

January 17, 2005



The heat is on:  
 states struggling  
 to keep up with  
 CA stem cell  
 funding

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Top Story

*By endorsing a plan to spend billions of taxpayer dollars on stem cell research, CALIFORNIA voters have also spurred several states heavy in biotechnology to ramp up their own research funding.*

**SNCJ Spotlight**

*States trying to fend off CA's stem cell push*

**W**hen CALIFORNIA voters last November resoundingly approved Proposition 71, a \$3 billion bond measure to fund embryonic stem cell research, they did much more than just thumb their noses at the Bush administration's unwillingness to spend federal dollars on the controversial science. Those voters also sounded a clarion call in several states that yearn for the kind of biotech



California is planning to dole out annually over the next decade.

Pennsylvania Gov. Ed Rendell (D) immediately voiced his support for Codey's proposal, although he also acknowledged it would require a change in Keystone state law that currently bars the state from investing in the research. Rendell also noted that such an effort would still not put the three states on a level field with California, although he did say he thinks the trio "could get over the \$1 billion level, and it's a great idea."

Codey appears ready to move forward regardless of whether Pennsylvania and Delaware join in. Last week, Codey proposed the Garden State spend \$150 million now for the construction of a new stem cell institute, and he wants voters to approve another \$230 million to support research. Codey and Assemblyman Neil Cohen (D) are proposing to borrow as much as \$1 billion through bond sales, with the debt being incurred gradually over a 10-year period.

Governors are not the only ones pushing for stem cell research. In Maryland, lawmakers in both the House and Senate have proposed dedicating \$25 million a year to the research, with the money coming from a portion of the state's tobacco settlement fund. Much like their counterparts in other states, bill authors Del. Samuel I. Rosenberg (D) and Sen. Paula C. Hollinger (D) cited the possibility of losing biotech workers and companies to California as their motivation.

In Illinois, state comptroller Dan Hynes has asked lawmakers to place a referendum on the 2006 general election ballot asking voters to okay the "Nip and Tuck" tax, a 6 percent levy on breast augmentation, face-lifts, Botox injections and other elective cosmetic surgery as a way to raise \$1 billion in research funding to

## Bird's eye view



### A taxing proposition

Although most state and local governments still heavily rely on property taxes for a consistent, reliable revenue stream, many of those same governments also have the option to levy local sales and income taxes. According to the National Conference of State Legislatures, local sales taxes made up about 12 percent (\$43 billion) of all 2002 tax revenue, while local income taxes contributed an additional 5 percent (\$20 billion). The accompanying map shows where each state falls in regard to levying at least some form of local income and sales taxes.



Source: National Conference of State Legislatures

start and run the Illinois Regenerative Medicine Institute, which would specialize in stem cell research. Hynes' proposal must receive majority approval in both houses and okay'd by Gov. Rod Blagojevich (D) before voters would get their say. It won't be an easy sale; in November the Legislature failed to approve a mostly ceremonial measure proclaiming the state's support of privately funded stem cell research. Legislative opponents to that measure are already lining up to battle against Hynes' proposal.

Massachusetts and CONNECTICUT last week became the latest states to jump on the bandwagon. In Massachusetts, new Senate President Robert E. Travaglini (D) used his inaugural speech to call for "immediate passage of a comprehensive stem cell research bill." Travaglini also framed the issue as one of jobs and competition with other states, saying that, "In the eyes of many, we have lost ground in our competition with states such as California, New Jersey, and NORTH CAROLINA. With swift action during this legislative session, we can regain a competitive edge in this area." Travaglini received an immediate show of support from House Speaker Salvatore F. DiMasi, who said, "I agree with him 100 percent. I think stem-cell research is one of the most important things that we can do to generate the biotech industry, to generate an atmosphere where businesses and people can invest their money here in Massachusetts and create jobs."

Connecticut lawmakers introduced legislation that officially endorses both adult and embryonic stem cell research, while Gov. M. Jodi Rell (R) has already proposed between \$10 and \$20 million in state funding. Senate President Pro Tem Donald E. Williams Jr. (D) says that is not enough and has suggested an investment of \$100 million over 10 years.

It remains to be seen if other Republican governors will be friend or foe in their states' proposed legislation. Massachusetts Gov. Mitt Romney (R) says he supports stem cell research, but will wait to see specific legislation before choosing sides this session. When he was a member of Congress, Maryland Gov. Robert E. Ehrlich Jr. was a strong supporter of President Bush's ban on federal money for embryonic stem cell research, and so far remains noncommittal on the funding proposals in his state. Some Republican governors — most notably

## *The Week in Session*

### Regular Session:

AK, AR, AZ, CA, CO, CT, DC, DE, GA, HI, IA, ID, IL, IN, KS, KY, MA, MD, ME, MI, MN, MO, MS, MT, ND, NE, NH, NJ, NM, NY, OH, OR, PA, RI, SC, SD, TN, US, VA, VT, WA, WI, WV, WY

Skeleton Session: OH

Recess: KY, TX

Special Session: CA "a", WI "a"

Currently Prefiling (Drafts for 2005): AL, FL, IA, NV, OK, UT, WY

Adjourned in 2005:

DC "z", IL "z", MA "z", NY "z"

Special Session Adjourned in 2005: DE "c", FL "a", MD "a", OH "a"

Letters indicate special/extraordinary sessions  
Source: State Net, 1/14/05



COLORADO Gov. Bill Owens, SOUTH DAKOTA Gov. Mike Rounds and TEXAS Gov. Rick Perry — also continue to voice strong support for the president’s policy.

But Perry is also getting internal pressure to change his stance, most notably from his state’s conservative U.S. Sen. Kay Bailey Hutchinson (R), normally a staunch defender of all things Bush. How long he and the rest hold out will likely depend on how successful stem cell supporters are in other states. In either case, the issue is not going away any time soon, and lawmakers like Maryland Sen. Paula Hollinger are increasingly concerned they will lose their slice of the biotech pie to California. “We’re nuts if we don’t do something,” says Hollinger. (BALTIMORE SUN, WALL STREET JOURNAL, NEWSWEEK, NEWSDAY, CHICAGO SUN-TIMES, MILWAUKEE JOURNAL SENTINEL, USA TODAY, STAR-LEDGER [NEWARK], CHICAGO TRIBUNE, BOSTON GLOBE, BUSINESS WEEK, DALLAS MORNING NEWS, NEW YORK TIMES)

— *Compiled by RICH EHISEN*

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# Budget & taxes

**B REDESEN SLASHES TENNCARE:** TENNESSEE Gov. Phil Bredesen (D) announced last week that he will be eliminating nearly half of the 719,000 adults enrolled in TennCare, the state’s ambitious health insurance program for the disabled, poor and uninsured. In addition, benefits will be significantly reduced for the 396,000 adults who remain on the TennCare rolls. There will be no changes, however, for the 612,000 children in the program. Bredesen said he had spent months working on ways to salvage more of the \$8.7 billion-a-year program, but that the cuts were ultimately necessary to contain its escalating costs, which next year would have doubled what the state will collect in new revenue. But the governor pointed out that even with the cuts, TennCare would still be “one of the broadest, most generous programs in the country.” That’s possible because the 11-year old program provided coverage far beyond what is required by federal law. While most Medicaid programs cover only the poor and disabled, TennCare also covered the uninsured, including those with chronic and catastrophic illnesses. And, unfortunately, it is that group that will be losing its benefits. (TENNESSEAN [NASHVILLE])

**SCHWARZENEGGER UNVEILS TOUGH BUDGET:** Last Monday, CALIFORNIA Gov. Arnold Schwarzenegger (R) laid out his budget plan for 2005-06, a plan that seeks to plug the state's \$9.1 billion deficit through tough spending cuts rather than a tax

increase. The \$111.7 billion proposal actually calls for an increase in overall state spending by 4.2 percent, but also prescribes cutting grants for welfare recipients, withholding \$2.3 billion owed to schools, halting the state's contributions to the teachers' pension fund and requiring state workers to pay more of their retirement costs. Schwarzenegger dismissed the option of raising taxes with characteristic assurance, stating, "Increasing taxes is out of the question because we don't have a revenue problem, we have a spending problem." The governor was referring to the constitutional mandates passed by voters over the last 25 years that dictate how much of the state's revenue must be spent, which he called "auto-pilot spending," and which he said are responsible for the state's structural deficit. He conceded that his budget proposal would not solve that problem, but pledged to deal with it separately, possibly by going directly to voters once again. That might allow him to get around the Legislature on that issue, but it's fairly clear he'll have a fight on his hands with the budget. "Democrats are not going to settle for simply saying let's live within our means and balance the budget on the backs of California's middle class, senior citizens and K-12 education," said Assembly Speaker Fabian Nunez (D). (SACRAMENTO BEE, NEW YORK TIMES, SAN JOSE MERCURY NEWS)

## *Upcoming Elections* (1/13/2005 - 1/27/2005)

**01/25/2005 Alabama Special Election**  
House 065  
Senate 024

**STATES HIT JACKPOT WITH GAMBLING:** Not too long ago, legalized gambling was confined to a strip of NEVADA desert and a beach boardwalk in NEW JERSEY. But these days, gamblers have a few more options. Such as the 400 casinos run by Native American Indian tribes in 23 states. Or the forty riverboat casinos in ILLINOIS, IOWA, INDIANA and MISSOURI. What's more, casinos aren't the only game in town. There are now 23 "racinos," dog and horse racetracks that offer video slot or poker machine gaming, across the country. And state lotteries, once a rarity, are now the norm, operating in 41 states. States are cashing in on all the officially-sanctioned wagering. According to the North American Association of State and Provincial Lotteries, states earned \$14 billion in profits on \$45 billion in lottery ticket sales in fiscal year 2003. They also took in \$4.3 billion in taxes from non-Indian casinos, \$759 million from Indian-owned casinos and another \$776 million from racinos. The states' gambling fever continued its spread in 2004. PENNSYLVANIA approved legislation

allowing more than 60,000 slot machines in the state. KANSAS launched what it is calling the “worlds first interactive Internet lottery game,” which officials expect to bring in over \$500,000 in revenue in the first year. And 28 other states considered proposals ranging from authorizing slots at bowling alleys to requiring racetrack operators to turn over unclaimed winnings to the state. The states’ addiction to gambling is fueled by the fact that it provides a means to boost revenue that is far less painful than raising taxes. And Americans have clearly shown their enthusiasm for it; fifty-three million of them — one out of every four adults — gambled at a casino in 2003, according to gaming industry officials. The industry received a slightly different message last November, however, when voters in CALIFORNIA, NEBRASKA and WASHINGTON rejected efforts to expand gambling, and MICHIGAN residents elected to grant themselves more authority over any future expansion. But observers say the spread will continue because, despite the rebounding national economy, many states are still facing economic difficulty. (STATELINE.ORG)

**BUDGETS IN BRIEF:** Despite allegations by anti-gambling advocates that wholesale fraud allowed Amendment 4 to reach **FLORIDA’s** ballot in November, a circuit court judge ruled last week that she would not intervene on the grounds that it would “thwart the will of the people who voted for it and would improperly inject the court into the political process.” The measure, which was approved by 51 percent of the voters, allows slot machines to be installed at dog and horse racetracks and jai alai frontons in Miami-Dade and Broward counties, subject to the approval of local residents (ST. PETERSBURG TIMES). • A special legislative committee in **MAINE** approved a property tax reform proposal last week, which calls for expansion of a property tax rebate program and a number of constitutional amendments directed at local tax relief. Members of the Joint Standing Committee on Property Tax reform said the plan was a compromise that should win approval in both houses. Those votes are expected by Jan. 20 (KENNEBEC JOURNAL). • Costco is putting off building any new stores in **MONTANA** because the Legislature is considering a tax on “box stores” for the second time. The proposed legislation would impose a graduated tax of between 1 and 2 percent on gross retail receipts over \$10 million. A similar measure was narrowly defeated in the Senate in 2003, but could pass this year due to a slight shift in the chamber’s partisan composition (MISSOULIAN).

— *Compiled by KOREY CLARK*



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# Politics & Leadership

**V**ETO BATTLE KICKS OFF MD SESSION: Last Monday, true to his word, MARYLAND Gov. Robert L. Ehrlich Jr. (R) vetoed the medical malpractice reform bill lawmakers came up with during the special holiday session he hauled them into last month. The following day — just hours before the start of the 2005 regular session — legislators, true to theirs, overrode that veto. Ehrlich said he rejected the reform plan because it does not include strict enough caps on jury awards and imposes a 2 percent tax on HMO premiums. But Democrats who control the Legislature said Ehrlich’s action, after weeks of negotiating, only strengthened their belief that he is unwilling to work with them. “I think what it says about the governor is that he is incapable of compromise,” said House Speaker Michael E. Busch (D). Others were a bit more combative. Del. Peter Franchot (D), for instance, said, “This governor has decided he does not want to compromise with us. That’s fine. He wants a fight? Well, he’s going to get one.” Some Capitol observers say the episode may have actually served to unify Democrats in the House and Senate — who’ve had their share of differences over the past two years — against a common foe. The two branches are now likely to be slugging it out over issues like slot machines, stem cell research and the budget until the 2006 election. (WASHINGTON POST, BALTIMORE SUN)

**GOP CHANGES RULES IN GA:** The new Republican majority in the GEORGIA House wasted no time exercising its power, adopting new rules just hours after convening for the 2005 session. Among the changes: new House speaker, Rep. Glenn Richardson (R), will be able to appoint “hawks” with the authority to attend and vote on any committee or subcommittee the speaker directs them to. Another new rule will allow the Rules Committee to bar debate or amendment of bills it sends to the House floor. The committee will also be able to amend bills itself or return them to the committees that passed them. Most House Democrats, unsurprisingly, condemned the changes. “It does away with representative government,” said House Democratic leader Rep. DuBose Porter. But Republicans countered that their action was no different than what Democrats had subjected them to over the last 130 years they’d dominated state politics. What was surprising, however, was that more than 20 Democrats actually voted in favor of the new rules along with the Republicans. Merle Black, a political science professor at Emory University, said, “That really shows where the power is.” (ATLANTA JOURNAL-CONSTITUTION, MACON TELEGRAPH)



# Governors

**G**REGOIRE SWORN IN AMID PROTESTS, LOOMING COURT BATTLE: Christine Gregoire took the oath of office as WASHINGTON governor last week, but how long she stays in office won't be known for at least a few more weeks. As expected, Republicans have gone to court seeking to nullify the election results, claiming that numerous voting discrepancies make it impossible to know now who really won the race. Gregoire was declared the winner after two recounts, tallying

129 more votes than Republican Dino Rossi, who won the first two counts. The GOP's major gripe is with votes cast in the Democratic stronghold of King County, which totaled 2,400 more votes than it has registered voters. The GOP also is incensed that many overseas military ballots were mailed too late for soldiers to vote, which they say disenfranchised a large number of people likely to vote Republican. It also did not help the GOP mood that a large number of dead people and convicted felons in King County somehow managed to cast ballots.

Republicans argued prior to the Senate confirmation that the election results should be deferred for two weeks while court challenges are being heard. Democrats quickly rejected the idea, saying it is their duty to move on and conduct state business while allowing the courts to work out their final verdict. "We're a parti-

san body," said House Majority Leader Lynn Kessler (D). "Delaying would be to say 'let's throw this into the food fight down here.'" So while the ceremony went on inside the Capitol dome, police estimated about 3,000 people rallied outside the statehouse to voice their own opinion on the proceedings, with the vast majority showing support for Rossi. Many echoed the words of rally participant Donna Baggerly, who bemoaned the negative image they say the election has brought on the state. "People in Florida are emailing us, thanking us for making them feel good," Baggerly said.

## ... unquote

"I find it personally embarrassing that the Republican Party two weeks ago said in front of the Supreme Court that we need to stop counting the ballots. Now they're saying we need to revote, which is an incredible waste of taxpayer money."

—*Rachel Nesse of Olympia at pro-Gregoire rally. (SEATTLE POST-INTELLIGENCER)*

## Quote...

"We've been robbed in the state of Washington. ... She's not my governor and I will not support her. It will be very partisan for the next four years."

— *Daniela Anderson, a pro-Rossi demonstrator at a revote rally held during the swearing in of WASHINGTON Gov. Christine Gregoire (D).*

Gregoire tried to publicly soften the blow by offering condolences to Rossi during her acceptance speech, saying “My heart goes out to you.” She also tossed an olive branch to agitated Republicans by promising to put regulatory streamlining and small business tax cuts at the forefront of her agenda, both of which were prominent aspects of Rossi’s campaign platform.

Democrats also asked Secretary of State Sam Reed to return the \$730,000 deposit they paid for the hand recount that put Gregoire into office, arguing that since the recount reversed the election results they are entitled by the constitution to a refund. But Reed, who is now the focus of a recall campaign started by an online group angry with his handling of the election, has so far disagreed, saying in court documents that “until the contest proceedings are resolved, no one can be certain of whether or not the recount in fact changed the result.” What is certain, or at least most likely, is that the final decision on those results will come not from Reed or the Legislature, but from the state Supreme Court. (SEATTLE POST-INTELLIGENCER, SEATTLE TIMES).

**BLAGOJEVICH FAMILY FEUD:** A nasty family squabble is brewing in ILLINOIS, where Gov. Rod Blagojevich (D) has been locked in a bitter and very public war of words with his father-in-law, Ald. Richard Mell (D), who has accused the governor of exchanging prized appointments to state boards and commissions for \$50,000 campaign contributions. Mell also claimed Blagojevich shut down a Joliet landfill run by a second cousin of his daughter, Patti Blagojevich, in an attempt to harm his image. Blagojevich had the landfill closed last week, calling it an environmental hazard and accusing the owners of taking in waste materials it was not licensed to accept. Mell denied the charge, saying Blagojevich routinely manufactures controversies in order to portray an image as a “white knight.”

Blagojevich also denied the claims, calling Mell’s assertions “reckless” and “defamatory.” Mell apparently based his views on an investigative report by the Chicago Tribune last fall that found more than 120 of the governor’s appointees donated a total of \$1.9 million to his campaign fund. The report also noted that almost \$250,000 went into an account controlled by Mell. The \$1.9 million is equal to one-fifth of the money the Blagojevich campaign has in the bank, according to the most recently filed campaign disclosure forms. Blagojevich is often noted for his prodigious fundraising capabilities, as he has accumulated more than \$36 million in donations since taking office almost four years ago. In contrast, former Gov. George Ryan (R), also a noted fundraiser, took more than three decades to bring in \$40 million.



just after the U.S. Department of Agriculture announced a controversial plan to reopen the border to imports of live Canadian cattle (DAILY HERALD [PROVO]).

**CRIME & PUNISHMENT:** Saying they want to put street cops on an equal footing with heavily armed criminals, law enforcement officials in **ALABAMA** announce they will become the latest state in the nation to begin supplying state troopers with AR-15 semi-automatic rifles. The AR-15 is a civilian version of the U.S. military's M-16 field rifle (BIRMINGHAM NEWS).

**EDUCATION:** Education officials in **TEXAS** begin analyzing suspect test scores at more than 400 Lone Star State schools. The action is in response to strong evidence that educators at the schools helped students cheat on the Texas Assessment of Knowledge and Skills. Officials say they will hire an outside testing expert to improve procedures to prevent and detect cheating on the tests (DALLAS MORNING NEWS). • A federal judge orders a **GEORGIA** school system to remove stickers from its high school biology textbooks that call evolution “a theory, not a fact.” The court ruled that the disclaimers are an unconstitutional endorsement of religion. The stickers have been in place on Cobb County textbooks since 2002 (SEATTLE POST-INTELLIGENCER). • A **NORTH DAKOTA** Senate committee endorses SB 2076, a bill that would allow military families from anywhere in the country to pay in-state tuition fees at all Flickertail State colleges. The lower rates would also apply to dependents of service members who are killed or permanently disabled during their service. It moves to the full Senate (BISMARCK TRIBUNE).

**ENVIRONMENT:** Citing a desire to avoid bad publicity, **MONTANA** wildlife officials cancel what would have been the Treasure State's first bison hunt since 1991. The Legislature authorized the resumption of the hunt in 2003 as a way to control bison that wander out of Yellowstone National Park each winter. Ranchers urged the hunt out of fear the bison would spread the disease brucellosis, which can cause pregnant cows to abort their fetuses. There has never been, however, a documented case of that happening in the wild (MISSOULIAN).

## *In the Hopper*

State Net's database tracks tens of thousands of bills in all 50 states at any given time. Here's a snapshot of what's in the legislative works:

- **Number of 2005 prefiles last week:** 3,304
- **Number of 2005 Intros lastweek:** 4,528
- **Number of bills enacted/ adopted lastweek:** 128
- **Number of 2005 prefiles to date:** 17,524
- **Number of 2005 Intros to date:** 98,320
- **Number of enacted/adopted overall in 2005:** 128

— Compiled By GINA HUMMELL  
(Measures current as of 1/7/05)  
Source: State Net



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# Once around the statehouse lightly

**T**ALK SHOW MAYHEM. Fred Dicker hosts an unusual talk show in NEW YORK. Dicker, statehouse editor for the *New York Post*, broadcasts weekdays from his office in the State Capitol. That, reports *The New York Times*, gives him easy access to lawmakers who might join him on the program. But as Dicker and his audience learned last week, it also gives lawmakers easy access to the microphone. One such politician was Assm. Herman Farrell Jr. of Manhattan. Outraged that Dicker was preparing a news story about the birth of Farrell's third child, the Democratic lawmaker stormed into Dicker's office — in the middle of a broadcast — and called the *Post* reporter "a piece of slime." The clearly audible give-and-take quickly degenerated into even lower regions. Not that the story was false; the 72-year-old Farrell and his "30ish" partner will, indeed, become parents next month. Farrell claims to have been upset by the invasion of his privacy. Meanwhile, Farrell, who also serves as head of the Democratic Party, got the final revenge — he broke the story himself by notifying other reporters in the Capitol press corps, thus denying Dicker and his paper the coveted scoop.

**BADGERING WON'T HELP.** No matter how much they complain, WISCONSIN Republicans who volunteered to help re-elect George Bush last November will be able to buy only 40 tickets to this week's Inaugural Ball in WASHINGTON, D.C. According to the *Milwaukee Journal Sentinel*, most of the tickets to the 4,500-person gala are set aside for big donors. Those who accumulated sweat equity by manning phone banks, walking precincts or stuffing envelopes can watch it on TV.

**LOGICAL CONCLUSION.** Senator Ron Raikes is stumped. The NEBRASKA legislator can't seem to get his mind around the reason for a recently filed federal lawsuit that would do away with the Cornhusker State's unique nonpartisan unicameral Legislature and replace it with the traditional two-house variety. As The Associated Press notes, the court action was brought by a disgruntled Nebraskan who says the unicameral house is unconstitutional and "has too few members to generate uniformly good programs." Why is Raikes stumped? "This seems to be saying that legislators are not doing a good job, so we need more of them."





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