

June 6, 2011

Cutting Corporate Taxes



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• The next issue of
• Capitol Journal will be
• available on June 13th.
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Top Story

Several Republican governors made cutting corporate business taxes a priority this year. But some are finding a surprising opponent: their GOP colleagues.

SNCJ Spotlight

Business tax cuts tough sell this year

Several Republican governors came into office this year pledging to cut business taxes despite the fact that their states are facing huge budget gaps. Some, like Michigan Gov. Rick Snyder, have managed to pull off that feat. But others are having a harder time getting their way.

Last month, Snyder signed legislation making good on his campaign promise to eliminate the much-maligned Michigan Business Tax (MBT), a 22 percent surcharge businesses operating in the state currently pay on top of corporate income and gross receipts taxes. With the state projecting a \$1.3 billion budget

shortfall, the law will impose a 6 percent corporate income tax to help offset the estimated \$1.8 billion per year loss in revenue from the elimination of the MBT. The change will result in an overall 82 percent business tax cut by the 2013 fiscal year.

“The overhaul of our tax structure lets job providers nationwide know that Michigan is the place to be,” Snyder said at the law’s signing ceremony on May 25.

The Tax Foundation, which ranks all 50 states’ business tax climates each year, says the changes in Michigan will improve its competitiveness. The state ranked 48th in corporate taxes and 17th overall in this year’s rankings, but if the new law had been in

effect last year, the group says those rankings would have been 22nd and 13th, respectively.

“Taxes matter to businesses,” the group said in the report that accompanied its 2011 rankings. “And those places with the most

competitive tax systems will reap the benefits of business-friendly tax climates.”

Florida Gov. Rick Scott (R) had big plans for improving his state’s business climate too. He wanted to reduce corporate income taxes and property taxes by more than \$2 billion over the next seven years, which he said would create over 700,000 jobs. But he ran into opposition from members of his own party who control the Legislature. Uncomfortable cutting taxes in a year when major cuts had to be made to education to balance the budget, they scaled Scott’s proposal down to a tax cut of just \$30 million, accomplished by taking 14,000 businesses off the corporate income tax rolls.

“I’m a great fan of tax cuts,” said Florida Sen. Don Gaetz (R) in early May. “But first we have to cut spending. Then we have to cut taxes or fees that affect working families and small businesses. Nobody that I represent is asking me to cut taxes on corporations.”

Iowa Gov. Terry Branstad (R) is facing resistance from Democratic and Republican lawmakers alike over his proposal to cut the state’s corporate income tax rate in half and replace the \$200 million in lost revenue with higher taxes on casinos. Georgia Gov. Nathan Deal ran into similar bipartisan resistance with his call to cut the corporate income-tax rate by a third. And in Nevada, a decision last month by the state Supreme Court invalidating Gov. Brian Sandoval’s (R) plan to tap hundreds of millions of dollars designated for localities to help close the state’s \$1.5 billion budget deficit has even some business leaders thinking twice about another Sandoval initiative to allow temporary business taxes passed in 2009 to expire.

Billy Vassiliadis, head of the Nevada consulting agency that came up with the undoubtedly good-for-business slogan “what happens in Vegas stays in Vegas,” is for passing on the business tax cut.

“As we look at what the impacts of this economy is doing to our public education system, our higher education system, health care, senior citizen support, in good conscience, we would just as soon not get a tax cut,” he said.

(In a deal announced last Wednesday, Sandoval and Republican lawmakers agreed to extend the temporary business taxes for two more years in exchange for the majority

“I’m a great fan of tax cuts. But first we have to cut spending.”

Democrats' support of significant changes to collective bargaining and education policy, which include making it easier to fire teachers.)

Even Michigan's business tax cut is not an entirely done deal. Democrats have been highly critical of the impact they say the cuts will have on Wolverine State residents, particularly retirees. Part of the revenue lost from the demise of the MBT will be made up by ending a long-standing tax exemption on pension incomes. That, Dems say, will increase retiree tax bills by \$300 million.

"The governor's new tax plan balances the budget on the backs of our working families, seniors, and children while giving away billions of dollars to corporations without the guarantee of a single job being created," said Sen. Bert Johnson (D).

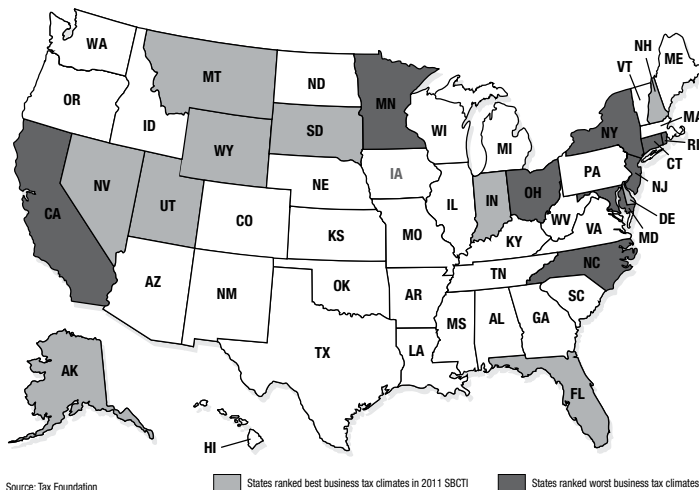
Public employee retirees in the state are expected to file a suit seeking to block the suspension of the pension income tax exemption.

There is considerable debate over how much economic benefit business tax cuts provide. Corporate income taxes accounted for just 5.4 percent of all state tax collections last year, a fraction of what states glean from personal income taxes (33.5 percent) and sales taxes (31.9 percent), according to the U.S. Census Bureau. And state and local corporate taxes account for just 1.2 percent of businesses' overall costs, said Robert Lynch, chair of the economics department at Washington College in Maryland.

"It's become almost a religion to say that one way to promote economic growth is to cut business taxes," said Lynch. "But the data isn't there."

Lynch analyzed several studies on the issue in 2004 and concluded that "any jobs that might be gained by cutting taxes can be more than offset by the jobs lost as a result of cuts in public services." (STATELINE.ORG, WALL STREET JOURNAL, DETROIT FREE PRESS, BLOOMBERG BUSINESSWEEK, LAS VEGAS SUN)

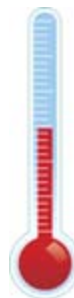
Bird's eye view



Source: Tax Foundation

South Dakota again tops list of business-friendly states

South Dakota has the best business tax climate in the country, according to the Tax Foundation's 2011 State Business Tax Climate Index (SBCTI). The absence of two major taxes in the state — corporate and individual income taxes — was a dominant factor in keeping the state in the top spot for the second year in a row. New York placed at the bottom of the rankings for having the nation's worst property tax, third worst individual income tax and ninth worst sales tax. Illinois, meanwhile, was the biggest mover in this year's rankings, moving up from 30th to 23rd thanks to tax enactments in states ranked above it last year.





AZ WEIGHS FEE ON MEDICAID RECIPIENTS WHO SMOKE OR ARE

OBESE: Since 2007, Arizona has seen a 30 percent rise in the number of people on Medicaid and a 34 percent decline in general fund revenue. As part of a plan to address that unsustainable trend, the state is considering imposing a \$50 annual fee on childless adults on Medicaid who are either obese or who smoke.

“The issue is this: We can’t keep complaining about the rising cost of health care and not drill down to what that means on the individual level,” said Monica Coury, spokeswoman for the state’s Medicaid program. “The bottom line is that there’s

“We can’t keep complaining about the rising cost of health care and not drill down to what that means on the individual level.”

plenty of evidence and studies that show there is an undeniable link between smoking and obesity and health care costs.”

The pool of potential fee payers appears to be sizeable. Almost half of all Medicaid recipients in Arizona smoke, and although the exact number of obese recipients is unknown, about a quarter of the state’s residents are overweight, according to the Centers for

Disease Control and Prevention. Whether charging \$50 a year would be enough to cover the additional costs of caring for such individuals is unclear. But Coury said that’s beside the point.

“We haven’t done the math, but it’s not about how much we would collect,” she said. “It is totally about testing the efficacy of this strategy. Obesity is costing us billions in health care costs, so our thought is, ‘Let’s test some of these strategies.’” (NEW YORK TIMES)

AMAZON GETS TAX BREAK IN SC: The South Carolina House reversed course last week and voted for a tax break intended to lure an Amazon distribution center to the state. In late April, the House had voted down the exemption, effectively determining that the 1,249 jobs Amazon promised to create weren’t worth the costs the tax break would impose on the state’s budget and brick-and-mortar retailers, such as Wal-Mart, Best Buy and Home Depot.

“Don’t ask us to give you sales tax relief when we’re not giving it to the bookstore down the street, or we’re not giving it to the other stores on the other side of town,” Gov. Nikki Haley (R) said at the time. “It’s just not a level playing field.”

But some legislators changed their minds after Amazon sweetened its offer by increasing the number of employees it promised to hire at the distribution center from 1,249 to 2,000 and the amount of money it pledged to invest in the facility from \$90 million to \$125 million. Rep. Roland Smith (R) said the decision “ultimately came down to jobs.”

The Senate approved its own version of the exemption, requiring Amazon to inform customers that they may owe sales tax to the state and providing a link to the State Department of Revenue, which the House quickly adopted.



There was still some question about whether Haley would approve the measure. But she made a course change of her own, saying that although she still believed the exemption was bad tax policy she would allow it to become law without her signature. (STATELINE.ORG)

UT MAKES GOLD AS GOOD AS CASH:

Last month, Utah became the first state in the nation to legalize gold and silver coins as currency. The Legal Tender Act of 2011 will also exempt the sale of the coins from state capital gains taxes.

Some supporters see the law as a step toward returning the country to a gold standard.

“Making gold and silver coins legal tender sends a strong signal to Congress and the Federal Reserve that their monetary policy is failing,” said Ralph Danker of the Washington, D.C.-based American Principles in Action, which helped create the law. “The dollar should be backed by gold and silver, so we have hard money.”

The United States moved away from gold-backed money during World War I because it needed to be able to print more cash to finance the war effort. The gold standard suffered further damage during the Great Depression, when President Franklin D. Roosevelt took steps effectively prohibiting the use of gold and silver as legal currency in order to prevent hoarding. President Richard Nixon formally abandoned the standard in 1971.

Opponents of Utah’s law warn that such a policy shift on a national basis could encourage inflation and destabilize international markets by restricting the federal government’s ability to quickly adjust currency prices.

“We’d be going backward in financial development,” said Carlos Sanchez, director of Commodities Management for The CPM Group in New York.

“What backs currency is confidence in a government’s ability to pay debt, its government system and its economy,” he said.

Larry Hilton, a Utah-based attorney who helped draft the law counters that a gold standard would restore faith in the American dollar at a time when spiraling debt is weakening confidence in it.

“We view this as a dollar-friendly measure,” he said. “It will strengthen the dollar by refocusing policy matters in Washington on what led to the phrase, ‘the dollar is as good as gold.’”

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: 66

Number of Intros last week: 1,438

Number of Enacted/Adopted last week: 1,713

Number of 2011 Prefiles to date: 31,589

Number of 2011 Intros to date: 125,772

Number of 2011 Session Enacted/Adopted overall to date: 31,300

Number of Measures currently in State Net Database: 161,095

— Compiled By JAMES ROSS
(measures current as of 6/2/2011)
Source: State Net database

But the Legal Tender Act's sponsor, Rep. Brad Galvez (R) said he just wanted to give consumers options.

"We're too far down the road to go back to the gold standard," he said. "This will move us toward an alternative currency." (SALT LAKE TRIBUNE)

BUDGETS IN BRIEF: The **ILLINOIS** General Assembly passed a bill last month that would usher in the largest expansion of the Prairie State's gambling operations since riverboat casinos were introduced in the state in 1991. The bill, which would add four new casinos to the state's current tally of 10 and authorize slot machines at local horse racing tracks and both O'Hare and Midway airports, would make **ILLINOIS** the sixth-leading state by gambling revenue, after **NEVADA, NEW JERSEY, MISSISSIPPI, INDIANA** and **LOUISIANA**. Gov. Pat Quinn (D) hasn't said whether or not he will veto the bill, but he has stated publicly that he thinks it is "excessive" (CHRISTIAN SCIENCE MONITOR). • The nine states that were finalists but came up short in last year's federal Race to the Top education improvement competition — **ARIZONA, CALIFORNIA, COLORADO, ILLINOIS, KENTUCKY, LOUISIANA, NEW JERSEY, PENNSYLVANIA** and **SOUTH CAROLINA** — will get a second chance, the Obama administration announced last month. Only \$200 million will be up for grabs this time, compared to the \$4 billion awarded last year, but another \$500 million will be devoted to a parallel competition among all states to raise the quality of and access to early learning and child care programs (NEW YORK TIMES). • Moody's Investors Service downgraded the outlook for **RHODE ISLAND** bonds from stable to negative due to "the potential impact of rapidly escalating pension costs on the state's ability to increase its liquidity margins, diminish its reliance on one-time measures to balance its budget and reduce its debt burden." The state currently has an unfunded pension liability of \$9.4 billion (PROVIDENCE JOURNAL). • A ruling last month by the **NEVADA** Supreme Court opened a \$656 million hole in Gov. Brian Sandoval's (R) proposed budget. The court's decision centered on a series of local money grabs Sandoval had relied on to balance his spending plan (LAS VEGAS SUN). • **FLORIDA** Gov. Rick Scott (R) cut \$615 million from the state budget passed by lawmakers before signing it last month. With the vetoes, the budget came in at about \$69.1 billion (MIAMI HERALD).

— Compiled by **KOREY CLARK**

The week in session

States in Regular Session: AL, CT, DC, DE, IA, LA, MA, ME, MI, NC, NH, NJ, NV, NY, OH, OR, PA, PR, RI, US, WI

States in Special Session: CA "a", VA "a", TX "a", WI "a"

States Currently Prefiling or Drafting for 2012: KY

States Projected to Adjourn: AL, CT, IA, NV

States Adjourned in 2011: AK, AR, AZ, CO, FL, GA, HI, ID, IL, IN, KS, KY, MD, MN, MO, MS, MT, ND, NE, NM, OK, SC, SD, TN, TX, UT, VA, VT, WA, WV, WY

State Special Sessions Adjourned in 2011: AK "a", AL "a", AZ "a", AZ "b", DE "a", KY "a", LA "a", UT "a", WA "a"

Letters indicate special/extraordinary sessions

— Compiled By **JAMES ROSS**
(session information current as of 6/3/2011)
Source: State Net database

Politics & leadership

UNION POWER STRUGGLE STILL NOT OVER IN WI: Things have quieted down a bit in Madison, Wisconsin since March, when the state's Republican majority pushed a bill through the Legislature curbing the collective bargaining rights of most public employees amid raucous protests. But the battle over union power in the state continues.

Last month, Dane County Circuit Judge Maryann Sumi struck down the collective bargaining law, ruling that GOP lawmakers violated the state's open meetings law in passing the measure by, among other things, failing to give proper public notice before convening a conference committee that approved it.

"The Legislature and its committees are bound to comply with the open meetings law by their own choice. Having made that choice, they cannot now shield themselves from the provisions that give the law force and effect," Sumi, an appointee of former Republican Gov. Tommy Thompson, wrote in her 33-page decision.

The law could still be revived by the state Supreme Court, which is expected to hold oral arguments on whether to take the case this week.

"Either it will be resolved like that — through the Supreme Court — or we'll look at alternatives with the Legislature."

"Either it will be resolved like that — through the Supreme Court — or we'll look at alternatives with the Legislature," said Gov. Scott Walker (R).

Facilitating the judicial route is the re-election in April of Supreme Court Justice David Prosser, giving conservatives a slim majority on the sharply divided court.

However, Jo Anne Kloppenburg, Prosser's challenger in that race, which was widely considered a referendum on the union issue, is still considering whether to contest the election, having led Prosser by a narrow margin before thousands of uncounted votes for Prosser were discovered in Waukesha County.

Senate Majority Leader Scott Fitzgerald (R) said he and his fellow GOP lawmakers would consider passing the legislation a second time as part of the 2011-13 budget, which they are committed to passing by June 30. But he seemed inclined to wait for the high court's decision.

"There's still a much larger separation-of-powers issue: whether one Madison judge can stand in the way of the other two democratically elected branches of government. The Supreme Court is going to have the ultimate ruling.... This overdue reform is still a critical part of balancing Wisconsin's budget," he said.



Meanwhile, two other lawsuits over the union measure are also still pending. And recall elections will be held on July 12 for nine senators — six Republicans and three Democrats — whose stances on the bill sparked petition drives around the state. (MILWAUKEE JOURNAL-SENTINEL)

POLITICS IN BRIEF: Laws requiring voters to show photo identification at the polls have advanced in 13 states in the past two months. Republican Govs. Scott Walker of **WISCONSIN** and Rick Perry of **TEXAS** signed voter ID laws a couple of weeks ago (NEW YORK TIMES). • A **CALIFORNIA** Senate committee scuttled a measure last month that would have banned lobbyists from giving lawmakers gifts. The members cited the \$204,000 annual cost of enforcing the ban and broader rules being considered by the state Fair Political Practices Commission as reasons for killing the proposal (LOS ANGELES TIMES).

— *Compiled by KOREY CLARK*

Governors

S **COTT’S FL DRUG TESTING ORDER DRAWS LAWSUIT:** The American Civil Liberties Union filed a federal lawsuit last week seeking to block Florida Gov. Rick Scott’s (R) March executive order mandating drug testing for all public employees.

Scott’s order, EO 11-58, greatly enhanced the power the state already had to test any workers they suspected of using illegal drugs. Under his directive, all Sunshine State government job applicants — and randomly selected current employees — will have to undergo drug screening, whether or not they have done anything to earn suspicion. Issued on March 22nd, it gave state agencies 60 days to begin testing new hires. Agencies must give existing employees another 60 days notice before beginning random tests.

The ACLU filed the suit on behalf of the American Federation of State, County and Municipal Employees Council 79, a union that represents 50,000 public workers now subject to the new drug-testing requirements, and state worker Richard Flamm, a research scientist for the last 17 years with the Florida Fish and Wildlife Conservation Commission. Flamm called the new drug testing rule “an unnecessary and costly invasion of the basic privacy and dignity of all state workers.”

The suit also notes that the U.S. Supreme Court has previously ruled government drug testing without valid suspicion “is an unreasonable search (in violation) of the Fourth Amendment, except under certain special circumstances, such as those involving employees in safety-sensitive positions where there is a concrete danger of real harm.”

A Scott spokesperson defended the order, calling it a public benefit.

“Floridians overwhelmingly support drug testing state employees because their tax dollars should support a safe, healthy and productive government workforce,” said spokesperson Amy Graham. “The governor is confident the courts will see that this policy makes sense and is legally sound.”

The suit is likely to be just the first of many to be filed in an effort to overturn what Howard Simon, executive director of the Florida ACLU, called “a tsunami of anti-civil liberties legislation” passed by lawmakers during Scott’s first few months in office, including measures dealing with abortion, elections, and free speech issues. Simon indicated the group may also take action to block legislation Scott signed last week (HB 353) that would require welfare recipients to undergo drug testing before receiving benefits.

“Once again, this governor has demonstrated his dismissal of both the law and the right of Floridians to personal privacy by signing into law a bill that treats those who have lost their jobs like suspected criminals,” he said.

Scott, however, lauded the bill.

“While there are certainly legitimate needs for public assistance, it is unfair for Florida taxpayers to subsidize drug addiction,” he said in a news release. “This new law will encourage personal accountability and will help to prevent the misuse of tax dollars.” (MIAMI HERALD, WALL STREET JOURNAL, ORLANDO SUN-SENTINEL)

GOVS URGE TRADE PACTS: A bipartisan group of 25 state and territorial governors signed a letter to President Barack Obama and Congressional leaders last week urging them to act quickly to approve pending trade agreements with Colombia, Panama and South Korea. The governors — 18 Republicans, five Democrats, Independent Lincoln Chafee of Rhode Island and New Progressive Luis Fortuno of Puerto Rico -- called for an “aggressive expansion” of foreign markets for U.S. products. The governors also voiced support for the federal Trade Adjustment Assistance (TAA) program, which helps U.S. workers who lose their jobs to foreign competition. But renewal of the TAA has met strong resistance from U.S. Senate Republicans, leading to speculation that the trade pacts might not be authorized before Congress’s August recess. (INTERNATIONAL CENTER FOR TRADE AND DEVELOPMENT, OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, DES MOINES REGISTER)

BARBOUR APOLOGIZES TO FREEDOM RIDERS: Mississippi Gov. Haley Barbour (R) marked the 50th anniversary of an historic effort to desegregate interstate travel in the Deep South by issuing a formal apology to the group of civil rights activists, known as the Freedom Riders, who participated in that effort. The group, a collection of about 400 students and other activists — male and female, whites and



blacks — set out to protest the unlawful segregation of transportation facilities in the South by traveling there aboard interstate bus lines. The first groups suffered violent attacks in Alabama, Florida and South Carolina, while later Freedom Riders groups were jailed, some for months, in Mississippi.

Last month, Barbour welcomed a group of the surviving Freedom Riders to the Magnolia State statehouse, where he apologized for their suffering and thanked them for their part in ending the South’s Jim Crow era.

“We apologize to you for your mistreatment in 1961, and we appreciate this chance for atonement and reconciliation,” he said.

Barbour noted that many of the activists seemed surprised by his apology. “The better question for me is, ‘how could I not apologize?’” Barbour said. “It is good we are rid of segregation, and we are right grateful for the role you played in helping us get there.” (HATTIESBURG AMERICAN, LONG BEACH PRESS-TELEGRAM, WASHINGTON POST)

CUOMO YANKS NY FROM IMMIGRATION PROGRAM: New York Gov. Andrew Cuomo (D) said he is suspending the state’s participation in a federal program intended to deport illegal immigrants that commit serious crimes in the United States. In a statement, Cuomo said there was “mounting evidence” that the federal Secure Communities program, which compares fingerprints of people booked into local or county jails with those on file with the Department of Homeland Security, was doing more harm than good.

Started under the Bush administration in 2008, the program is intended to screen out serious immigrant felons and return them to their home countries. But critics say the law has mostly been used to deport illegals with minor or no criminal records, discouraging many immigrants, legal and illegal, from helping police in gathering information on other crimes.

New York becomes the second state, after Illinois, to pull out of the program. The California Assembly endorsed legislation last week, AB 1081, that would also allow the Golden State to opt out of the program. (NEW YORK TIMES, NEW YORK GOVERNOR’S OFFICE, SACRAMENTO BEE)

GOVERNORS IN BRIEF: Calling it “gimmicky” and “a failure,” **NEW JERSEY** Gov. Chris Christie (R) said he plans to pull the Garden State out of the 10-state Regional Greenhouse Gas Initiative, the nation’s only active cap-and-trade program to reduce greenhouse gas emissions. Critics called the governor’s decision a political move designed to curry favor with conservatives that oppose the program (STAR-LEDGER [NEWARK]). • **UTAH** Gov. Gary Herbert (R) announced he will

<p style="text-align: center;">Upcoming elections 6/2/2011 - 6/23/2011</p> <p>06/07/2011 New Hampshire Special Primary House District Strafford 3</p> <p>New Jersey Primary Election Assembly (All) Senate (All)</p>



return the Beehive State government to a traditional five-day work week, beginning in September after Labor Day. Herbert made the decision after lawmakers overrode his veto of a bill that required state agencies to be open on Fridays, but would also have allowed agencies to keep some workers on a four-day work week (DESERET NEWS [SALT LAKE CITY]).

— Compiled by RICH EHISEN

Hot issues

BUSINESS: The CALIFORNIA Senate approves SB 676, which would legalize growing hemp for industrial purposes. It moves to the Assembly (SACRAMENTO BEE). • Still in CALIFORNIA, the Senate approves SB 469, which would require local governments to review an economic impact report before approving or rejecting big-box retail projects. It moves to the Assembly (SACRAMENTO BEE). • NEVADA Gov. Brian Sandoval (R) signs AB 211, which bars Silver State companies from discriminating against transgender citizens in hiring or other workplace issues. The measure does allow employers to require transgender employees to wear appropriate workplace clothing and maintain grooming standards consistent with their preferred gender (LAS VEGAS REVIEW-JOURNAL). • WISCONSIN Gov. Scott Walker (R) signs SB 13a, legislation that deregulates the Badger State telephone industry (CHICAGO TRIBUNE). • MAINE Gov. Paul LePage (R) signs SB 149, legislation that allows Pine Tree State minors to work an additional four hours during weeks when school is in session and 15 minutes later on school days. The law supersedes a statute that limited minors to working no more than 20 hours in a given week and not past 10:00 p.m. on a school day (STATE NET, BANGOR DAILY NEWS). • The NORTH CAROLINA House and Senate give final endorsement to HB 98, which would allow Tar Heel State breweries to sell their beer on the premises, and to ship the products to consumers both in and out of state. It moves to Gov. Bev Perdue (D) for review (NEWS & OBSERVER [RALEIGH]). • The ALABAMA Legislature gives final approval to SB 192, which would allow Heart of Dixie brew pubs to sell their products through other locations and allow breweries to serve their beers at their plants. It moves to Gov. Robert Bentley (R) for review (STATE NET, BIRMINGHAM NEWS).

CRIME & PUNISHMENT: The U.S. Supreme Court rules that prison overcrowding in CALIFORNIA violates constitutional protections against cruel and unusual punishment. The order effectively will require the Golden State to release or transfer to local custody over 33,000 prisoners currently in state



penitentiaries within two years (LOS ANGELES TIMES). • Still in **CALIFORNIA**, the Assembly passes AB 90, which says that showing force, fraud or coercion is not required in a human trafficking case if the victim is under age 18. It moves to the Senate (CONTRA COSTA TIMES [WALNUT CREEK]). • The **MASSACHUSETTS** House approves HB 3470, which would create the crime of human trafficking.

Under the measure, which now moves to the Senate, those found guilty of trafficking a minor would face life imprisonment (BOSTON HERALD, STATE NET). • **NEW YORK** State Health Commissioner Dr. Nirav Shah issues an order banning the sale and distribution of an amphetamine-type substance marketed as “bath salts.” Several states have recently adopted laws criminalizing the sale of the products (TIMES-UNION [ALBANY]). • The **CONNECTICUT** House approves HB 6550, legislation that would give some non-violent prisoners sentence-reduction credits if they participate in self-improvement programs. The measure, which would also allow repeat drunken drivers to serve their sentences at home rather than in prison if they install a breathalyzer transmission lock on their vehicle, moves to Gov. Dannel Malloy (D) for review (THE DAY [NEW LONDON], HARTFORD COURANT). • **NEVADA** Gov. Brian Sandoval (R) signs AB 373, which makes it a misdemeanor to damage or destroy a house subject to foreclosure (LAS VEGAS REVIEW-JOURNAL).

EDUCATION: The **CONNECTICUT** Senate approves HB 6390, which would allow illegal immigrants to pay in-state tuition at state colleges and universities. Undocumented students would need to complete all four years of high school in the Constitution State to be eligible (CONNECTICUT MIRROR [HARTFORD]). • Also in **CONNECTICUT**, the House approves HB 5530, which would allow students to opt-out of classroom animal dissections. Students choosing to forgo dissecting frogs and other creatures could learn about anatomy through computer models instead. The bill moves to the Senate (HARTFORD COURANT). • The **ILLINOIS** House approves SB 2185, a bill that would create a privately-funded college scholarship fund for illegal immigrant students and a state commission to administer its awards. The measure goes to Gov. Pat Quinn (D), who has indicated he will sign it into law (QUAD CITY TIMES [DAVENPORT]). • The **CALIFORNIA** Assembly endorses AB 131, legislation that would allow undocumented university students to apply for state financial aid. It moves to the Senate (LOS ANGELES TIMES). • Also in **CALIFORNIA**, the Assembly endorses AB 9, a bill that would require all Golden State school districts to include sexual orientation and gender identity in policies that bar discrimination and harassment based on race, ethnicity, nationality, gender, disability and religion. It moves to the Senate (SAN FRANCISCO CHRONICLE).

In case you missed it

California Gov. Jerry Brown has much in common with New York Gov. Andrew Cuomo, but almost six months into their new terms the two are on decidedly divergent paths.

In case you missed it, the article can be found on our website at

http://www.statenet.com/capitol_journal/05-2311/html



OREGON, Kitzhaber also signs SB 94, which allows state consumer regulators to require uniform financial and administrative standards for all insurers and plan administrators (STATESMAN JOURNAL [SALEM]).

- **COLORADO** Gov. John Hickenlooper (D) signs SB 200, which makes the Centennial State the eighth to create a health insurance exchange that brings it in line with the federal Affordable Care Act (PUEBLO CHIEFTAIN).
- The **NORTH CAROLINA** House approves HB 542, a bill that would grant drug companies immunity from lawsuits attacking the safety and quality of their products if the Food and Drug Administration approved them for sale. It moves to the Senate (WINSTON-SALEM JOURNAL).
- The **CALIFORNIA** Assembly endorses AB 52, which would require the state Insurance Commissioner to review and approve all proposed rate hikes. It moves to the Senate (SACRAMENTO BEE).

IMMIGRATION: The U.S. Supreme Court upholds an **ARIZONA** law that bars Grand Canyon State employers from knowingly hiring illegal immigrants, with repeat violators facing a possible loss of their business license. The high court rejected an argument that enforcing immigration law in this manner falls under federal purview (CHRISTIAN SCIENCE MONITOR).

- The **CALIFORNIA** Assembly endorses AB 1081, which would pull the Golden State out of the federal Secure Communities program, which crosschecks fingerprints of arrestees in local and county jails with federal FBI and Immigration and Customs Enforcement (ICE) databases in order to identify and deport illegal immigrants who commit serious crimes in the U.S. The measure moves to the Senate (LOS ANGELES TIMES).
- **NEW YORK** Gov. Andrew Cuomo (D) announces he will pull the Empire State out of the Secure Communities program, saying there is “mounting evidence” it is undermining law enforcement efforts (NEW YORK TIMES).

SOCIAL POLICY: **NEVADA** Gov. Brian Sandoval (R) signs SB 368, which bars discrimination against transgender residents in the rental or purchase of housing (LAS VEGAS REVIEW-JOURNAL).

- Still in **NEVADA**, Sandoval signs SB 331, which prohibits places of public accommodations, such as hotels, restaurants and bars, from discriminating against transgender people (LAS VEGAS REVIEW-JOURNAL).
- **TENNESSEE** Gov. Bill Haslam (R) signs HB 600, which bars Volunteer State local governments from adopting anti-discrimination protections for lesbian, gay and transgender people that are stricter than state law (CHATTANOOGA TIMES FREE PRESS).

POTPOURRI: The **TEXAS** Legislature endorses HB 242, which would bar Lone Star State residents from sending or receiving cell phone text messages while

Upcoming stories

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

- **Education**
- **Health care**
- **Budgets**

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driving. Violators would face a fine of up to \$200 and 30 days in jail. The bill now goes to Gov. Rick Perry (R) for review (STATESMAN-AMERICAN [AUSTIN]).

- The **NEVADA** Assembly approves SB 140, which would ban Silver State drivers from chatting on their cell phones while behind the wheel unless they are using a hands-free device. It has returned to the Senate for review of a minor amendment made in the Assembly (LAS VEGAS REVIEW-JOURNAL).
- Still in **NEVADA**, Gov. Brian Sandoval (R) signs SB 245, which creates a statewide “Silver Alert” system, modeled after the Amber Alert system, to help locate missing and endangered elderly people (LAS VEGAS REVIEW-JOURNAL).
- The **CALIFORNIA** Senate approves SB 888, which would make it a misdemeanor to picket a funeral in a disruptive way on private property within 1,000 feet of the ceremony. The proposal moves to the Senate (LOS ANGELES TIMES).

— Compiled by RICH EHISEN

Once around the statehouse lightly

VERY SPECIAL DELIVERY: New Jersey Gov. Chris Christie loves chiding Democrats for excessive spending, but the gov’s often bombastic rhetoric sometimes clashes with his own actions. A case in point came last week, when, as the *Newark Star-Ledger* reports, Christie turned heads by arriving at his son’s high school baseball game via the state’s brand new 55-foot, \$12.5 million AugustaWestland helicopter. The cushy ride wasn’t over, however. Christie and his wife jumped off the chopper and into a black car with tinted windows that ferried them the last 100 yards to the baseball field. They stayed until the fifth inning, when the car and copter again whisked him away, this time to a meeting with a group of GOP high rollers who want the gov to run for president. Dems seized the moment, skewering him for everything from his perceived fiscal hypocrisy to being a lousy dad for leaving before the game was over. Christie was unrepentant, but he did write a check to cover the copter’s expenses. He had no comment about bailing early on the game.

MORE COPTER CAPERS: Hypocrite or no, the aforementioned Gov. Christie is far from the only Garden State gov to use a state chopper to get around. As the *Newark Star-Ledger* reports, former Gov. Tom Keane first pushed the state to buy a helicopter back in 1985, then took over a thousand chopper flights during his second four year term from 1986-1990. His successor, Tom Florio, railed about that but was even worse, racking up over 2,300 trips from 1990 to 1994. Christie also isn’t the



only one to use a chopper for personal reasons: former Gov. Christie Whitman once used a State Police helicopter to get to a hockey game in the Meadowlands, while former Gov. Jim McGreevey used a state copter to get to a friend's wedding.

ROASTED TO A CRISP: The California Center for Civic Participation's annual charity roast has a well deserved reputation for fostering ribald humor. Last week's event, which targeted Assembly Speaker John A. Perez, did nothing to change that. As the *Sacramento Bee* reports, Perez, who is gay, spent most of the night enduring raunchy jabs about, among other things, his sexual orientation, most of which are not repeatable in this space. Perez's legislative colleagues also took note of his ample girth and the recent embarrassing revelation that he had not actually graduated from the University of California, Berkeley as he has long claimed. That one prompted former Assembly Speaker Bob Blumefeld, a fellow Democrat, to quip: "You know why he supported the Dream Act? Because he once had a dream he graduated from Berkeley." Ouch, man.

THE LONGEST, UH, METER: Lawmakers around the country have taken to getting rid of state boards they say are no longer necessary. Sometimes those assertions are questionable, but not one that recently landed on Nevada Gov. Brian Sandoval's desk. As the *Las Vegas Review-Journal* reports, Silver State lawmakers approved AB 451, a bill to abolish the Silver State's Advisory Council on the Metric System. Those of us around in the 1970s likely recall that at one time the good old US of A was considering joining the rest of the world in all things metric, an idea that eventually went the way of the dodo. Alas, the Council did not. At least not officially, even though it has not actually met in almost 30 years. Sandoval signed the bill, but fear not, kilometer lovers! South Carolina still has an advisory council of its own. And yes, it is now the only one.

— By RICH EHISEN

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