhouse Gas Initiative (RGGI). The European Union also has a carbon cap-and-trade program, and federal legislation is also still alive in Congress.

But Dorothy Rothrock, Vice President of Government Relations for the CALIFORNIA Manufacturers and Technology Association, is not swayed by that argument.

"The states in the RGGI are not really our competition here in CALIFORNIA," she says, adding that "Even if AB 32 is implemented under the best case scenario, prices are going to rise over the long haul."

## The week in session

**States in Regular Session:** MA, MI, US

**States in Recess:** CA, DC, NJ, NY, PA, PR

**States in Special Session:** CT "a", FL "a", NJ "a", WV "b", WV "c"

**Special Sessions in Recess:** CA "f", DE "b", PA "a"

**States in Skeleton Session:** OH

**States Currently Prefiling or Drafting for 2011:** KY, MT, ND, NV

**States Adjourned in 2010:** AK, AL, AR, AZ, CO, CT, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MN, MO, MS, NC, NE, NH, NM, OK, RI, SC, SD, TN, UT, VA, VT, WA, WI, WV, WY

**State Special Sessions Adjourned in 2010:** AZ "a", AZ "b", CA "e", CA "h", KY "a", MN "a", MO "a", MS "a", NH "a", NM "a", NV "b", OR "a", TN "a", WA "a", WI "b", WV "a"

Letters indicate special/extraordinary sessions

— Compiled By JAMES ROSS  
(session information current as of 7/16/2010)  
Source: State Net database

Perhaps, but even so the LAO says most of the negative impacts of AB 32 would be “near term” and “likely be modest relative to the overall size of CALIFORNIA’s economy.”

Supporters are also quick to mention that CALIFORNIA’s GHG reduction efforts are about more than just economics.

“Framing this as only about jobs is a completely dishonest argument,” says Jacob Griscom, Western Regional Manager for Better World Telecom, a VIRGINIA-based company that focuses on businesses practicing sustainability. “This is about our survival.”

Warren Smith, CEO of Sacramento-based Clean World Partners, which builds solid waste conversion systems that divert waste from landfills, is even more blunt.

“Saying this will cost jobs is just bull,” he says, noting that AB 32 has already given CALIFORNIA a significant head start in the “green economy,” spurring 60 percent of all green tech venture capital in the country — more than \$9 billion so far — to come to the state. Smith says the private sector is actually moving more quickly than government in adapting to cleaner and more energy efficient processes, citing WalMart and SE Johnson as just a few of the numerous Fortune 500 companies that are already making great efforts to reduce their GHG emissions production. But he also says the private sector can’t act alone.

“Change is always hard, but we need government to lead on this,” he says.

For all the rhetoric, the outcome of the state’s GHG-reduction program is far from certain even if voters approve Prop. 32. While many say the measure’s passage will stop that effort in its tracks,

Jon Costantino, a former CARB manager who was intimately involved with the development of the scoping plan, isn’t so sure.

“The ballot measure would kill anything under AB 32, but a lot of things are not under that umbrella,” says Costantino, now a consultant in the private sector. “We would lose the cap and trade and some others, but things like SB 375 (the 2008 legislation which requires local governments to consider GHG emissions in planning new development) would still go on. The clean car standards are not part of AB 32, so they go on.”

## Upcoming elections

7/15/2010 - 8/04/2010

07/20/2010

### **Georgia Primary Election**

House (All)

Senate (All)

Constitutional Officers:

Governor, Lieutenant Governor,

Secretary of State, Attorney General,

Comptroller General/Commissioner of

Insurance, Commissioner

of Agriculture, Commissioner of Labor

US House (All)

US Senate

07/27/2010

### **Oklahoma Primary Election**

House (All)

Senate (Even)

Constitutional Officers:

Governor, Lieutenant Governor,

Treasurer, Attorney General, Auditor and

Inspector, Commissioner of Labor,

Insurance Commissioner

US House (All)

US Senate

08/03/2010

### **Kansas Primary Election**

House (All)

Constitutional Officers:

Governor, Lieutenant Governor,

Secretary of State, Treasurer, Attorney

General, Commissioner of Insurance

US House (All)

US Senate

### **Michigan Primary Election**

House (All)

Senate (All)

Constitutional Officers:

Governor, Lieutenant Governor,

Secretary of State, Attorney General

US House (All)

*(continues on next page)*



Washington D.C. is also keeping a close eye on what happens in CALIFORNIA. Climate change legislation very similar to AB 32 is currently winding its own torturous path through Congress, with no rational person willing to bet on its fate. But that could change if CALIFORNIA voters reject Proposition 23.

“If it goes down in flames, it will send Washington a pretty strong message that voters want this done,” said Steve Maviglio, spokesperson for a group opposing the ballot measure. Left unsaid is the reality that the opposite is also true.

— *By RICH EHISEN*

**Upcoming elections (cont.)**  
7/15/2010 - 8/04/2010

**Michigan Special Primary**  
House Districts 65 and 95

**Missouri Primary Election**  
House (All)  
Senate (Even)  
Constitutional Officers: Auditor  
US House (All)  
US Senate

08/05/2010

**Tennessee Primary Election**  
House (All)  
Senate (Odd)  
Constitutional Officers: Governor  
US House (All)

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# Budget & taxes

**H**YBRID PENSION PLANS CATCHING ON: Many new state workers in MICHIGAN and UTAH will soon be enrolled in pension plans that are part guaranteed benefit plan, long the standard for public sector workers, and part 401(k), more common in the private sector, thanks to legislation recently passed in those states.

The intent of the hybrid plans is to relieve the states of the increasingly unmanageable burden of providing benefits to their state retirees.

“Reality is not negotiable,” said UTAH Sen. Dan Liljenquist (R), who helped craft the legislation for his state’s pension changes. “The fact is somebody bears the risk. Ultimately, the state is bearing more risk than it can.”

Most public employees in UTAH are currently enrolled in a pension plan to which the state contributes 16 percent of the employees’ monthly income and the workers contribute nothing. As a result of the state’s new law, however, workers hired after July 1, 2011 will have to choose between a hybrid plan and a pure defined contribution plan, like a 401(k). State and worker contributions to the defined benefit portion of the hybrid plan will fluctuate based on the financing of the pension fund, with the state’s contribution capped at 10 percent.

In MICHIGAN, new school employees, starting this month, will automatically be enrolled in a 401(k)-type plan, to which they will contribute 2 percent of their monthly income, with state employers matching their contribution at a rate of up to 1 percent.

The plan still has a defined-benefit component, but the state's contribution is lower: 2.5 percent of an employee's monthly income, on average, down from 4 percent.

States' unfunded public pension liabilities reached \$457.8 billion in fiscal year 2008, up from \$368.5 billion in 2007, according to a June report by Standard & Poor's. To bridge that gap, states have taken such steps as scaling back cost-of-living increases, raising employees' monthly contribution rates and extending their retirement age. The hybrid plans offer governments another option for shifting some of their pension costs to employees without incurring the political backlash that would inevitably come from trying to do away with the defined benefit plans entirely.

Six states, including OREGON and WASHINGTON, already had some form of hybrid plans for their public employees before MICHIGAN's and UTAH's actions. And a number of other states, including NORTH CAROLINA and PENNSYLVANIA, are considering joining them.

Cathie Eitelberg, senior vice president at the Segal Co., whose clients include government pension funds, said although they are not yet a booming trend, "hybrids are being looked at now more than ever before."

Not all public workers like what they see.

"It's less benefit overall because of the variability of that 401(k) component," said Doug Pratt, Director of Communications for the Michigan Education Association, which represents 130,000 school employees. He said because of the reduced benefits, "we're going to lose some good people," but he added that a hybrid plan is "certainly a better alternative than ditching pensions all together."

Retirement officials, however, think new employees may appreciate the 401(k)-type plans' employer-match component, which gives the workers an opportunity to maximize their retirement benefits.

"We hope to create a culture of savings," said Phil Stoddard, director of MICHIGAN's Office of Retirement Services.

Stoddard said the portability of the 401(k) component may also make the hybrid plan attractive to younger workers who are unlikely to remain in one job for 30 years. (WALL STREET JOURNAL)

**NJ TEACHERS RUSHING TO RETIRE:** NEW JERSEY teachers are retiring in much greater numbers this year than they have in the recent past, according to the *Asbury Park Press*. Less than halfway through this month, nearly 5,500 teachers have already announced their intention to retire, compared with just 2,203 who did so the entire month of July last year, 2,731 who did in July 2008 and 3,168 in July 2007.

"If the intentions to retire maintain the traditional pattern from August through December," the NEW JERSEY paper reported, "the final figure will likely be double the 3,671 in 2009."



The flood of retirements, according to state teachers' unions, has a lot do with Gov. Chris Christie's (R) plans to further reduce state spending by cutting public benefits.

"About half [of the retirements] you would expect," said Steve Wollmer, a spokesman for the New Jersey Education Association. "What we're also hearing is people are fed up with the political climate, and the uncertainty of what they're getting back into. There are grumbings about (Christie) going after existing pensions."

Christie did little to allay those concerns when he said in a radio interview last week that he fully intends to scale back benefits not only for future hires but for current employees too.

"I have nothing against people who work in the public sector," the governor told WABC-AM. "They work hard, they're fine folks, and they're doing a good job, in the main, for the people of our state. But there should be no sector of our society that is shielded from this recession at the expense of all the rest of our society." (STATELINE.ORG, ASBURY PARK PRESS, STAR-LEDGER [NEWARK])

**BUDGETS IN BRIEF:** States' year-over-year tax collections rose in the first quarter — 2.5 percent to \$164.5 billion — for the first time since the start of the recession, according to analysis of Census Bureau data by the Nelson A. Rockefeller Institute of Government at the State University of **NEW YORK**. But the data showed revenues were still well below pre-recession levels for most states (WALL STREET JOURNAL). • **NEW HAMPSHIRE** Gov. John Lynch (D) has ordered all state departments to cut their budgets by 5 percent each year for the next two years. In a letter to department executives, Lynch said he wanted them to take a close look at reorganizing and eliminating programs, using technology to cut costs and finding ways for agencies to centralize and collaborate on services (UNION LEADER [MANCHESTER]). • **NEW MEXICO**'s Human Services Department said last week it collected a record \$115.4 million in child support last fiscal year, including a record \$8.2 million from unemployment checks. The department said almost 60 percent of the total came from withheld wages (SANTA FE NEW MEXICAN). • Tax delinquents in **NORTH CAROLINA** owe the state \$841 million. That figure represents a 67 percent jump from a year ago and exceeds the \$800 million shortfall state lawmakers faced last month in passing the state's \$18.9 budget (CHARLOTTE OBSERVER). • Still reeling from the effects of the Gulf oil spill, **LOUISIANA** received the news last week that defense contractor Northrop Grumman will shut down a major shipyard in New Orleans in 2013. The Avondale Shipyard directly employs 5,000 workers, and the state estimates the plant indirectly supports another 7,000 jobs (STATELINE.ORG). • **MISSOURI** lawmakers passed legislation in special session last week (HB 2a) that will provide Ford Motor Corp. \$150 million

## Upcoming stories

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

- **Time to bag plastics?**
- **The clash of economic theories**
- **Budget updates**



in tax incentives in the hope that the company will invest in a new product line at its Kansas City-area plant, saving nearly 4,000 jobs there. The Legislature also passed HB 1, an accompanying measure cutting future employee pension costs to pay for the incentives (ST. LOUIS POST-DISPATCH). • **IOWA** casino revenue declined 3.5 percent in the fiscal year ending June 30 — the first such drop in 17 years. The last time such a drop occurred, in 1993, state law limited gamblers to individual wagers of \$5 and overall losses of \$200, restrictions that were lifted the following year (DES MOINES REGISTER). • **NEW JERSEY** Gov. Chris Christie (R) signed SB 29, a bill capping local property tax increases at 2 percent per year (PRESS OF ATLANTIC CITY).

— *Compiled by KOREY CLARK*

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# Politics & leadership

**NATIONAL PARTY OPS GEARING UP FOR STATE BATTLES:** This year, millions of dollars will flow into the campaigns of little-known state legislative candidates across the country, volunteers will show up in their districts, and polls — uncommon in statehouses races — will be conducted. The reason? Next year state legislatures will redraw congressional districts based on the population shifts revealed by this year’s census. And Republicans see the potential to set themselves up to take back Congress and hold on to it for many years to come.

“Having control of a legislature can translate into U.S. House seats being drawn for Republicans for a decade — compared to fighting it out district by district for control of the House every two years, which would cost millions,” said Ed Gillespie, chairman of the Republican State Leadership Committee, the main GOP group focused on state races.

Republicans are also targeting gubernatorial contests, as the chief executive in most states has the power to veto the map drawn up by the legislature.

“I started to make the case to donors three years ago that the races that impact reapportionment will matter for the next decade...These governors will oversee redistricting,” said Nick Ayers, executive director of the Republican Governors Association.

Gillespie and Ayers are two of the many big names in national politics who have leapt into the state fray. Others include former U.S. House Speaker Newt Gingrich, Democratic strategist Harold Ickes, Republican strategist Karl Rove, and U.S. House Speaker Nancy Pelosi (D-CALIFORNIA).

The national operators are targeting the 37 governors’ races this year and about 100 competitive legislative races in narrowly divided statehouses, for which they are raising heaps of cash. The Republican Governors Association has taken



in \$28 million in donations so far this year. The Republican State Leadership Committee hopes to raise \$40 million, and its Democratic counterpart, the Democratic Legislative Campaign Committee has doubled its fundraising goal for the year to \$20 million. Collectively, state organizations, unions and special interest groups estimate they'll spend over \$200 million on this year's elections.

Democrats have some advantages going into the races. Spurred by the controversial mid-decade congressional redistricting in 2003 by TEXAS Republicans, after they'd won control of the state's Legislature for the first time in 130 years, Democrats have spent the last decade building up their majorities in state legislatures.

"There was concern that this could happen in other states," said William Burke, executive director of the Foundation for the Future, a largely union-supported organization that provides strategic support to legislatures. "We are much better prepared."

According to Michael Sargeant, executive director of the Democratic Legislative Campaign Committee, Democrats now control 60 legislative chambers, compared to 43 in 2002. They also control both houses in 27 states, while Republicans control both chambers in 14, with power split in eight states and NEBRASKA's Legislature technically nonpartisan.

But according to Gillespie, legislative races in just 16 states could effectively determine how the districts are drawn for nearly 200 congressional seats. Battleground states, which are expected to gain or lose congressional seats and where at least one chamber is held by a slim majority, include MICHIGAN, NEVADA, NEW YORK, OHIO, OKLAHOMA and TEXAS.

Democrats' biggest challenge will be defending their majorities. Of the 11 legislative chambers in states where the legislature draws the congressional boundaries and where one party holds a majority of four seats or less, the Democrats are the majority party in seven. (WASHINGTON POST, STATE NET)

**FATE OF CA POT PROP HAZY:** Support for legalizing and taxing recreational marijuana use in CALIFORNIA has waned since an initiative aimed at doing just that — Proposition 19 — qualified for the Golden State's November ballot. According to a statewide Field Poll conducted in May, 44 percent of voters support Prop. 19, 12 percent less than the number of Californians who approved of the idea in concept back in April 2009.

## 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:** 54

**Number of Intros last week:** 296

**Number of Enacted/Adopted last week:** 347

**Number of 2010 Session Prefiles to date:** 20,235

**Number of 2010 Intros to date:** 86,764

**Number of 2010 Session Enacted/Adopted overall to date:** 27,281

**Number of 2009-10 bills currently in State Net Database:** 186,408

— Compiled By JAMES ROSS  
(measures current as of 7/15/2010)  
Source: State Net database

Support could erode even more as a result of a new report by the nonpartisan RAND Drug Policy Research Center estimating that Prop. 19 could reduce the cost of marijuana 80 percent and increase consumption of the drug by as much as 150 percent.

“We believe consumption is going to increase, but it is unclear how much,” said Beau Kilmer, the study’s lead author. “[Legalization] could change the stigma. There could be more promotion. There could be more advertising...There also will be a drop in the...price that can influence behavior.”

The RAND report also said it was difficult to determine whether Prop. 19 would bring in the \$1.4 billion a year in new tax revenue that has been projected. If Amsterdam-style pot tourism catches on in CALIFORNIA, researchers said, the revenue figure could be much higher. But they warned that competition from the current illicit market could reduce potential tax revenues.

Not all of the recent news about Prop. 19 has been bad, however. Last week the measure received a prominent endorsement from the California NAACP, whose president, Alice Huffman, characterized the initiative as an effort directed at ending the “war on drugs,” which, she said, “disproportionately affects young men and women” and is “the latest tool for imposing Jim Crow justice on poor African-Americans.”

African-Americans currently oppose Prop. 19 by a wider margin than whites (52-40 vs. 48-43), according to the Field Poll. If the backers of Prop. 19 succeed in casting it as a fight against unfair police treatment — a message that could resonate among African Americans, as well as Latinos, who oppose the measure by an even wider margin (62-36) — those numbers could shift in Prop. 19’s favor. (CHRISTIAN SCIENCE MONITOR, CALITICS.COM, PRESS ENTERPRISE [RIVERSIDE], CHICAGO SUN-TIMES)

**POLITICS IN BRIEF:** The U.S. 2<sup>nd</sup> Circuit Court of Appeals has struck down the so-called “trigger provisions” in **CONNECTICUT**’s new law creating a public campaign finance system for all state offices. Those provisions provided additional campaign money for publicly financed candidates who were outspent by wealthy candidates who had opted not to participate in the public financing system (HARTFORD COURANT). • Veteran Tea Party movement activists in **MICHIGAN** said last week that a petition drive that submitted 60,000 signatures to the state to qualify candidates for office under the Tea Party banner was a trick to help Democratic candidates. The activists said the group behind the effort was seeking to draw votes away from Tea Party conservatives running as Republicans (DETROIT FREE PRESS). • The number of candidates running for offices in **RHODE ISLAND**, ranging from governor to town council and district committee, is up more than 40 percent from two years ago (4,000 this year, compared to about 2,800 in 2008), including 181 running as independents, according to the secretary of state’s office. With 89 declared candidates for the state House and Senate, the Republican Party alone has 25 percent more challengers in the field than it did two years ago, a



phenomenon state GOP Chairman Giovanni Cicione attributed to “a sense that people are fed up with the status quo” so much “that they are willing to act” (PROVIDENCE JOURNAL). • **NORTH CAROLINA’s** General Assembly closed out its 2010 session by approving a package of ethics reforms that will, among other things, provide more accountability for campaign money raised by individuals appointed to state boards and commissions, and impose stiffer penalties on those who make illegal campaign contributions. But some reforms failed to make the final cut, including a measure (SB 716) aimed at cracking down on pay-to-play by barring campaign contributions to state officeholders from people who have been awarded state government contracts (CHARLOTTE OBSERVER).

— *Compiled by KOREY CLARK*

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# Governors

**D**EM GOVS NOT THRILLED WITH IMMIGRATION LAWSUIT: The Obama administration’s decision to file a lawsuit seeking to block ARIZONA SB 1070, the state’s strict new immigration law, is drawing less than rave reviews from Democratic governors, who fear the suit could come back to haunt them in November.

With the economy still struggling mightily in many states, their fear is that voters will view Democrats as caring more about illegal immigrants than in easing the financial struggles facing most Americans.

“Universally the governors are saying, ‘We’ve got to talk about jobs.’ And all of a sudden we have immigration going on,” said TENNESSEE Gov. Phil Bredesen (D) during last week’s meeting of the National Governors Association in Boston. He called the whole subject “toxic.”

**“Universally the governors are saying, ‘We’ve got to talk about jobs.’ And all of a sudden we have immigration going on.”**

Bredesen’s thoughts were echoed by COLORADO Gov. Bill Ritter (D), who is not seeking re-election this fall.

“I might have chosen both a different tack and a different time,” Ritter said. “This is an issue that divides us politically, and I’m hopeful that their strategy doesn’t do that in a way that makes it more difficult for candidates to get elected, particularly in the West.”

The governors are keenly aware that polls have indicated strong support across the country for the ARIZONA measure, and that lawmakers in many states are already planning similar proposals of their own.

“I’d be willing to bet a lot of money that almost every state in America next January is going to see a bill similar to ARIZONA’s,” said NEBRASKA Gov. Dave Heineman, a Republican.

WASHINGTON Gov. Christine Gregoire (D) believes the Obama administration is also doing a poor job of informing the public of all it is doing to combat illegal immigration, making it easier for critics to focus only on the lawsuit.

“They described for me a list of things that they are doing to try and help on that border,” she said, “And I said, ‘The public doesn’t know that.’”

Others, such as MONTANA Gov. Brian Schweitzer (D) placed the blame on Congress for dragging its feet on overhauling federal immigration policy.

“There are 535 members of Congress,” he said. “Certainly somebody back there can chew gum and hold the basketball at the same time. This is not an either-or.”

Not all Democratic governors oppose the litigation, however. NEW MEXICO Gov. Bill Richardson praised the lawsuit, saying it would actually help win Latino votes in November. MARYLAND Gov. Martin O’Malley also voiced support, saying, “The president doesn’t have control over some of the timing of things that happen...When those things arise, you can’t be too precious about what’s in it for your own personal political timing or even your party’s timing. When matters like

this arise, I think the president has to take a principled stand.”

Meanwhile, ARIZONA Gov. Jan Brewer (R) has continued to defend the law, calling the federal litigation “outrageous” and vowing to beat it in court.

She also took steps last week to sooth the fears of her state’s tourism industry, which has expressed grave concerns over numerous threats from around the nation to boycott the

Grand Canyon State. Hotel industry officials say even those groups and companies who have not called for a boycott are now reluctant to book meetings in ARIZONA over worries about weak attendance if members or employees opposed to the law stay home. To counteract that, Brewer said last week work has begun on a new state advertising campaign to promote state tourism and economic development, which will run in major U.S. cities, Mexico and possibly other international markets.

But Brewer could not say how the project will be funded. Severe budget shortfalls have forced the state to cut funding to the state Office of Tourism, leaving it short-handed for such a big task. Brewer said she has asked members of a tourism task force she created in May to explore private funding possibilities for the campaign. (NEW YORK TIMES, ARIZONA REPUBLIC, BALTIMORE SUN)

**“There are 535 members of Congress. Certainly somebody back there can chew gum and hold the basketball at the same time. This is not an either-or.”**



**EASTERN GOVS BALK AT MIDWEST**

**POWER LINE:** Governors of 11 eastern states signed a letter to Congressional leaders last week protesting what they claim is an implicit endorsement of a proposed multistate high voltage power transmission line from IOWA to the eastern seaboard. In the letter sent to Senate Majority Leader Harry Reid (D-NEVADA) and House Minority Leader Mitch McConnell (R-KENTUCKY), the governors objected to paying the project’s \$16 billion price tag, saying they preferred to develop their own renewable energy. The message, drafted by MASSACHUSETTS Gov. Deval Patrick (D) and RHODE ISLAND Gov. Don Carcieri (R), complained that a renewable energy bill due to come before Congress later this year presumes the cross-country line is already a given. (DES MOINES REGISTER)

**In case you missed it**

Capital cities have often been insulated from bad economic times. But with government worker furloughs reducing state employee pay and sparking a slowdown in businesses that serve them, that trend may not hold up.

In case you missed it, the article can be found on our Web site at [http://www.statenet.com/capitol\\_journal/07-12-2010/html](http://www.statenet.com/capitol_journal/07-12-2010/html)

**QUINN SIGNS ASIAN CARP DEAL:** ILLINOIS Gov. Pat Quinn (D) entered into a public-private partnership agreement last week to send up to 30 million pounds of Asian carp to China. The deal is part of an initiative to slow the spread of the carp — which has no natural predator in U.S. waters — from the ILLINOIS River into the Great Lakes, where fish experts and state officials say they would likely devastate native fish species. The carp, which can grow to 100 pounds or more, are considered a delicacy in China. The Prairie State plans to spend \$2 million upgrading facilities at the Big River Fisheries in Pearl, ILLINOIS, which will then work with the Beijing Zhuochen Animal Husbandry Company to market the fish in China. The deal is expected to add between 60 and 180 new jobs in the state fishing industry. An ebullient Quinn said the bigger issue was getting as many of the invasive carp out of the waterways as possible, saying, “If you can’t beat ‘em, eat ‘em.” (CHICAGO TRIBUNE, ILLINOIS GOVERNOR’S OFFICE)

**GOVERNORS IN BRIEF:** IDAHO Gov. Butch Otter (R) said last week that he won’t sign a loyalty oath that Gem State Republicans adopted as part of the state Party platform last month. Otter said he supports some ideas in the platform but not others (IDAHO STATESMAN [BOISE]). • MARYLAND Gov. Martin O’Malley (D) said he wants the Old Line State to waive fees students pay to take the Advanced Placement and PSAT exams. The PSAT is the precursor to the Scholastic Achievement Test, the standard exam to assess a student’s college eligibility (BALTIMORE SUN). • CALIFORNIA Gov. Arnold Schwarzenegger’s (R) approval rating dropped to a record-low 22 percent. That mark ties the dubious standard set by former Gov. Gray Davis (D), who Schwarzenegger defeated in a recall election in 2003 (SACRAMENTO BEE).

— *Compiled by RICH EHISEN*

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# Hot issues

**B** **USINESS:** The **NEW JERSEY** Assembly passes AB 2465, which would require Garden State car dealers to pay off outstanding loans on cars they take as trade-ins within 15 days. The bill, which also requires designated “secured parties” to release the vehicle’s title within 15 days of receipt of payment from the dealer, is now in the Senate (**NEWARK STAR-LEDGER**). • **LOUISIANA** Gov. Bobby Jindal (R) signs HB 1407, which waives a Pelican State requirement that applicants for a retail florist license pass a floral arrangement test judged by others in the business. The law maintains a current requirement that applicants pass a multiple-choice written test covering issues such as plant disease control (**NEW ORLEANS TIMES-PICAYUNE**). • Still in **LOUISIANA**, Jindal signs SB 595, which bars home insurers from cancelling coverage when a policyholder files a claim based on tainted Chinese-made drywall. Violators face fines up to \$15,000. The law would still allow insurers to raise premiums based on those claims (**INSURANCE NEWS.NET**). • Also in **LOUISIANA**, Jindal signs SB 228, which allows consumers to place a freeze on their credit report via a phone call or online. Within five days of placing the freeze, credit agencies must provide a consumer with a unique password that the consumer can use to allow access to their credit information (**STATE NET**). • **NEW HAMPSHIRE** Gov. John Lynch (D) vetoes HB 1490, which would have given state banking regulators more authority to investigate the conduct of financial institutions. Lynch said the bill did not serve consumers’ best interests (**CONCORD MONITOR**). • Still in **NEW HAMPSHIRE**, Lynch signs SB 394, which allows the state to confiscate counterfeit goods being sold by Granite State retailers and force those sellers to pay restitution to the product’s trademark holder (**BOSTON GLOBE, STATE NET**). • **SOUTH CAROLINA** Gov. Mark Sanford (R) signs HB 4572, a bill that allows Palmetto State breweries to offer limited tastings of their products to consumers in conjunction with a tour of the breweries’ facilities (**SPARTANBURG HERALD-JOURNAL**).

**CRIME & PUNISHMENT:** The **NEW JERSEY** Supreme Court rules that Garden State police must explain the state’s implied consent law, which requires motorists suspected of drunk driving to submit to a breath test, in a language the suspect can understand. Police complained the ruling may force them to learn 150 languages (**NEWJERSEYNEWSROOM.COM**). • Still in **NEW JERSEY**, the Supreme Court also upholds a state statute that allows drivers’ licenses to be suspended for driving infractions. The court also issued guidelines for judges to use in imposing the penalty (**ASBURY PARK PRESS**). • **ILLINOIS** Gov. Pat Quinn (D) signs SB 3645, which allows a person to be charged with aggravated home repair



fraud when those repairs are connected to a project designed to assist a person with a disability. Violators could face up to a year in jail and a \$25,000 fine (ILLINOIS GOVERNOR'S OFFICE).

## At Issue in the States

Want to learn more about State Net, our legislative experts or the Capitol Journal staff? Visit our blog, <http://statenet.typepad.com/at-issue-in-the-states/>. It's a great way to find out in a flash what's going on in statehouses across the country...like yours!

**EDUCATION: ILLINOIS** Gov. Pat Quinn (D) signs SB 2542, which requires sports agents who want to represent student athletes to first register with the state. The new law also bars anyone convicted of a felony or other serious crime from acting as an agent, establishes penalties for agents who have engaged in unethical behavior and requires schools to be promptly notified when a student athlete has signed with an agent (CHICAGO TRIBUNE).

**ENERGY: ILLINOIS** Gov. Pat Quinn (D) signs HB 4797, which extends through 2016 a sunset clause in a Prairie State law that keeps property tax assessments for wind farms uniform statewide. Quinn also signs HB 4758, which grants local governments the authority to finance green projects in unincorporated areas of the state (ILLINOIS GOVERNOR'S OFFICE). • **MISSOURI** Gov. Jay Nixon (D) signs HB 1692, which also allows cities and counties to issue bonds and provide financing for all upfront costs of energy efficient upgrades, renewable energy upgrades and energy audits for homes and businesses (MISSOURI GOVERNOR'S OFFICE).

**ENVIRONMENT:** Federal officials issue a revised moratorium on deep-sea offshore oil drilling to replace one that was tossed out by a federal court. Unlike that order, the revised ban is not based on water depth. The new ban, which is in direct response to the ongoing oil spill in the Gulf of Mexico, lasts through November and applies to any deep-water floating facility with oil drilling activities (USA TODAY).

**HEALTH & SCIENCE:** The **MASSACHUSETTS** House approves HB 4863, which would repeal a Bay State law adopted in 2008 that requires drug companies to report most gifts they give to medical personnel. The law also bans some gifts completely, including sports and theatre tickets and vacation trips. Meanwhile, the Senate endorses SB 2380, which would keep the law intact. The matter has now been sent to a joint conference committee (BOSTON GLOBE). • **MISSOURI** Gov. Jay Nixon (D) signs SB 583, which, among other things, requires health insurance policies to include coverage for adopted children on the same basis as other dependents of the enrollee (KANSAS CITY STAR). • Still in **MISSOURI**, Nixon also signs HB 1375, which increases the amount of information doctors must provide to young women and their parents about the connection between the HPV virus and cervical cancer, and allows physicians to prescribe medication for the sexual partners



of their patients to treat chlamydia and gonorrhea, a practice known as expedited partner therapy (MISSOURI GOVERNOR’S OFFICE).

**IMMIGRATION:** Led by **MICHIGAN** Attorney General Mike Cox, nine states file a “friend-of-the-court” brief in support of **ARIZONA** in its defense of a federal lawsuit challenging SB 1070, the state’s strict new immigration law. The other states are **FLORIDA, ALABAMA, NEBRASKA, PENNSYLVANIA, SOUTH CAROLINA, SOUTH DAKOTA, VIRGINIA** and **TEXAS** (DETROIT FREE PRESS).

**SOCIAL POLICY:** A federal judge issues a preliminary injunction blocking LB 594, a new **NEBRASKA** law requiring mental health screenings for women seeking abortions. The court said the statutes could have made it impossible to get an abortion in the Cornhusker State (LINCOLN JOURNAL STAR). • **MISSOURI** Gov. Jay Nixon (D) allows SB 793, which requires abortion providers to offer women seeking the procedure to view ultrasound images and listen to the heartbeat of the fetus, to become law without his signature. The bill also requires a consultation to occur in person instead of over the phone and mandates that women receive a description of the physical characteristics of the fetus (ST. LOUIS POST-DISPATCH).

**POTPOURRI:** **LOUISIANA** Gov. Bobby Jindal (R) signs HB 1339, which requires beginning Pelican State drivers to have at least 50 hours of behind-the-wheel driving experience, an increase from the 35 hours state law now requires. The new statute also bars teen drivers with an intermediate license from being on the road between 6 p.m. and 5 a.m. with more than one non-immediate family member younger than 21. Young drivers can have more than one young non-family member in a vehicle only if an adult older than 21 is also in the vehicle (NEW ORELANS TIMES-PICAYUNE).

— Compiled by *RICH EHISEN*

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# Once around the statehouse lightly

**UNDER EVERY ROCK:** Sharp-eyed readers may recall this space recently including CALIFORNIA SB 624 among a list of oddball measures under consideration by Golden State lawmakers. That proposal would remove serpentine as the official state rock, ostensibly because it contains a form of the carcinogenic material asbestos. But that accusation has angered geologists, who say



the rock is getting a bad rap. As the *Sacramento Bee* reports, the geoblogosphere is rife with indignation, saying that while some serpentine rocks may contain the chemical in question, chrysotile, most do not. Even where it is present, they say, it would only be harmful after significant exposure. Geologists also note that the bill is sponsored by law firms that specialize in asbestos litigation, and that getting the rock declared a cancer-risk could help said lawyers sue owners of property with serpentine deposits. Stay tuned: the bill has passed the Senate and is now in the Assembly.

**FREE THE BOTTLES:** We can all breathe easier at night: VIRGINIA state workers may once again chug water straight from plastic bottles the way the powers of the universe have always intended. According to the *Washington Post*, Gov. Bob McDonnell has reversed an executive order from former Gov. Tim Kaine that allowed state agencies to buy individual-sized bottles of water only in emergencies. McDonnell said he made his decision to allow agencies more flexibility in “this tough budget cycle.” But critics also noted that a former education adviser to the governor just happens to now sit on the board of one the state’s largest bottlers, a company that sold more than \$100,000 of water to Old Dominion state agencies in 2009. McDonnell denies he revoked Kaine’s order at anyone’s behest, but he acknowledges a desire to avoid harming the state’s bottled water industry.

**YOU MIGHT SAY HE HAS ISSUES:** Most folks understandably like to point to their personal track record of accomplishments when they toss their hat into the political arena. But SOUTH CAROLINA gubernatorial candidate Morgan Reeves might be better off doing what he can to steer people away from his backstory. As Columbia’s *The State* reports, Reeves’ resume includes multiple arrests and convictions for writing fraudulent checks, an assault arrest and three straight years of filing for bankruptcy protection. Reeves, who is listed as representing both the Green and the United Citizen Parties, says all of these troubles are easily explained away as a combination of honest mistakes, divorce and self defense. Of course, Reeves is not the only troubled Palmetto State politico these days. Democratic U.S. Senate candidate Alvin Greene was arrested last fall for showing a pornographic web site to a college student. And let’s not even go there about current Gov. Mark Sanford.

**ALL MY CHILDREN REDUX:** For a while now, former ALASKA Gov. Sarah Palin has made no secret of her disdain for daughter Bristol’s former beau and baby daddy, Levi Johnston. The former veep candidate turned ubiquitous blatherer for all things conservative has openly chastised Johnston for a series of, uh, questionable decisions, including baring all for *Playgirl* and publicly dishing dirt on the Palin family. But you can’t stop young love. As *Us Weekly* reports, Johnston and Bristol have patched up their troubles and are now engaged. Bristol acknowledged her mom may not be thrilled, calling her potential reaction “intimidating and scary.” In a terse



statement, Mama Palin called Bristol a young adult who “believes in redemption and forgiveness to a degree most of us struggle to put in practice in our daily lives.” Yikes. It says here things are going to be tense around the Palin family dinner table for a while.

— By *RICH EHISEN*

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