

March 7, 2011

Movie Madness



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● The next issue of
 ● Capitol Journal will be
 ● available on March 21st.
 ●

Top Story

States fiercely compete to lure Hollywood productions out of California by offering filmmakers generous tax breaks. But with budgets still in the red, some states are wondering whether it's time to roll the credits on those incentives.

SNCJ Spotlight

Reviews mixed for Hollywood tax credits

Hollywood has long been the world's fantasy land, the place where untold numbers of dreamers have gone to seek fame and fortune on the big screen. Over the last decade, a vast majority of states have caught the same fever. With no option to run off to Tinseltown, however, 45 states have instead chosen to offer major financial incentives to lure the film and television industry to them. But now, with budgets still reeling from the nation's historic economic downturn, some states are looking to yell "cut" on film subsidy programs.

Previous to 2002, states' largesse toward Hollywood was fairly minimal, consisting mostly of loan guarantees and small tax credits against production losses. That year, however, New Mexico and Louisiana followed the lead of the Canadian government and began offering more significant tax breaks: up to 25 percent of costs in the Pelican State (plus an additional 5 percent for in-state purchases and employment) and 15 percent in New Mexico. The Land of Enchantment eventually raised their credit to 25 percent as well, with no overall cap.

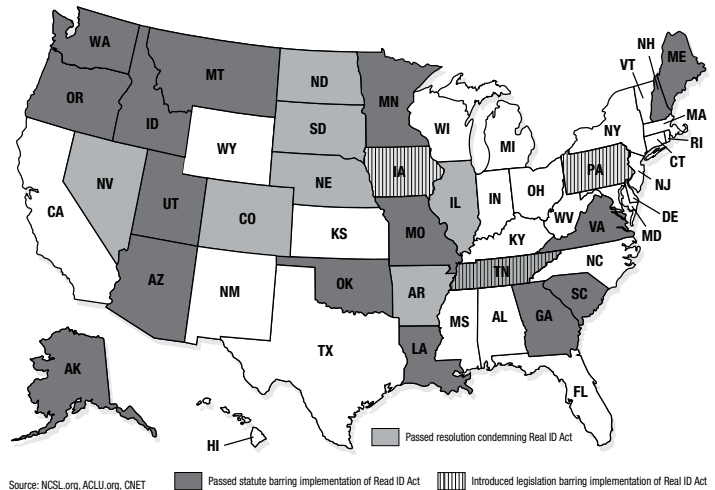
With the red carpet now laid out, all but five states — Delaware, Nebraska, New Hampshire, Nevada and South Dakota — eventually followed suit, with many incentive programs meeting or even exceeding those of the

original two in their generosity. According to the National Conference of State Legislatures, New York, Connecticut, Missouri and Georgia all now offer at least 30 percent rebates, while Alaska (44 percent) and Michigan (42 percent) top 40 percent. Most of these credits also have the unusual characteristic of being both transferable, meaning they can be sold to other companies at a profit, and refundable, which ensures the film or TV producers get the full credit whether or not they have an actual tax liability for that amount.

Given the lucrative circumstances, those programs have understandably succeeded in attracting movie and TV productions, so much so that even California was forced to get into the game. The Golden State now offers up to a 25 percent tax credit on some productions, though it allows only credits issued to “independent” films, i.e. those without a distribution deal with a major film distributor, to be transferable.

According to an Associated Press study, states handed out \$1.8 billion in tax rebates and similar perks between 2006 and 2008. In spite of the tough budget times, that pace has not slowed at all. A study released last December by the Center on Budget and Policy Priorities noted that states awarded \$1.5 billion in tax breaks in FY 2010 alone. With states facing another year of gaping budget holes to fill, some governors see those programs as an obvious place to go looking for revenue.

Bird's eye view



Over half of states oppose Real ID

Sixteen states have passed statutes barring compliance with the federal Real ID Act since it was signed into law in 2005 by President Bush, following bipartisan votes in the U.S. House and Senate. Another eight states have passed resolutions denouncing the law, which, among other things, establishes national standards for state driver's licenses and ID cards. Real ID non-compliance legislation has also been introduced this session in three states, one of which, Pennsylvania, has already passed an anti-Real ID resolution.



That scene has certainly been playing out in New Mexico, where Gov. Susana Martinez (R) is trying to whittle down a \$450 million budget deficit. Martinez says the incentives take money from education and other public services, calling them a “subsidy to Hollywood on the backs of our schoolchildren.” She wants to cap the state’s annual incentives at \$45 million, a significant cut from the \$73 million high mark it hit in 2009. The New Mexico House recently approved HB 607, which would not only impose the cap but also spread tax rebates for the largest film projects out over a two or three-year period. The measure is now in the Senate Finance Committee.

Martinez is joined in her effort to rein in film tax incentives by Michigan Gov. Rick Snyder (R), who has proposed capping the Wolverine State Film Incentive Program at \$25 million annually to help close a \$1.5 billion budget hole. Georgia is considering doing away with its incentive program entirely, while Connecticut Gov. Daniel Malloy (D) has proposed severely slashing his state’s incentives. Wisconsin, Kansas and Kentucky are among those that did so last year. Iowa also suspended its incentives in 2009 amidst allegations of fraud and abuse within the program. Three people charged in that case go on trial in September.

New Jersey Gov. Chris Christie (R) has also placed the Garden State incentive program on hiatus for at least FY 2011, though not without strong opposition from some lawmakers. In February, Christie vetoed SB 690, legislation that would have reinstated the incentive program, which awarded up to \$10 million in annual tax credits for film and TV productions. The measure would have also raised that cap to \$50 million a year, with producers that spent at least 60 percent of their budgets in New Jersey eligible to receive an additional 20 percent tax rebate.

Although SB 690 drew strong bipartisan support in getting through the Legislature, most Republicans switched their stance after Christie rejected it. The veto — and the failure last week of lawmakers to override it — drew a harsh response from Democrats, who say the credits help generate thousands of jobs in the state.

“The Senate Republican caucus has once again made it clear that they are more than willing to be told what to do out of fear of going against their governor,” said Senate Majority Leader Barbara Buono (D).

Buono and other supporters pointed to a recently-released study commissioned by the state’s Economic Development Agency that said the incentive program created “significant employment.” Moreover, they said, the study showed the credits were completely offset by tax revenues the projects created. But EDA chief Caren Franzini issued a separate statement that claimed that the study, which was conducted by the New Jersey Institute of Technology, was severely flawed. Franzini said the study’s conclusion was based on the \$10.1 million in state and local taxes generated in 2009 “by the entire film industry, not just the jobs generated by the program subsidy.” She claimed that when considering just the jobs created by the incentive program, the state actually suffered a \$4.5 million loss.

Assemblyman Lou Greenwald (D), the Assembly Budget Committee Chair and a co-sponsor of the legislation, was irate.

“This is just another example of the Christie administration living in a fantasy land where facts and realities are ignored in favor of the governor’s singular agenda,” he said.

The conflict illustrates what has long been the burning issue around the programs: do they actually create an economic benefit? According to former New Mexico Gov.

“This is just another example of the Christie administration living in a fantasy land where facts and realities are ignored in favor of the governor’s singular agenda.”

Bill Richardson (D) — the driving force behind his state’s incentive program — the answer is an emphatic “yes.” In a February *New York Times* op-ed, Richardson claimed his state’s program has produced over 10,000 jobs (counting both those within the film and TV industry and related businesses) and pumped almost \$4 billion into the state economy. He accused Martinez and others of “falsely pitting film incentives against what they call ‘children’s’ interests like education and health care, and claiming that money spent on one means less for the others.” Richardson called efforts to kill the programs “cynical.”

Numerous studies have done little to resolve the dispute. A study released last month by Ernst and Young, for instance, showed that every dollar spent on Michigan’s incentive program pumped \$6 into the Wolverine State economy. That is a far cry from a study conducted last fall by the Michigan Senate Fiscal Agency, which determined the state’s return at only 17 cents on the dollar. Similar disputes over the numbers exist in every state with film tax incentives.

Even with such discrepancies, and in spite of ongoing budget woes, the call of Hollywood is still very strong in many states. The chance that Michigan, New Mexico and Georgia among others will drastically cut their programs has many other states lining up to take their place.

“There are quite a few movie operators looking for a place to land. We thought we might have them come here.”

Pennsylvania Gov. Tom Corbett (R) surprised many observers last week when his budget proposal for FY 2011-12 included \$60 million in film credits in spite of the Keystone state’s \$4 billion budget shortfall. Oregon Gov. John Kitzhaber (D) has also proposed pumping

up his state’s incentive plan by \$10 million a year, while Connecticut’s Malloy has indicated he is willing to reconsider his bid to slash the Constitution State’s program if advocates can work out a more favorable deal on transferable credits. The Idaho House also endorsed legislation (HB 194) last week to extend its program for another five years, sending the measure to the Senate, while a similar bill (HB 1554/SB 5539)



is moving through the Washington Legislature. In announcing his budget proposal, Kitzhaber voiced what is likely the thoughts of many people in those states.

“There are quite a few movie operators looking for a place to land,” he said. “We thought we might have them come here.”

(REUTERS, WALL STREET JOURNAL, PITTSBURGH BUSINESS TIMES, MIAMI HERALD, DETROIT NEWS, NEW YORK TIMES, WASHINGTON POST, DAILY EMERALD [UNIVERSITY OF OREGON], DES MOINES REGISTER, BLOOMBERG BUSINESSWEEK, HARTFORD COURANT, CONNECTICUT POST, NATIONAL CONFERENCE OF STATE LEGISLATURES, CENTER ON BUDGET AND POLICY PRIORITIES)

— *Compiled by RICH EHISEN*

Budget & taxes

HIGH SPEED RAIL DEAD IN FL — FOR NOW: Last week, FLORIDA Gov. Rick Scott (R) got his way on his effort to kill high-speed rail in the state.

Scott formally declared last month that he was rejecting the \$2.4 billion in federal funding for a high-speed rail line between Tampa and Orlando that had been accepted by Gov. Charlie Crist (R) and the Legislature last year, citing concerns about potential construction cost overruns and operating losses due to low ridership. A pair of state senators, Arthenia Joyner (D) and Thad Altman (R), promptly filed a lawsuit, alleging the governor had overstepped his authority in making that decision. But last week, the state’s Supreme Court ruled in Scott’s favor.

“Based on the limited record before the Court and a review of the federal and state law relied on by the parties, the Court has determined that the petitioners have not clearly demonstrated entitlement to...relief,” the justices’ brief, one-page ruling stated.

A spokesman for the governor said he was “gratified” by the court’s decision.

“He is now focused on moving forward with infrastructure projects that create long-term jobs and turn Florida’s economy around,” the spokesman said.

The ruling wasn’t as gratifying for U.S. Rep. Kathy Castor (D-Florida), who placed the blame on Scott.

“The governor’s decision shows a devastating lack of vision, a lack of understanding of Florida’s economic situation, and an unfortunate devotion to his own rigid ideology,” she said.

Others accused Scott of rejecting the rail money to “send a message” to Washington.



“There seems to be the thought that if there’s money from Washington, it’s evil and we should send it back to Washington,” said Sen. Altman, who noted the governor also sent back grants intended to help implement the federal health care law.

This is actually the third time high-speed rail has been thwarted in Florida by a governor.

Gov. Jeb Bush stopped construction of a bullet train in 1999. And five years later, he led a campaign that resulted in the repeal of a constitutional amendment passed in 2000, mandating the construction of high-speed rail.

Supporters of high-speed rail remain hopeful, however.

“I am sad today at the opportunity we’ve missed,” said former Gov. Bob Graham, who pushed for high-speed rail in the early 1980s after visiting Japan. But he said the current unrest in the Middle East underscores the need to break the nation’s dependence on foreign oil.

“This is not going to be the last time there will be a federal interest in this project,” he said. “It just means Florida instead of being at the very head of the line is going to be back in the pack.”

Ed Turanchik, a developer based in Tampa who has been working to bring high-speed rail to the state for over two decades, called it “an irrepressible force that will inevitably see a day in Florida.”

“In 1999 people thought it was dead. It came back. In 2004 people thought it was dead. It came back again,” he said. “And the reason it keeps coming back is because Florida is so well-suited for a high-speed rail solution to move people between our cities. We’ve got flat terrain, the right of ways are available, and the cities are separated by long distances. It will be back.” (ST. PETERSBURG TIMES)

BUDGETS IN BRIEF: PENNSYLVANIA Gov. Tom Corbett (R) unveiled what he termed a “day of reckoning” budget last week for fiscal 2011-12 that honors his campaign pledge to reduce spending and not raise taxes or fees. The \$27.3 billion budget blueprint slashes spending for basic education by \$2.2 billion, cuts state aid for higher education in half, eliminates more than 100 state programs and eliminates more than 1,500 state jobs. Corbett also proposed about \$200 million in business tax relief and recommended the Legislature consider offering school choice and getting the state out of the retail liquor sales business (STATE NET). • The Obama administration has given **MAINE** a three-year waiver from the federal health care

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: 823

Number of Intros last week: 7,959

Number of Enacted/Adopted last week: 1,419

Number of 2011 Prefiles to date: 27,691

Number of 2011 Intros to date: 96,499

Number of 2011 Session Enacted/Adopted overall to date: 12,035

Number of Measures currently in State Net Database: 132,233

— Compiled By JAMES ROSS
(measures current as of 3/10/2011)
Source: State Net database



law's requirement that insurers spend at least 80 percent of premiums on patient care. The waiver is the first the administration has granted on the premium expenditure rules (WASHINGTON POST). • In his budget address to a joint session of the General Assembly, Rhode Island Gov. Lincoln Chafee (I) proposed \$157 million in new taxes on a range of items, including clothing, home heating oil and admission to movies, plays and concerts (PROVIDENCE JOURNAL). • **KENTUCKY** Gov. Steve Beshear (D) said he will call lawmakers back to Frankfort March 14th to deal with the state's Medicaid budget shortfall, which the General Assembly failed to do before adjourning the regular session last week (COURIER-JOURNAL [LOUISVILLE]). • **MAINE'S** Senate ended its legislative session last Wednesday, 12 days earlier than scheduled. Senate leaders said the move will save the state's taxpayers roughly \$800,000 (ASSOCIATED PRESS, BANGOR DAILY NEWS). • States have cut \$1.8 billion in non-Medicaid mental health spending since 2009, according to a report released last week by the National Alliance on Mental Illness. The cuts include community- and hospital-based psychiatric care and access to medications for tens of thousands of adults and children with serious mental illnesses. Even deeper cuts are projected for this year and next (USA TODAY).

— *Compiled by KOREY CLARK*

Politics & leadership

WI CONFLICT GOES NUCLEAR: The three week-old standoff in Wisconsin over Gov. Scott Walker's (R) controversial budget repair bill (AB 11a) effectively ended last Wednesday night when Senate Republicans used a procedural maneuver to pass the most contentious elements of that plan while all of the chamber's Democrats were still out of state, trying to block a vote on the bill.

The Republicans outflanked their absent Democratic colleagues by simply removing all of the provisions of the budget bill appropriating funds — which require a quorum of 20 senators for approval — in a special conference committee meeting and leaving only the provisions increasing pension and health benefit contributions for public employees and stripping them of most of their collective bargaining rights. The Republicans then quickly passed the bill 18-1, with one Republican voting against it and not a single Democrat on the floor. The following day, the Assembly passed the measure on a 53-42 vote, with four Republicans and all of the chamber's Democrats voting against it and all of the other Republicans and one Independent voting for it, before being escorted out of the building by police as protestors swarmed in.

Republicans remained defiant throughout the proceedings.

“Enough is enough,” Senate Majority Leader Scott Fitzgerald (R) said in a statement issued shortly after Wednesday night’s Senate vote. “The people of Wisconsin elected us to do a job. They elected us to stand up to the broken status quo, stop the constant expansion of government, balance the budget, create jobs and improve the economy. The longer the Democrats keep up this childish stunt, the longer the majority can’t act on our agenda.”

“In order to move the state forward, I applaud the Legislature’s action today to stand up to the status quo and take a step in the right direction to balance the budget and reform government.”

Walker echoed those sentiments in his own statement.

“Senate Democrats have had three weeks to debate this bill and were offered repeated opportunities to come home, which they refused,” he said. “In order to move the state forward, I applaud the legislature’s action today to stand up to the status quo and take a step in the right direction to balance the budget and reform government.”

He added, “The action today will help ensure Wisconsin has a business climate that allows the private sector to create 250,000 new jobs.”

Furious Democrats lashed out at both Walker and Republican lawmakers on a variety of fronts. Assembly Minority Leader Peter Barca (D) promised legal action, accusing Republicans of violating the state’s open meeting law and “trampling on democracy” by failing to give adequate notice for the committee meeting on the bill.

The Senate’s chief clerk, Rob Marchant, denied that charge.

“In special session, under Senate Rule 93, no advance notice is required other than posting on the legislative bulletin board,” he said, adding that his staff provided a two-hour notice by posting on the bulletin board and emailing a copy of that notice

to all legislative offices “as a courtesy.”

“By stripping out the fiscal items and leaving only the elimination of collective bargaining, the governor has exposed himself as a fraud.”

Walker and his fellow Republicans may have a harder time refuting one of the Democrat’s other allegations against them, however, namely that their plan to strip unions of their collective bargaining rights wasn’t about money, as they maintained prior to Wednesday’s vote, but about power.

“To pass this the way they did — without 20 senators — is to say that it has no fiscal effect,” said

Sen. Timothy Cullen (D). “It’s admitting that this is simply to destroy public unions.”

Sen. Robert Jauch (D) zeroed in on Walker specifically.

“By stripping out the fiscal items and leaving only the elimination of collective bargaining, the governor has exposed himself as a fraud,” he said.

Another Democrat, Sen. Mark Miller, issued a call to arms.

“The inability of states to fully comply with the requirements of Real ID by May 11, 2011 is the result of a number of factors, including diminished state budgets caused by the economic downturn and the uncertainty throughout much of the 111th Congress about congressional action, the nine-page announcement stated. “Implementation of Real ID involves a significant financial investment, and, despite the receipt of substantial federal grant funds, a number of states are struggling to come up with the resources necessary to meet the full compliance deadline in these times of budget austerity.”

Supporters of Real ID in the U.S. House reacted angrily to the news of the delay, the third one since the Act was signed into law on May 11, 2005.

“It is disappointing to me that the Obama administration has chosen to put Americans at risk by having another delay in implementing Real ID,” U.S. Rep. F. James Sensenbrenner (R-Wisconsin) said in a joint statement with three other senior Republicans: House Judiciary Chairman Lamar Smith (R-Texas), Oversight and Government Reform Chairman Darrell Issa (R-California), and Homeland Security Chairman Peter King (R-New York).

The National Governors Association, however, praised the extension, stating: “Governors have long said that Real ID, in its current form, is unworkable. That has not changed. Extending the compliance deadline allows states and the federal government more time to find solutions that work. Arbitrary deadlines that only keep people from boarding an airplane do not make the impossible possible.” (CNET.COM)

NH GOP SEEKS TO CURB COLLEGE VOTERS: Voter reform has been a perennial hot-button issue in the states ever since the contested 2000 presidential election. But the debate could be particularly heated this year in New Hampshire, where Republicans in the House are pushing legislation that would make it harder for college students to vote and bar many from voting in the state at all.

One bill — HB 223 — would eliminate Election Day registration, which Republicans say sends swarms of students to polling places, creating the potential for fraud. Another bill — HB 176 — would allow students to vote in their college town

The week in session

States in Regular Session: AK, AL, AR, AZ, CA, CO, CT, DC, FL, GA, HI, IA, ID, IL, IN, KS, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, OK, OH, OR, PA, PR, RI, SC, TN, TX, US, VT, WA, WI

States in Recess: AL, PA (Senate Only), SD

States in Special Session: KY “a”, WI “a”, CA “a”

Special Sessions in Recess: VA “a” (Redistricting).

Upcoming Special Sessions:

AL “a” regarding Coastal Insurance convene date TBA.

LA “a” regarding Census / Redistricting convenes 03/20/2011.

States in Reconvened Session: VA (Reconvenes on 04/06/2011)

States in Joint Finance Hearings: DE

States Currently Prefiling or Drafting for 2011: FL, LA

States Projected to Adjourn: UT(03/10/2011), WV(03/12/2011)

States Adjourned in 2011: KY, UT, VA, WV, WY

State Special Sessions Adjourned in 2011: AL “a”, AZ “a”, AZ “b”, DE “a”

Letters indicate special/extraordinary sessions

— Compiled By JAMES ROSS
(session information current as of 3/11/2011)
Source: State Net database



only if they or their parents are permanent residents there. All others would have to vote in their home towns or states.

Rep. Gregory Sorg (R), who sponsored both measures, made no bones about his motivation at a packed public hearing last month. The votes of average taxpayers in college towns are being “diluted or entirely canceled by those of a huge, largely monolithic demographic group...composed of people with a dearth of experience and a plethora of the easy self-confidence that only ignorance and inexperience can produce,” he said.

Although House Speaker William O’Brien (R) made similar comments at a recent tea party event, he was considerably more diplomatic in a written statement issued by his office.

“New Hampshire, unlike most states, allows for same day registration of voters. This coupled with a lax definition of residency creates an environment in which people may be claiming residency in multiple locations,” the statement said. “This is not an idea targeting any particular political party or ideology — it’s simply about getting back to the basic principles of ensuring residency and protecting integrity of our ballot system.”

The New Hampshire bills are just two of dozens of voting-related measures being backed by newly empowered GOP state lawmakers, who claim they are needed to protect their states’ voting systems against fraud. According to the Brennan Center

for Justice at New York University, measures requiring voters to show ID or other proof of citizenship at the polls have been introduced in 32 states.

But voting rights advocates say the courts have affirmed the rights of students to vote where they live, and Democrats charge that Republicans’ real aim in New Hampshire and elsewhere is to simply diminish the power of two core Democratic voting blocs: minorities and young people.

“It’s a war on voting,” said Thomas Bates, vice president of the youth voter-registration group Rock the Vote, which is mounting a campaign to oppose the various state measures. “We’d like to be advocating for a 21st-century voting system, but here we are fighting against efforts to turn it back to the 19th century.”

Election experts say the controversy over voter reform is more about partisanship than anything else.

“Election policy debates like photo ID and same-day registration have become so fierce around the country because they are founded more on passionate belief than proven fact,” said Doug Chapin, Director of Election Initiatives at the Pew Center on the States. “One side is convinced fraud is rampant; the other believes that

“We’d like to be advocating for a 21st-century voting system, but here we are fighting against efforts to turn it back to the 19th century.”



disenfranchisement is widespread. Neither can point to much in the way of evidence to support their position, so they simply turn up the volume.” (WASHINGTON POST)

POLITICS IN BRIEF: NEW YORK state Senator Carl Kruger (D) state Assemblyman William F. Boyland Jr. (D), influential lobbyist Richard Lipsky and two hospital executives are facing federal corruption charges, stemming from actions they took on behalf of hospitals in Brooklyn and Queens (NEW YORK TIMES).

- Union supporters crowded the Capitol in Lansing last week to protest legislation (SB 158) **MICHIGAN’S** GOP-controlled Legislature is considering that would give state-appointed emergency financial managers greater power to resolve fiscal crises, including the authority to dissolve employee contracts (DETROIT FREE PRESS).
- U.S. Census Bureau figures released last week show that the percentage of Latinos in **CALIFORNIA** has approached parity with non-Hispanic whites, 37.6 percent to 40.1 percent, while Asians now make up 12.8 percent of the population and blacks 5.8 percent. Additionally, the state’s two most populous counties, Los Angeles and San Francisco, grew much slower than those inland, indicating that the state will see a significant shift in political power in this year’s legislative and Congressional redistricting (LOS ANGELES TIMES).

— *Compiled by KOREY CLARK*

Governors

QUINN KILLS IL DEATH PENALTY: After two months of deliberation, Illinois Gov. Pat Quinn (D) last week inked his name to SB 3539 (2009), legislation that ends capital punishment in the Prairie State. Illinois becomes the 16th state — and the fourth in the last two years, after New York, New Jersey and New Mexico — to abolish the death penalty. Capital punishment is also barred in the District of Columbia.

The bill’s signing ended months of intense lobbying from advocates on both sides of the issue. The strain of the deliberation was apparent on Quinn, who looked emotionally drained and tired at a press conference announcing his action. He called the decision, which also commuted the sentences of 15 prisoners currently on the state’s Death Row, “the most difficult” of his tenure. But he stood resolute about signing the measure into law, calling the current system “broken” and “inherently flawed.” He also noted the months of discussions about the measure he had with lawmakers, crime victims’ families and law enforcement officials “studying every aspect of the death penalty system” before making his decision.



“The evidence presented to me by former prosecutors and judges with decades of experience in the criminal justice system has convinced me that it is impossible to devise a system that is consistent, that is free of discrimination on the basis of race, geography or economic circumstance, and that always gets it right,” he said in a statement.

But ultimately, he said, he was swayed by the fact that 20 men sentenced to death in Illinois since 1977 were later found to be innocent, including seven since former Gov. George Ryan (R) enacted the state’s moratorium on executions in 2000.

“As a state, we cannot tolerate the executions of innocent people because such actions strike at the very legitimacy of a government.”

“As a state, we cannot tolerate the executions of innocent people because such actions strike at the very legitimacy of a government,” Quinn said.

The signing drew the expected applause from death penalty opponents and jeers from its supporters.

“Today is a victory for murderers across Illinois,” said DuPage County state’s attorney Bob Berlin, who said the state’s most violent offenders are now free to take lives at will without fear of losing their own life as punishment.

Illinois State Sen. William R. Haine (D) also decried the signing, saying, “We’re removing from the people a remedy for great evil, whether it’s an act of mass murder through terrorism or wanton cruelty, rape and murder of children, or butchery.”

“Today is a victory for murderers across Illinois.”

But Illinois resident Gordon “Randy” Steidl hailed Quinn. Steidl served 17 years in prison, including 12 on Death Row, for a murder for which he was later exonerated.

“He made a decision today, a moral, righteous decision, when he realized that there are flaws in this system that almost took my life and 19 other men in Illinois,” he said.

Haine, however, argued that Quinn should have instead placed the matter before voters. He also said the governor could have instead worked to ensure more reforms to the system while keeping executions as a deterrent to those who might commit capital crimes.

But Quinn said he had “found no credible evidence that the death penalty has a deterrent effect on the crime of murder.” He also decried the fiscal cost to the state for handling death penalty cases, saying those funds “would be better spent on preventing crime and assisting victims’ families in overcoming their pain and grief.”

Talking with reporters, Quinn, a devout Catholic, noted he had consulted both the Bible and writing by the late Cardinal Joseph Bernadin, former Archbishop of Chicago, in the preceding two months. Doing so, he said, helped him decide what to do.

“I just felt that at this time, in this place, in this moment of history,” Quinn said. “The best step forward for the state of Illinois was to abolish the death penalty.”

The law goes into effect on July 1. (CHICAGO TRIBUNE, ASSOCIATED PRESS, ILLINOIS GOVERNOR’S OFFICE, CHICAGO SUN-TIMES)



SCOTT CLASHES WITH FL GOP: As the high-powered CEO of Columbia/HCA, the nation’s largest private for-profit hospital chain, Rick Scott was used to being a top-down ruler with little concern for other points of view. But now as the governor of Florida, Scott, a Republican, is finding that tack a little harder for others to accept, even within his own party.

“The governor doesn’t understand there is a State Constitution and that we have three branches of government,” said State Sen. Mike Fasano (R). “They are talking about the attitude that he is still the CEO of his former health care corporation, and that is not going to work in this state, in Tallahassee, in my district. The people believe in three branches of government.”

While not all of Scott’s fellow Republicans share Fasano’s enmity for the governor, others also acknowledge Scott has a long way to go to grasp the give and take of governance.

“I think there have been some understandable growing pains because government doesn’t function like a corporation,” said House Speaker Dean Cannon (R), who called the pain of making such an adjustment “understandable.”

Others have not been as understanding. At the root of the discord, they say, is Scott’s seeming disregard for their role in running the state. Examples include Scott’s sale of a pair of state jets without buy-in from lawmakers, a violation of the state

constitution, and his torpedoing of over \$2 billion in federal funds for a high speed rail system between Tampa and Orlando, again without consulting with lawmakers beforehand.

The latter of those sparked a lawsuit from two senators, which the state Supreme Court quickly rejected (See *Politics & leadership*). That defeat may have also inadvertently helped to strengthen Scott’s position. Florida has a relatively weak

governor system, but observers now question how anxious others lawmakers will be to challenge Scott’s wishes.

That theory will undoubtedly be tested soon enough. The state is facing a \$3.5 billion budget deficit. Scott’s budget proposals include laying off 8,500 state workers and handing out \$1.7 billion in corporate and property tax breaks while also cutting education spending by approximately 10 percent. None of those are particularly popular ideas with lawmakers of either party right now, and not likely to get more so given Scott’s tendency to be dismissive to lawmakers in Tallahassee. Even Scott’s allies concede he will eventually be forced to compromise, particularly given that Republicans have the numbers in both legislative chambers to override any veto he issues.

“He has created some sore spots that will have to heal,” said Rep. Jimmy Patronis, a Republican who was one of Scott’s earliest supporters.

“I think there have been some understandable growing pains because government doesn’t function like a corporation.”



“You want to come in and clean house,” he said.
 “But there is a learning curve.” (NEW YORK TIMES,
 THE LEDGER [LAKELAND])

GOVERNORS IN BRIEF: COLORADO Gov. John Hickenlooper (D) announced a cost-cutting plan to merge the two agencies that manage the Centennial State’s parks and wildlife. Consolidating the Division of Wildlife and Colorado State Parks will need lawmakers’ approval (DENVER POST). • **MAINE** Gov. Paul LePage (R) issued Executive Order 12 FY 11/12, which creates the Governor’s Business Advisory Council, tasked with advising him on ways to improve the state’s business climate. LePage’s order also exempted the Council from the state’s open meetings law (KENNEBEC JOURNAL). • **VIRGINIA** lawmakers rejected a request from Gov. Robert McDonnell (R) to put approximately \$70 million into the state’s program to detain sex offenders indefinitely after their prison sentences. Lawmakers instead opted to double-bunk up to 150 of the offenders and consider transferring some of them to one of the 19 other states with civil commitment programs. They also planned to study the program’s costs and benefits over the summer (ROANOKE TIMES). • **SOUTH CAROLINA** Gov. Nikki Haley (R) announced she is working on a memoir of her 18-month campaign to win the governor’s office (THE STATE [COLUMBIA]).

Upcoming stories

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

- **Federal health care reform**
- **Crash taxes**
- **Immigration**

— *Compiled by RICH EHISEN*

Hot issues

BUSINESS: The **MISSOURI** House approves HB 61, which would eliminate a voter-approved minimum wage escalator and cap the wage at no more than the federal standard of \$7.25 per hour. The measure is now in the Senate (COLUMBIA DAILY TRIBUNE). • Still in **MISSOURI**, the Senate approves SB 113, which would repeal many parts of a 2010 voter-approved measure that increased regulation of the Show Me State’s dog breeding industry. The measure would, among other things, lift Proposition B’s limit of 50 dogs per breeder, which is scheduled to take effect later this year. The bill moves to the House (NEWS TRIBUNE [JEFFERSON CITY]). • The **WISCONSIN** Assembly approves AB 4, which would lower minimum automotive insurance coverage to \$25,000 for the injury or death of a person, \$50,000 for the injury or death of more than one person, and \$10,000 for property damage. Lawmakers in 2009 raised those limits to \$50,000, \$100,000 and \$15,000 respectively. The bill goes to the Senate

(MILWAUKEE JOURNAL-SENTINEL). • The **KANSAS** House endorses HB 2107, which would enact statewide limits on the locations and hours of operation of sexually-oriented businesses. The measure moves to the Senate (LAWRENCE JOURNAL-WORLD). • The **KENTUCKY** Legislature approves SB 8, which allows businesses to file government paperwork, apply for licenses and pay taxes electronically on a single Web site. It moves to Gov. Stev Beshear (D) for review (COURIER-JOURNAL [LOUISVILLE]). • The **IOWA** House approves HF 299, which would allow local governments to pass copper theft ordinances requiring salvage dealers to keep complete records of their suppliers. It moves to the Senate (DES MOINES REGISTER). • Also in **IOWA**, the Senate approves SF 405, which would bar the sale of children’s sippy cups, baby bottles, teething rings and pacifiers containing the chemical bisphenol A, or BPA. It moves to the House (DES MOINES REGISTER). • **ARKANSAS** Gov. Mike Beebe (D) signs SB 69, which bars the sale of herbal snuff and tobacco-less products that resemble smokeless tobacco to people under 18 (ARKANSAS NEWS [LITTLE ROCK]). • The **WASHINGTON** Senate approves SB 5077, which would bar local governments from using eminent domain for economic development. It moves to the House (OLYMPIAN).

CRIME & PUNISHMENT: The **MISSISSIPPI** Senate approves HB 552, which would make online impersonation a misdemeanor punishable by a fine of \$250 to \$1,000 and up to a year in prison. It moves to Gov. Haley Barbour (R) for review (CLARION-LEDGER [JACKSON]). • Also in **MISSISSIPPI**, the Senate endorses HB 1205, legislation that would make it a felony to sell a collection of toxic chemicals currently being sold as bath salts. Authorities say the products cause users to suffer hallucinations, rapid heartbeat and even suicidal thoughts. It moves to Gov. Barbour for review (BUSINESS WEEK). • The **GEORGIA** House endorses HB 199, a bill that would also criminalize the sale of the “bath salts.” It moves to the Senate (SUN HERALD [BILOXI]). • The **KENTUCKY** Senate also addresses the bath salt issue by endorsing HB 121, legislation that would ban the manufacture, sale or possession of those products in the Bluegrass State. It moves to Gov. Steve Beshear (D) for review (BUSINESS WEEK). • The **IOWA** House approves HF 186, legislation that would ban the sale or possession of both the bogus bath salts and synthetic marijuana products sold under names like K2 and Spice. The bill moves to the Senate (DES MOINES REGISTER). • The **NEW MEXICO** House approves HB 256, a bill that would require criminal suspects 18 and older to provide DNA samples when they’re booked for any felony. It moves to the Senate (ALBUQUERQUE EXPRESS).

EDUCATION: **ARKANSAS** Gov. Mike Beebe (D) signs HB 1061, which makes it a felony for sports agents to entice student athletes with material benefits (ARKANSAS NEWS [LITTLE ROCK]). • Also in **ARKANSAS**, Beebe signs HB 1254, which bars the use of fake education credentials to obtain a job (ARKANSAS



NEWS [LITTLE ROCK]). • The **IOWA** House approves HB 212, which would give local school districts authority to impose dress codes on students. It moves to the Senate (QUAD CITY TIMES [DAVENPORT]). • **IDAHO** lawmakers give final approval to SB 1108, legislation that would eliminate teacher tenure, limit the duration of teacher labor contracts to one year and remove seniority as a factor in determining the order of layoffs. It goes to Gov. Butch Otter (R), who is expected to sign it into law (REUTERS). • The **NEW MEXICO** House approves HB 172, which would bar schools from using corporal punishment on unruly students. It moves to the Senate (EL PASO TIMES). • **MINNESOTA** Gov. Mark Dayton (D) signs SB 40, legislation that creates an alternate teaching license program in the Gopher State. The law is intended to encourage professionals and recent college graduates who did not obtain a teaching degree to enter the field (MINNESOTA PUBLIC RADIO [MINNEAPOLIS]). • The **UTAH** Legislature approves HB 199, which will allow school districts to sell advertising space on the sides of school buses. It moves to Gov. Gary Herbert (R), who is expected to sign it into law (DESERET NEWS [SALT LAKE CITY]).

In case you missed it

Governors in Wisconsin and Ohio have engaged in high profile confrontations with public employee unions, leading to ugly standoffs that threaten to cripple government in their states.

In case you missed it, the article can be found on our Web site at http://www.statenet.com/capitol_journal/03-07-2011/html

ENVIRONMENT: The **TENNESSEE** Senate adopts SB 339, which would grant cattle owners immunity from lawsuits over so-called “bovine activities.” It moves to the House (TENNESSEAN [NASHVILLE]). • **MINNESOTA** Gov. Mark Dayton (D) signs HF 1, which allows private firms to prepare first drafts of required environmental studies. It also sends objections to those review results directly to the state Court of Appeals (MINNEAPOLIS STAR TRIBUNE).

HEALTH & SCIENCE: The **UTAH** House approves HB 89, which would make it illegal for adults to smoke in cars when children are present. It moves to the Senate (DESERET NEWS [SALT LAKE CITY]). • The **IDAHO** House approves HB 187, a bill that would require Gem State doctors who object to their patients’ dying wishes to make a good-faith effort to refer them to another physician who is willing to provide the treatment. The measure moves to the Senate (IDAHO STATESMAN [BOISE]). • Federal officials grant **MAINE** a three-year waiver from federal health care reform requirements that insurers spend at least 80 percent of premiums on patient care. Under the waiver, the first of its kind the feds have granted, Pine Tree State insurers that sell policies to individuals will have to spend only 65 percent of premiums on patients, with the rest going toward profits and administrative costs (WASHINGTON POST). • The **TENNESSEE** House endorses SB 79, which would allow Tennesseans to ignore the federal health care law’s mandate to purchase health insurance. It goes to Gov. Bill Haslam (R) for review (TENNESSEAN [NASHVILLE]). • The

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FLORIDA Senate approves SB 2, a constitutional amendment that would allow the Sunshine State to opt out of the federal health care law. It moves to the House. It would ultimately need to be approved by at least 60 percent of voters to go into effect (PALM BEACH POST).

IMMIGRATION: The **GEORGIA** House adopts HB 87, which would authorize state and local police to verify the immigration status of certain suspects. It would also require private employers to verify new employees are eligible to work in the United States and empower people to sue local and state government officials who don't enforce existing state laws aimed at illegal immigration. It is now in the Senate (ATLANTA JOURNAL CONSTITUTION). • The **SOUTH CAROLINA** Senate approves SB 20, legislation that would require law enforcement officers to check a person's immigration status during traffic stops or an arrest unless the person has a valid driver's license, military ID or passport. It moves to the House (SPARTANBURG HERALD-JOURNAL). • The **NEW MEXICO** Senate approves HB 78, a measure that would require anyone getting a driver's license to have a Social Security number. The measure would end the state's practice of issuing licenses to illegal immigrants. It has returned to the House (SANTA FE NEW MEXICAN). • Meanwhile, the **WASHINGTON** Senate rejects legislation that would have required driver's license applicants to show proof of residency and a Social Security number (SEATTLE TIMES). • The **UTAH** Legislature endorses a package of bills addressing immigration: HB 116, which establishes a guest worker program, HB 466, which establishes a partnership with the Mexican state of Nuevo Leon to supply **UTAH** with workers, and HB 497, which requires police to check the immigration status of people arrested for felonies and Class A misdemeanors. All three measures go to Gov. Gary Herbert (R) for review (DESERET NEWS [SALT LAKE CITY]).

SOCIAL POLICY: The **MISSOURI** House approves HB 276, which would bar protesters from picketing within 500 feet of a cemetery, mortuary, church or other house of worship from two hours before a funeral to two hours after the ceremony. It is now in the Senate (KANSAS CITY STAR). • The **TEXAS** House approves HB 15, legislation that would require a woman seeking an abortion to receive a sonogram at least 24 hours before the procedure. It moves to the Senate, which passed a competing measure (SB 16) last month (HOUSTON CHRONICLE). • The **UTAH** House approves HB 353, which would allow Beehive State doctors to refuse to perform abortions based on religious or moral grounds. It is now in the Senate (DAILY HERALD [PROVO]). • The **ARIZONA** Senate approves SB 1188, which would require state and private adoption agencies to give primary consideration to married couples when considering adoption placements. It moves to the House (ARIZONA DAILY REPUBLIC [PHOENIX]). • The **OKLAHOMA** House approves



HB 1888, which would ban abortion after the 20th week of pregnancy. It moves to the Senate (OKLAHOMAN [OKLAHOMA CITY]).

POTPOURRI: The **MARYLAND** Senate approves SB 424, legislation that would prohibit motorists from reading text messages while driving. Violators would face fines up to \$500. It moves to Gov. Martin O’Malley (D) for review (BALTIMORE SUN). • The **IOWA** Senate approves SF 184, which would extend from six months to a full year the minimum time that a teenager must possess an instructional permit in order to qualify for an intermediate driver’s license. It moves to the House (QUAD CITY TIMES [DAVENPORT]). • The **WEST VIRGINIA** House approves SB 349, legislation that would require the addition of a bitter-tasting additive agent to antifreeze to discourage animals and small children from drinking the liquid. The measure, which would go into effect in 2012, moves to Gov. Earl Ray Tomblin (D) for review (CHARLESTON GAZETTE).

— Compiled by RICH EHISEN

Once around the statehouse lightly

PERKS OF POWER: Last week this column noted that California Gov. Jerry Brown has ordered all state agencies to stop buying the copious amounts of free pens, hats and other goodies they like to hand out to their workers. But as the *Los Angeles Times* reports, Golden State lawmakers are free to keep right on taking all the freebies they can get their hands on. California legislators and statewide constitutional officers in fact raked in \$637,000 in handouts in 2010, according to recently-released state documents. The bounty featured the usual plethora of receptions and dinners, but also included tickets to sporting events and concerts, spa visits and gym memberships and even neckties and nail polish. The biggest haul, however, came for former Gov. Arnold Schwarzenegger, who accepted over \$125,000 in travel to various ports of call around the globe. But at least the rank and file won’t be scamming any more free T-shirts.

A REAL NUMBERS GAME: Lawmakers are used to having their e-mail address publicized by advocates looking to spur support or opposition to a cause. That often keeps the office staff extra busy for a few days, but lawmakers accept it as part of being in office. But as the *New York Times* reports, it can be a bit more trying when the advocate happens to be a world famous superstar like singer Lady Gaga,



who urged the audience at a performance in Buffalo to lobby state Sen. Mark Grisanti to support legalizing gay marriage, sparking an avalanche of e-mail for his staff to deal with. But Ms. Gaga wasn't done, turning to her Facebook and Twitter accounts to repeat her request. A Grisanti spokesman said the Senator usually gets between 50 and 100 e-mails a day. Post Gaga that total skyrocketed to over 600. Grisanti says his staff will respond to every message.

A REAL HEADACHE: Being governor can be a real headache at times, but not like it was for Colorado Gov. John Hickenlooper last week. As the *Denver Post* reports, Hickenlooper was on his way to a speaking engagement when he hit his head while getting into the back of the police vehicle that was taking him there. The gov gave the bump a quick rub, only to discover he was covered in blood. That prompted a fast trip to the hospital, where the gov received five stitches to close the gash in his noggin. Ever the stand up guy, Hickenlooper rushed to his speaking gig, arriving only a few minutes late and apparently only slightly worse for the wear, at least according to his spokesperson, Eric Brown. "His jokes [were] a little off, but I don't know if that's because of the head wound or not," said Brown.

STATE OF HAPPINESS: Happiness may be a state of mind, but it may also be a state of your state. According to the *Gallup-Healthways 2010 Well-Being Index*, you are likely to be a lot happier if you live in Hawaii than if you reside in, say, Ohio. Lest you think this is all based on comparing life on sunny, sandy beaches to mucking through freezing snow, the survey considered six different criteria: life evaluation, emotional health, work environments, physical health, healthy behaviors and access to basic services. Based on that, other really happy states include North Dakota, Alaska and Colorado. Less giddy folks can be found pretty much anywhere in the South or the Midwest, with the unhappiest people residing in West Virginia, followed by Kentucky, Mississippi and Arkansas. You can almost see the new state mottos for that last trio: "At least we're not West Virginia!"

— By RICH EHISEN

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