

August 11, 2008

Budget Questions



Budget & taxes	4
Climate change could cost states a bundle	
Politics & leadership	7
States turning blue	
Governors	10
Strickland pushes OH sick leave compromise	
Bird's eye view	2
Hot issues	13
Once around the statehouse lightly	15

The next issue of Capitol Journal will be available on August 18th.

Top Story

States were expecting rough fiscal times this year, but a slumping economy and the ongoing foreclosure mess have helped make things even worse than they feared. The question now is what to do about it.

SNCJ Spotlight

No relief for states in FY '09

Many state lawmakers knew this would be a tough budget year midway through last fiscal year when the number of states reporting shortfalls began to rise. But they evidently underestimated just how bad things would get. And now they're having to take extreme measures to fill gaping budget holes.

A little over a year ago, states were in pretty good financial shape. "Robust revenue performance and stable spending levels have combined to generate unexpected resources in most states," the National Conference

of State Legislatures stated in its March 2007 “State Budget Update,” although it also noted that declining sales and use tax collections were a concern in some states.

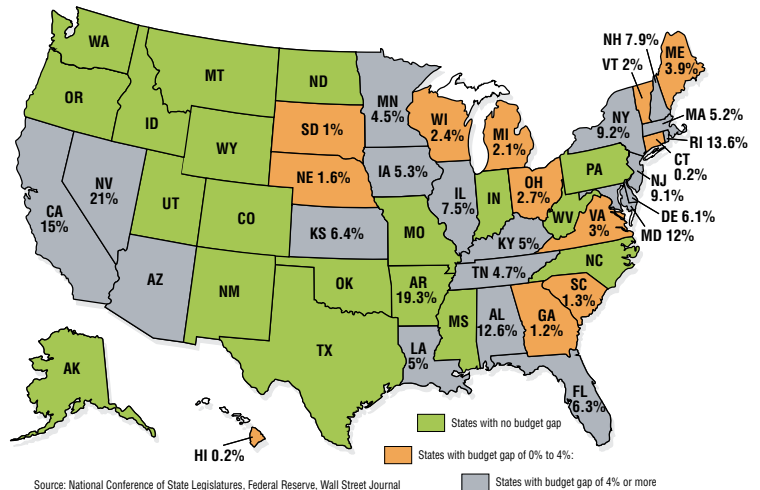
By November 2007 it was clear that concern was justified, as seven states reported budget gaps. By the end of FY 2008, which for most states was June 30, that number had grown to 20. States revised their revenue estimates downward, some multiple times. But collections underperformed even those lowered projections. And according to NCSL’s “State Budget Update: June 2008,” at least 31 states are now projecting budget gaps for FY 2009. (Although seven states — ARIZONA, CALIFORNIA, ILLINOIS, MASSACHUSETTS, MICHIGAN, NORTH CAROLINA and OHIO — did not provide complete information for FY 2009, either because they had not approved their budgets or finalized their figures before the report went to press, all but NORTH CAROLINA, were anticipating budget deficits.)

“The overall state fiscal condition changed significantly in the past year, and for the most part deteriorated,” said Corina Eckl, NCSL’s director of fiscal affairs when she released the report at the organization’s conference in New Orleans last month.

In more than half of the states, the shortfall amount is 5 percent of the general fund budget or more. In some cases far more. CALIFORNIA, for instance, is projecting a budget gap equivalent to 15 percent of its general fund budget, while ARIZONA is expecting a 19 percent gap and NEVADA, a 21 percent hole.

The budget trouble is largely due to the nationwide housing slump, which has not only directly impacted sales tax collections but, along with rising gas prices, also prompted cutbacks in general consumer spending. As Eckl pointed out, however, “No single tax is the culprit.” For example, personal income tax collections are also down

Bird’s eye view



Source: National Conference of State Legislatures, Federal Reserve, Wall Street Journal

State budget gaps widening in FY 2009

Twenty states faced budget gaps in fiscal year 2008 cumulatively totaling \$12.8 billion. In four of those states the shortfall amounted to 5 percent or more of the general fund budget. Thirty-one states are projecting shortfalls for FY 2009 (which began July 1 for most states), with the aggregate total expected to reach \$40.3 billion. Seventeen states are projecting budget gaps of 5 percent or more, and in six of them, the shortfall is forecast to exceed 10 percent of the general fund budget: ALABAMA (12.6 percent), ARIZONA (19.3 percent), CALIFORNIA (15.0 percent), MARYLAND (12.0 percent), NEVADA (21 percent) and RHODE ISLAND (13.6 percent). Still, 19 states, mainly those with economies centered around energy or agriculture, are expecting either no shortfall or a surplus.



because of rising unemployment, and falling corporate profits have cut into corporate income tax collections. Meanwhile, state expenses have continued to rise, an average of 5.9 percent between FY 2007 and FY 2008, according to NCSL. By comparison, revenue grew only 1.1 percent over that same period.

The drastic times that have resulted from that fiscal mismatch have forced states to take drastic measures. Ten, including HAWAII, NEW HAMPSHIRE and NEW YORK, made across-the-board spending cuts of as much as 4 percent in their FY 2009 budgets. Many states also made cuts to specific budget categories, such as higher education (12 states), elementary-secondary education (11 states) and Medicaid (10 states).

Numerous states are also planning to trim their payroll expenses. VERMONT, for instance, hopes to cut about 400 state jobs through attrition, while TENNESSEE intends to use buyouts and, if necessary, layoffs, to eliminate about 3,000 government positions. In addition, states are imposing hiring and salary freezes, banning state employee travel and reducing benefits.

Seven states are implementing tax increases. NEW YORK expects to generate \$757 million from its hike, and MASSACHUSETTS expects its increase to bring in \$175 million. Eight states are also raising fees. FLORIDA, for example, imposed higher court fees it estimates will generate \$131 million.

Fourteen states are tapping their rainy-day or other reserve funds. MINNESOTA drained half of its \$1 billion rainy-day fund, while NEVADA cleaned out its \$267 million fund entirely.

The budget crisis has also prompted states like OKLAHOMA and VERMONT to tap into their tobacco funds and NEW HAMPSHIRE and RHODE ISLAND to expand gambling.

There were a couple of bright spots in NCSL's budget report, however. States whose economies are geared toward energy production and agriculture tended to be in relatively good fiscal shape heading into FY 2009. ALASKA, for one, is projecting a budget surplus triple the size of its general fund budget. And although tourism was down in some states because high gas prices are curtailing domestic travel, states

The week in session

States in Regular Session: CA, MI, NY

States in Recess: DC, NJ, PA, US

States in Special Session: AK "d", IL "w", IL "x", NM "a"

Special Sessions in Recess: CA "a", CA "b", CA "c", CT "b", CT "c", PA "a"

States in Informal Session: MA

States in Skeleton Session: OH

In Pro Forma Session: US(Senate)

States in Perfunctory Session: IL Special Sessions "a"-v"

States Currently Prefiling or Drafting for 2009: FL, KY, MT, ND, NV, VA

States in Special Session Projected to Adjourn: AK "d"

States Adjourned in 2008: AK, AL, 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 2008: AK "c", AL "a", AR "a", CT "a", DE "a", KY "a", LA "a", LA "b", ME "a", MS "a", NC "b", NH "a", NV "a", OR "a", VA "a", VA "b", WI "c", WI "d", WI "e", WV "a", WV "b"

Letters indicate special/extraordinary sessions

— Compiled By JAMES ROSS
(session information current as of 08/07/2008)
Source: State Net database



that are a draw for international travel, like FLORIDA, are benefiting from foreign tourists seeking to take advantage of the weak U.S. dollar.

But, as NCSL's Eckl put it, most of the other states are saying, "we're holding our breath," looking toward 2010 and beyond. (NATIONAL CONFERENCE OF STATE LEGISLATURES, STATELINE.ORG, WALL STREET JOURNAL)

— *Compiled by KOREY CLARK*

Budget & taxes

CLIMATE CHANGE COULD COST STATES A BUNDLE: As if states don't already have enough fiscal concerns, a new report from the National Conference on State Legislatures and the Center for Integrative Environmental Research at the University of Maryland says impending climate changes could cost states billions of dollars, threatening not only their economies, but also their water resources, coastlines, infrastructure and residents' health.

The report examined eight highly diverse states — COLORADO, GEORGIA, ILLINOIS, KANSAS, MICHIGAN, NEVADA, OHIO, and NEW JERSEY — each of which has its own set of unique climate-related challenges. NEW JERSEY, for instance, could face serious threats to its tourism, transportation, real estate, and human health industries. The report further estimates that KANSAS could lose more than \$1 billion in agriculture and water resources, while OHIO, ILLINOIS, and MICHIGAN all have imminent threats to their shipping and water resources industries. Rising temperatures also pose a serious threat to NEVADA's already scarce water supply, and hurricanes jeopardize properties that stretch along GEORGIA's 100-mile coastline.

These dire predictions have clearly caught lawmakers' attention. This year, 43 of the 45 states that were in regular or special session introduced bills regarding climate change. Of the total 532 bills considered, 77 were enacted. But while increasing awareness of global warming has inspired several states to implement greenhouse gas reduction targets, observers like NCSL Energy Program director Glen Anderson fear that the damage has already been done, and curbing pollution will only lessen — not eliminate — the impacts of climate change. In an interview, Anderson said, "Changes are going to occur regardless of how much CO2 and greenhouse gas emissions are reduced."

Anderson added that any short-term benefits states might receive from the greenhouse gas reductions, such as increases in the productivity of agriculture, will be short-lived if the temperatures continue to increase at the current rate.

Although several larger studies have been conducted by groups like the United Nations Intergovernmental Panel on Climate Change, the NCSL report is the first to

break climate change costs down to the state level. Four more state reports will be released later this August. *(Original reporting by KATHERINE HASNAIN)*

SCHWARZENEGGER PROPOSES TEMPORARY SALES TAX HIKE:

Although he's repeatedly vowed that he would not raise taxes, CALIFORNIA Gov. Arnold Schwarzenegger (R) proposed doing just that last weekend. During private negotiations with legislative leaders over how to close the state's \$15 billion budget gap, the governor floated the idea of a one-cent increase in the state sales tax, according to unnamed legislative sources.

The hike would be immediate but temporary, lasting three or four years and raising \$5 billion annually, after which it would gradually decrease to a rate below the current statewide 6.25 percent (effectively 7.25 percent with local add ons), to allow consumers to recoup their losses. It would also be contingent upon lawmakers acceptance of automatic spending restraints and new authority for governors to cut spending when the budget falls into the red.

It was unclear whether lawmakers would go for the proposal. Democrats have long resisted automatic spending restraints that tie their hands, and they tend to view sales taxes as regressive, falling most heavily on the poor. Meanwhile, every Republican in the Legislature has signed an oath not to support a tax increase.

But the governor forced the issue last Wednesday, pledging not to sign another bill until he receives an acceptable budget agreement. "At this point, nothing in this building is more important than a responsible budget to fix our broken budget system," he said at a hastily called press conference. "So until the Legislature passes a budget that I can sign, I will not sign any bills that reach my desk." (LOS ANGELES TIMES, SACRAMENTO BEE)

MA OK'S PENSION BOOST: MASSACHUSETTS lawmakers approved a controversial bill in the final hours of the session last week that would increase the annual cost-of-living adjustment for retired public employees by about \$120 per

"It's another example of the administration and the Legislature passing a benefit and simply passing the buck to a future taxpayer....it's the height of irresponsibility."

year. The election-year measure, strongly backed by unions and passed without debate, could end up costing the state more than \$3 billion over the next two decades, which fiscal watchdogs say the state simply can't afford. "There is no money to pay for this enhanced benefit, regardless of the merits," said Michael J. Widmer, president of the Massachusetts Taxpayers Foundation. "It's another example of the administration and the Legislature passing a benefit and simply passing the buck to a future taxpayer....it's the height of irresponsibility."

Although Gov. Deval Patrick (D) released a statement signaling his support for the bill, his spokesman said he was still reviewing it and hadn't decided whether he would sign it. (BOSTON GLOBE)

BUDGETS IN BRIEF: State economists in **FLORIDA** have put a price tag on the loss in market value Sunshine State homes and businesses have sustained as a result of the real-estate bubble bursting: \$153 billion. And they said the unprecedented 6-percent decrease would have been even greater if it weren't for the state's relatively modest amount of new construction (just \$55.6 billion worth), which is expected to decrease almost 35 percent (MIAMI HERALD). • **MASSACHUSETTS** lawmakers are considering an emergency session in early October to make cuts to the state's \$28.1 billion budget (BOSTON HERALD). • **NEW YORK** Comptroller Thomas DiNapoli said last week that he will ask the Legislature for permission to place a larger share of state pension assets in less-traditional investments, like private equity and hedge funds, which are currently limited to 25 percent of the fund's total portfolio. The pension's overall return last fiscal year was only 2.6 percent, while the state's private equity fund investments grew 24.8 percent (NEW YORK TIMES). • Also in **NEW YORK**, a secret state audit has found that nearly 30,000 people in New York City are collecting Medicaid benefits from the state, despite being enrolled in Medicaid programs in other states. The audit was conducted using federally developed computerized record checks in 44 states (NEW YORK POST). • **WASHINGTON** Gov. Christine Gregoire (D) ordered a state freeze on non-emergency hiring, out-of-state travel and discretionary purchases of new equipment and personal-services contracts last week.

The hiring freeze and spending cuts are aimed at trimming \$90 million from the state budget (SEATTLE TIMES). • **TENNESSEE's** public employee buyout program fell about 170 applicants short of the 2,300 the state was hoping for. The shortfall increases the likelihood that the state will have to lay off employees next year in order to reduce its payroll by \$64 million (TENNESSEAN [NASHVILLE]). • Despite

Upcoming elections

08/06/2008 - 08/27/2008

08/07/2008

Tennessee Primary Election

House (All)
Senate (Even)
US House (All)
US Senate (Lamar Alexander)

08/12/2008

Colorado Primary Election

House (All)
Senate 4,8,10,12,14,16,17,18,19,21,23,
25,26,27,28,29,31,33,35
US House (All)
US Senate (A. Wayne Allard)

Connecticut Primary Election

House (All)
Senate (All)
US House (All)

Nevada Primary Election

Assembly (All)
Senate Central Nevada, Clark 1, 3, 4, 6,
11, Northern Nevada, Washoe 3
US House (All)

08/19/2008

Washington Primary Election

House (All)
Senate (All)
Constitutional Officers: Governor,
Lieutenant Governor,
Secretary of State, Treasurer, Attorney
General, Auditor,
Commissioner of Public Lands,
Insurance Commissioner,
Superintendent of Public Schools
US House (All)

Wyoming Primary Election

House (All)
Senate (Even)
US House (All)
US Senate (All)

(Continues on next page)



the downturn in the economy, **PENNSYLVANIA's** five slot machine parlors, which have been operating for over a year, generated almost 10 percent more in revenue last month than in July 2007, \$116.9 million, up from \$106.4 million (**PITTSBURGH POST-GAZETTE**). • **CONNECTICUT** Attorney General Richard Blumenthal filed suit last week against the three major credit-rating firms — Moody's Investors Service, Fitch Ratings and Standard & Poor's Ratings Services — for allegedly giving artificially low credit ratings to states, municipalities and other public entities (**WALL STREET JOURNAL**).

— *Compiled by KOREY CLARK*

Upcoming elections (cont.)

08/06/2008 - 08/27/2008

08/26/2008

Alaska Primary Election

House (All)

Senate A, C, E, G, I, K, M, O, Q, T

US House (All)

US Senate (Theodore F. Stevens)

Florida Primary Election

House (All)

Senate (Odd)

US House (All)

Florida Special Primary

Senate District 24 (Bill Posey)

Politics & leadership

S TATES TURNING BLUE: For the last three years a pair of trends has been playing out in states across the country: the number of voters registering Republican has been declining and the number affiliating with the Democratic Party or no party at all has been increasing. What that means for Sens. Barack Obama and John McCain is uncertain at this point. But voting experts say the trends may produce a partisan shift that impacts local, state and national politics for several election cycles to come.

Since the 2004 election, two traditional battleground states where Republican voters outnumbered Democrats, NEVADA and IOWA, have moved to the blue column. And none of the 24 other states in which voters register by party and for which complete registration data is currently available (three others didn't meet that second criteria) have gone the other way.

Among the 26 states where registration data is available, the percentage of Democrats has risen in 15 of them since 2004, while the percentage of Republicans has risen in six. In six of the states with registration data, which include IOWA, NEW HAMPSHIRE and PENNSYLVANIA, the ratio of Democrats to Republicans has shifted more than three percentage points in the Democrats' favor. The ratio has swung more than one percent the other way in only one: LOUISIANA. At the other end of the scale, the number of Democrats has fallen in 11 states, while the number of Republicans has dropped in 20. In sum, in the 26 states and the District of Columbia where registration data is available, the total number of registered Democrats has increased by 214,656, while the number of registered Republicans has fallen by 1,407,971.



The number of independent voters, meanwhile, has been growing at a faster rate than either Republicans or Democrats in a dozen states. In ARIZONA, COLORADO and NORTH CAROLINA, unaffiliated voters now basically constitute a third party.

Researchers say swings in party registration from one year to the next aren't uncommon, but a shift away from one party that is sustained for more than two years is. And researchers also say that while similar data are not available for the 21 states where voters don't register by party, the results of recent state and Congressional elections indicate that voters are moving away from the Republican party in those states too.

Following the 2000 election, 17 state legislatures were controlled by Republicans, 16 were controlled by Democrats, and 16 were split between them. (The NEBRASKA Legislature is nonpartisan.) Now the Democrats control 23 state legislatures, Republicans control 14 and 12 are split.

The story is much the same for governors' mansions. In 2000 there were only 19 Democratic governors, and in 2004, there were 22. Now there are 28.

Democrats have even made inroads in states Republicans have long dominated. For example, Democrats now control the governorship and both houses of the Legislature in COLORADO for the first time in over 40 years and the executive and

legislative branches in NEW HAMPSHIRE for the first time since 1874.

“This is very suggestive that there is a fundamental change going on in the electorate.”

“This is very suggestive that there is a fundamental

change going on in the electorate,” said Michael P. McDonald, a senior fellow at the Brookings Institution and an associate professor of political science at George Mason University.

State Democratic party leaders attribute the partisan shift to nationwide voter dissatisfaction with the Bush administration.

“I think nationally and here, people are kind of tired of the way this administration has been conducting the policies of this country,” said COLORADO Democratic Party Chairwoman Pat Waak.

But Democrats also appear to be benefiting from demographic changes, particularly among young voters. Census figures show that the population of 18- to 24-year-olds rose from about 27 million to almost 30 million between 2000 and 2006. And while Sen. Obama's candidacy has drawn many of those young people to register to vote, demographers say younger voters were moving toward the Democratic Party even before Obama's ascendancy. In recent years, young Americans have also been migrating to high-growth, traditionally red states like ARIZONA, COLORADO, and NEVADA.

“Obviously, these are not good numbers for the party to be looking at,” said Dick Armey, former U.S. House majority leader and one of the architects of the



holding a 125-vote lead over the closest of three rivals, state Rep. Margaret Donnelly (D). The eventual winner of that race will face state Sen. Mike Gibbons, who also had no primary opponent. The incumbent-less primaries were touched off in January, when Gov. Matt Blunt (R) announced he would not seek a second term. His departure prompted state Treasurer Sarah Steelman to pursue the GOP nomination for governor, creating a vacancy in her post. Meanwhile, state Attorney General Jay Nixon's declaration that he would seek the Democratic nomination for governor opened his seat. (ST. LOUIS POST-DISPATCH, STATELINE.ORG)

POLITICS IN BRIEF: CALIFORNIA Attorney General Jerry Brown said last week that if voters approve a November ballot measure banning same-sex marriages in the state, the thousands of gay and lesbian ceremonies conducted since the state Supreme Court legalized such unions in May would probably remain valid. Brown said that although Proposition 8 is silent on the subject of retroactivity, the courts would likely uphold the marriages performed in the interval before the election (SAN FRANCISCO CHRONICLE). • Sen. Barack Obama has asked the Democratic National Committee to restore full voting privileges to **FLORIDA** and **MICHIGAN** for the Democratic National Convention later this month. The DNC stripped the two states of half of their delegates for holding their presidential primaries before Feb. 5, in violation of party rules (ST. PETERSBURG TIMES).

— *Compiled by KOREY CLARK*

Governors

STRICKLAND PUSHES OH SICK LEAVE COMPROMISE: OHIO Gov. Ted Strickland (D) says he has not given up hope of brokering a compromise that will keep a controversial paid sick leave measure off the November ballot. Strickland is pushing lawmakers to come up with compromise legislation by September 5, the final day the measure could be removed from the ballot.

Under the current proposed Healthy Families Act, which is backed primarily by unions, employers with at least 25 workers would have to grant each of them at least seven days of paid sick leave each year. Opponents, led by the OHIO Chamber of Commerce, say the proposal will cost employers millions of dollars in new employee expenses, and may ultimately lead to the loss of hundreds of thousands of jobs and companies moving out of state. Strickland said he understands with many of their concerns, but he also urged opponents to continue negotiating while there is still time to do so.



Noting businesses' concerns that some of the measure's language was too vague, Strickland last week proposed offering employees hours of sick time off instead of days, something he said would be a hedge against abuse of the policy. Strickland also proposed allowing only licensed medical professionals to provide medical certification for an employee taking leave. But business interests rejected those ideas, calling a deal "impossible" and saying they would work instead to defeat the issue at the polls.

But Strickland said he still believes a deal can be worked out, and will keep trying to forge a legislative compromise. "I'm not willing to play Russian roulette with the future of Ohio on this issue," the governor said. "I believe that reasonable people

“I’m not willing to play Russian roulette with the future of Ohio on this issue.”

who will forgo some extreme ideological position can work with others to find a reasonable compromise.”

Strickland noted that several of the state's top businesses support his efforts, including the Ohio Business Roundtable, the Ohio Hospital Association, AT&T and American Electric Power. But a fair number of business interests also seem more than willing to have voters decide the matter. David Zanotti, president and chief executive of the conservative-leaning public policy organization Ohio Roundtable, which opposes the measure, said Strickland

“Let the chips fall where they may. Let’s have the ballot debate.”

should stop trying to broker a compromise and work instead to defeat the proposal.

“This measure takes away the right of negotiation on both the part of the company owner and the part of the employee, and seizes that right for the authority of the state,” Zanotti said. “Let the chips fall where they may. Let’s have the ballot debate.”

But Strickland warned that he won't be the one to blame if voters ultimately approve the measure in its current form.

“If I fail, and if those who are absolutely convinced that the proper course of action is to not work for a compromise — that insist that this be fought out — if they lose, they're going to be responsible for what happens because I will have done my best to have prevented such an outcome,” he said, adding, “I'm just asking for a good-faith effort that will lead to a common-sense solution that may not be totally satisfying to either proponents or opponents but good for Ohio.” (DAYTON DAILY NEWS, COLUMBUS DISPATCH)

BLAGO'S REWRITE CAMPAIGN: Last week, ILLINOIS, Gov. Rod Blagojevich (D) began what he called his “Rewrite to Do Right” campaign, in which he will use his amendatory powers to veto and then change legislatively-approved



bills. Blagojevich says he has identified at least 50 bills he will attempt to rewrite, starting with legislation from Rep. Chuck Jefferson (D) that would have allowed college students to stay on their parents' health insurance for a year if they have to leave school because of a catastrophic illness or injury. The governor added language giving parents the option of keeping their children on their private health plan until they turn 26 or, in the case of veterans, the age of 30. The measure now goes back to lawmakers, who overwhelmingly approved Jefferson's bill last spring. Jefferson said he will push for an override, which takes a three-fifths majority in both chambers. Approval requires only a simple majority. (ROCKFORD REGISTER STAR)

GOVERNORS IN BRIEF:

MASSACHUSETTS Gov. Deval Patrick (D) signs off on a \$3 billion spending plan to repair almost 300 Bay State bridges. The state currently has 543 structurally-deficient bridges (BOSTON GLOBE). • **RHODE ISLAND** Gov. Don Carcieri (R) says he will hold off on enacting his earlier executive order that would impose higher health-insurance rates on thousands of unionized state employees who rejected a recent contract proposal while a court decides whether to issue a restraining order (PROVIDENCE JOURNAL). • **KENTUCKY** Gov. Steve Beshear (D) issued an executive order allowing low-speed electric vehicles on many of the state's roadways. Beshear admitted he issued the order in part to help lure an electric car manufacturing plant to the Bluegrass State (COURIER-JOURNAL [LOUISVILLE]). • **CALIFORNIA** Gov. Arnold Schwarzenegger (R) said he will not sign any more bills until lawmakers come up with a budget. The Golden State budget, which currently faces a \$15.2 billion shortfall, is more than a month past due (SACRAMENTO BEE). • **WEST VIRGINIA** Gov. Joe Manchin (D) said he hopes to tax new high-voltage transmission lines and use part of the revenue to offset electricity rate hikes that fund construction of such projects. Manchin wants the new revenue for the state and for counties where the proposed Trans-Allegheny Interstate Line would be located. Manchin also hinted that the state might consider legal action to block the \$1.1 billion project unless the developer supports his tax legislation (CHARLESTON GAZETTE).

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: 63

Number of Intros last week: 377

Number of bills enacted/adopted last week: 266

Number of prefiles to date: 21,283

Number of Intros to date: 88,079

Number of bills enacted/adopted overall to date: 25,554

— Compiled By JAMES ROSS
(measures current as of 08/06/2008)
Source: State Net database

— Compiled by RICH EHISEN



states — **NEW YORK, OHIO, PENNSYLVANIA, MICHIGAN, ILLINOIS, WISCONSIN, INDIANA** and **MINNESOTA**, which have already endorsed the agreement — would be required to regulate their own large-scale water use and promote conservation. The measure must still be approved in the House of Representatives and signed by President George W. Bush to become law (DETROIT FREE PRESS). • **CALIFORNIA** forestry officials reject a petition to require stronger regulation of logging on private land with coastal streams that serve as habitat for endangered Coho salmon. Current Golden State policy requires enhanced stream protections if the state Department of Fish and Game rules that a logging plan will kill salmon, a ruling the agency has never actually made (SACRAMENTO BEE).

In case you missed it

For years insurers have been allowed to exclude autism from basic health insurance policies. But as we reported in the August 4 issue of SNCJ, increasing pressure from autism advocates has pushed several states to now require insurers to cover at least some autism care for children.

In case you missed it, the article can be found on our Web site at http://www.statenet.com/capitol_journal/08-04-2008/html

HEALTH & SCIENCE: The **NEW MEXICO** attorney general says a 2007 executive order by Gov. Bill Richardson (D) that requires state contractors to offer their employees health insurance is constitutional. The order requires vendors with contracts worth \$1 million or more and with at least six employees to demonstrate they offer their employees health coverage. The ruling applies only to workers who live in **NEW MEXICO** (SANTA FE NEW MEXICAN).

SOCIAL POLICY: A federal court rejects an appeal from **TEXAS** authorities to reinstate a ban on the sale and marketing of sex toys in the Lone Star State. The 5th U.S. Circuit Court of Appeals upheld its own earlier ruling that the ban violated the right to privacy guaranteed by the 14th Amendment (AMARILLO GLOBE-NEWS).

POTPOURRI: A federal court rules that a **RHODE ISLAND** law which allows police chiefs to remove political campaign signs from the side of public roadways at their discretion is unconstitutional. The court said the law infringes on the freedom of speech by letting police chiefs decide who can post signs without listing criteria they should use in making that decision (PROVIDENCE JOURNAL).

— *Compiled by RICH EHISEN*

Once around the statehouse lightly

PASS THE MEAT, PLEASE: The animal rights group People for the Ethical Treatment of Animals (PETA) is well known for its somewhat in-your-face media campaigns to get people to stop wearing fur and eating meat. Many feature nude celebrities or gory pictures of abused animals. But PETA tried a new tack recently when it asked governors of the 10 states the Centers for Disease Control says have the highest number of obese residents to go vegetarian as a means of persuading overweight residents to drop a few pounds. PETA even offered to send the govns a “vegetarian starter kit,” complete with “shopping tips and delicious recipes.” Most ignored the request, though the *New Orleans Times-Picayune* reports that LOUISIANA Gov. Bobby Jindal may be waffling. “If they will endorse an all-chocolate-chip-cookie diet, I’ll give it a try,” Jindal said. At least they didn’t ask him to pose nude.

NO GENIUS HERE: It is official: there will be no Genius on display at the CONNECTICUT statehouse this year. Oh, there may be some smarts, but the “Genius of Connecticut,” an 18-foot tall allegorical statue that once stood atop the capitol dome, is down for the count. Even though, as the *Hartford Courant* reports, lawmakers have already spent over \$300,000 to restore the statue, budget concerns have forced them to drop the idea. This isn’t the only time the Genius has taken it on the chin. First raised over the capitol in 1878, it was removed 50 years later after being damaged in a hurricane. It was later donated to the federal government and unceremoniously melted down for munitions during World War II. Gov. M. Jodi Rell says she hopes to eventually finish the project, but is “making no promises.”

THIS COULD BE BAD: Last March WISCONSIN Gov. Jim Doyle was more than happy to heap praise on allegedly-retiring Green Bay Packers quarterback Brett Favre. At the time, Doyle sounded like any other “Cheesehead,” gushing on and on about Favre’s greatness and saying it was “always easier to govern the state when the Packers are winning.” Well, that was then and this is now. Favre has since welched on his bye-bye promise and demanded to return to the team, only to learn it didn’t want him anymore, inciting a month-long drama that turned fan against fan and sent sports media blatherers into hyperdrive. This time, the *Chicago Tribune* reports, Doyle was not so interested in grabbing onto Favre’s coattails. When asked about the situation last week, Doyle would only say that Packers fans “should be thankful that the greatest player in football played in Green Bay for 16 years.” Nice punt.



BLOWING SMOKE: There may be a good reason why CALIFORNIA's perennial budget brawl seems even more rancorous than usual this year. As Sacramento's *Capitol Weekly* reports, Gov. Arnold Schwarzenegger is suddenly without his famous — or infamous to some people — smoking tent. The white canvas tent has long been the Governor's preferred hideaway for meeting with legislative leaders during budget negotiations, a site where everyone can fire up a fine Cuban stogie and get down to business. Alas, the tent has been removed while the Capitol is undergoing repairs, leaving Schwarzenegger and company with just a bare concrete slab in the sun. Not everyone is sad to see the tent go, however. As Assembly Republican Leader Mike Villines, no fan of cigars, quipped, "Now that the smoke is gone, we just need to get rid of the mirrors and we might get a budget deal."

— By *RICH EHISEN*

Corrections

Last week in *Once Around the Statehouse Lightly*, we incorrectly referred to COLORADO as "the Keystone State" rather than by its proper moniker, the "Centennial State." PENNSYLVANIA is of course the Keystone State. We regret the error.

Editor: Rich Ehsen — capj@statenet.com

Associate Editor: Corey Clark — capj@statenet.com

Editorial Advisor: Lou Cannon

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

Editorial Intern: Katherine Hasnain

Graphic Design: Vanessa Perez

©2007 State Net ISSN: 1521-8449



You've just read **State Net Capitol Journal**, the insider's source for political and legislative news in the 50 states.

State Net Capitol Journal is published 40 times annually and delivered over the Web or e-mail.

For a FREE subscription, visit our Website at www.statenet.com and click on the "Register Now" icon. Or call us at 916.444.0840

A publication of State Net — *the leader in legislative and regulatory intelligence.*

Who relies on State Net?

- Five of the nation's ten largest companies
- Major information services including Lexis-Nexis and WestLaw
- Companies representing every major industry in the U.S.

State Net: the service you can trust when you need to be right.

Learn more about our issue-based reporting solutions today:
info@statenet.com or www.statenet.com • (800) 726-4566