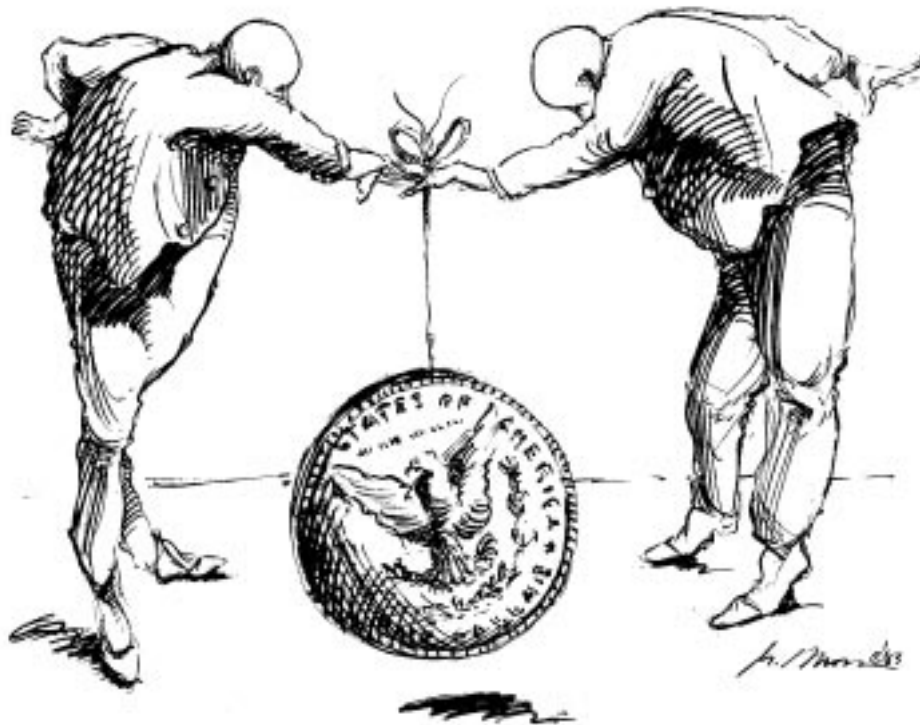


August 8, 2005

## A tale of two states



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### Top Story

*More than 20 states are considering efforts that would dramatically curb governments' ability to spend taxpayer dollars. But lawmakers in one state that already has such a cap - COLORADO - say they might want to think again.*

## SNCJ Spotlight

*Brewing taxpayer rebellion could hinge on pair of western states*

**N**early thirty years ago, a grass-roots tax revolt swept through CALIFORNIA and several other states, imposing limits on how much they could tax their citizens. Now there's a new populist uprising afoot, aimed at curbing how much states can spend. And California is once again a key battleground — along with another Western state: COLORADO.

The fight over state governments' power to spend is not far off. A signature-gathering effort to place a spending-cap initiative on OHIO's November ballot is just wrapping up in that state, and a loose coalition of conservative groups is organizing similar initiative campaigns in more than twenty others. "This is the next big thing at the state level," said Grover Norquist, president of Americans for Tax Reform, one of the organizations leading that drive. "A lot of groups have become involved...Soon you will see it on the ballot in every initiative state."

Spending restraint bills have also been introduced in 23 state legislatures, although they've garnered support from lawmakers in only a handful of those states, including GEORGIA, MISSOURI, TENNESSEE and WISCONSIN.

How successful all of these anti-spending efforts turn out to be may rest on the fate of an initiative slated for California's November special election ballot. The pragmatically-titled "Live Within Our Means Act," which has the backing of Gov. Arnold Schwarzenegger (R), would prohibit the budget in any given year from growing by more than the average increase in state revenues over the previous three years.

Although the authors of the proposal say it was motivated solely by California's budget problems — particularly the ones resulting from the previous administration's practice of tying funding for state services to the anomalously-high revenue levels of the dotcom boom — the anti-spending movement has latched onto the measure, hoping it will spark the same sort of populist uprisings that followed passage of the Golden State's landmark property tax cap initiative, Proposition 13, in 1978. "We think California is very important," said anti-tax advocate and former U.S. House of Representatives Majority Leader Dick Armey. "It is a trend-setting state. Getting it done in California will set a very good example for all these other states."

But if California has the potential to be the movement's savior, Colorado could be its spoiler. The Keystone State's 10-year old spending-cap law — the Taxpayer's Bill of Rights, or TABOR — has severely hamstrung the govern-

## *The Week in Session*

States in Informal Session: MA

States in Skeleton Session: OH

States in Special Session: TX "b"

States in Recess:

CA, DC, IL, MI, NH, NJ, NY, PA, US, WI

Special Sessions in Recess:

CA "a", DE "a", OK "a"

States Projected to Adjourn: NC

States Adjourned in 2005:

AK, AL, AR, AZ, CO, CT, DE, FL, GA, HI, IA, ID, IN, KS, KY, LA, MD, ME, MN, MO, MS, MT, ND, NE, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WA, WV, WY

States in Special Session

Adjourned in 2005:

AK "a", AL "a", CT "a", KS "a", ME "a", ME "b", MN "a", MS "a", MS "b", MS "c", MS "d", NV "a", TX "a", UT "a", VT "a", WI "a", WV "a", WV "b", WV "c"

Letters indicate special/extraordinary sessions

Source: State Net, 8/05/05

ment's ability to provide basic services, and the state's Republican governor, Bill Owens, is urging voters to pass a November initiative to suspend the cap for five years.

Passage of that measure would be a major blow to the spending-cap movement, considering that TABOR was the model for many of the ballot initiatives currently in the works in other states. And the leadership of the anti-spending movement appears to recognize that fact; Arney recently agreed to debate the issue with Owens on Colorado public television, and his national anti-tax group, FreedomWorks, is leading the campaign to defeat the governor's TABOR-suspension plan.

At the moment, the chances for Arney's group look pretty good. According to a recent poll commissioned by the Denver Post, Colorado voters are evenly split (43 percent to 42 percent, with 15 percent undecided) on the plan to suspend TABOR, which will appear on the ballot as Referendum C. The poll showed even less support (39 percent in favor and 45 opposed, with 16 percent undecided) for a companion measure — Referendum D — which would allow the state to borrow up to \$2.1 billion for schools, road construction and pensions for firefighters and police officers. A representative of Mason-Dixon Polling & Research Inc. of Washington, D.C., which conducted the poll, said of the results, "It's early, but I think D is in trouble and C is going to take a heck of a sales job,"

## Bird's eye view



Source: Stateline.org, Jacksonville State University

States with largest tax breaks for seniors

### States competing for retiring baby boomers

While people usually produce less tax revenue and require more services after they stop working, retirees with the financial means to relocate often buck that trend and become a fiscal boon to their



newly adopted state. For example, in 2004 more than 25 percent of migrating retirees reported incomes of over \$100,000, and more than half made at least \$60,000. Overall, experts estimate that retiring baby boomers alone will account for \$2 trillion in annual buying power by 2007. That potential has encouraged many states to offer retirees big tax breaks and other perks as incentive to relocate. The accompanying map shows the 10 states offering the largest broad-based tax exemptions for seniors, as indicated by the Washington D.C.-based Center on Budget and Policy Priorities.

pointing out that respondents who say they are undecided are generally more likely to vote no.

The outlook isn't much better right now for California's spending-cap proposal, however. It's leading advocate, Gov. Schwarzenegger — a decisive force in previous initiative battles — has suffered a significant decline in popularity in recent months. At the same time, powerful interest groups in the state, such as education and labor, which stand to lose billions if the measure passes, are undoubtedly going to put up a tough fight.

In fact, the special elections in both states are shaping up to be their costliest ever. Groups on either side of Colorado's budget reforms have raised a total of \$2 million, while in California, where several major ballot measures will actually be contested, campaign contributions have already topped \$58 million.

But the two states' spending-cap measures alone pose an intriguing November double-bill. As Iris Lav, director of the Washington, D.C.-based Center on Budget Policy and Priorities, a national opponent of spending caps, put it, "In California, you are trying to move toward what Colorado is trying to get rid of." With a potentially major momentum boost one way or the other at stake, the forces lining up on either side of the coming battle are sure to be looking to the West this fall. (CHRISTIAN SCIENCE MONITOR, LOS ANGELES TIMES, NEW YORK TIMES, DENVER POST)

— *Compiled by KOREY CLARK*

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# Politics & Leadership

**P**ARTISANSHIP UPSETS OREGON SESSION: OREGON lawmakers' grind towards their scheduled Aug. 15 adjournment date was disrupted last week by a flare-up in the House. The disturbance began when the chamber's Democratic minority attempted to yank four of their key bills out of the committees they were stuck in and bring them to the floor for a vote. The Republicans blocked those moves and then proceeded to change House rules to deny members the option of pulling bills out of committee in the future. House Minority Leader Jeff Merkley (D) condemned that action, arguing that the parliamentary procedure was a safeguard against autocratic control over the legislative process by a few committee leaders. But one of those leaders, Rep. Derrick Kitts (R), contended the procedure had been abused and that bringing a "raw bill to the floor is political suicide, and it does not serve the body." Tensions only escalated when Merkley claimed the rule

change had actually been motivated by House Speaker Karen Minnis' fear of a vote on a civil unions bill also in committee. Minnis fired back that the Democrats' efforts to force votes was purely political. "They want to misconstrue these votes," she said. "I almost feel like they're campaigning on the House floor." The incident is liable to make members on both sides of the aisle a bit testy in the session's final days. (STATESMAN-JOURNAL [SALEM])

**POLITICS IN BRIEF:** The 9th U.S. Circuit Court of Appeals ruled last week that the admission policy of an exclusive private school in **HAWAII** is unconstitutional because the three-campus K-12 academy only accepts native Hawaiian applicants. The court's decision cited an 1866 federal law enacted to combat racial discrimination against blacks in the South. The decision could give impetus to the Native Hawaiian federal recognition act — the so-called Akaka Bill — currently before Congress. That bill, which has been stalled in both chambers, is now scheduled to be taken up by the Senate on Sept. 6 (USA TODAY, HONOLULU ADVERTISER, HONOLULU STAR-BULLETIN).

- The 8th U.S. Circuit Court of Appeals struck down longstanding restrictions on **MINNESOTA** judicial races designed to keep politics out of the courtroom. The appeals court ruled that those restrictions, which, among other things, prohibit judicial candidates from identifying their party affiliation or soliciting campaign contributions, violated the First Amendment (MINNEAPOLIS STAR TRIBUNE).
- In **MASSACHUSETTS**, a coalition of minority rights organizations, voters' rights groups and lawmakers announced that they will seek a ballot measure to take redistricting authority away from the Legislature and turn it over to a seven-member independent commission. The coalition believes that now is the right time to push for the change, given the recent controversy over redistricting, which resulted in the indictment of former House Speaker Thomas M. Finneran. With the groups needing first to gather the signatures of 66,000 voters and then get more than a quarter of the state's lawmakers to approve their plan in two successive sessions, the measure would not actually go before voters until 2008 (BOSTON GLOBE).
- While on a trade mission to Asia last week, **MISSISSIPPI** Gov. Haley Barbour (R) called for a special election Aug. 30 to fill vacancies in the House created by the retirements of three Democratic representatives (ASSOCIATED PRESS, COMMERCIAL APPEAL [MEMPHIS]).

## In case you missed it: Eminent Domain

The July 18 issue of the State Net Capitol Journal took a close look at one of today's hottest issues — how states are reacting to the recent U.S. Supreme Court ruling on eminent domain. As noted there: The recent U.S. Supreme Court ruling allowing governments to seize private property to foster private economic development has brought often bitter political rivals together to clarify, modify or just plain reverse state eminent domain laws.

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In case you missed it, the full story can be viewed on our Web site at [www.statenet.com](http://www.statenet.com).

— Compiled by *KOREY CLARK*





from groups that negotiate directly with his office, specifically naming Indian gaming as an interest in which he had no interest. The casino folks protested the return, saying the money was intended only to support the governor’s reform agenda during the upcoming special election. Schwarzenegger said the money would be returned anyway. (LOS ANGELES TIMES)

**PAWLENTY, BLANCO BIRDS OF A FEATHER:** LOUISIANA Gov.

Kathleen Blanco (D) joined forces with MINNESOTA Gov. Tim Pawlenty (R) last week to lobby federal officials to increase funding for the government’s duck stamp program. The governors asked the feds to advance the program between \$40 million and \$50 million a year for at least 10 years, with the additional money to be used to restore disappearing wetland areas in their own states as well as across NORTH DAKOTA, SOUTH DAKOTA, IOWA and MONTANA. The extra money would be considered a loan, which would be repaid from sales of future federal duck stamps. Federal stamps are required to hunt ducks and geese in the U.S. (MINNEAPOLIS STAR TRIBUNE)

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## Quote...

“Even though it is ethical, legal and would actually save taxpayers money, he sees no sense in fueling a contrived political controversy.”

***Harry Gonso, chief of staff for INDIANA Gov. Mitch Daniels (R), announcing the governor would no longer use a donated RV to attend political events.***

**NO ETHICS VIOLATION FOR DANIELS:** The INDIANA inspector general cleared Gov. Mitch Daniels (R) of violating Hoosier State ethics laws for

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## ... unquote

“Mitch Daniels said this (RV) is an extension of his office, so I guess we can have fundraisers from the state office. He said he would have higher standards, but I guess they apply to everybody but himself.”

***INDIANA Democratic Party Chairman Dan Parker on the RV flap. (SOUTH BEND TRIBUNE)***

using a donated recreational vehicle as a mobile office while attending another Republican’s fundraiser. Attendees paid \$25 to attend the event, and a local paper reported later that some visitors came on board the RV to meet Daniels. That angered state Democratic Party Chairman Dan Parker, who likened it to charging people to enter the governor’s office. But investigators could find no evidence that any member of the public actually entered the RV, and in the end the inspector general concluded that the vehicle was only “a means of transportation” and not really an extension of the governor’s office. (SOUTH BEND TRIBUNE)

— *Compiled by RICH EHISEN*

# Hot issues

**B** **BUSINESS:** The **OREGON** Senate unanimously endorses SB 1089, which directs the Beaver State to immediately remove all investments in the government of Sudan or companies that do business with it.

World leaders have accused the Sudanese government of conducting genocide against hundreds of thousands of its own people (STATESMAN JOURNAL [SALEM]). • **CALIFORNIA** Gov. Arnold Schwarzenegger (R) issues emergency orders that require Golden State employers to provide workers who fall ill from heat exposure with shade and water until they recover. A similar measure, AB 805, recently passed the Assembly and is pending in the Senate (LOS ANGELES TIMES). • The **OHIO** House and Senate agree to place a \$2 billion pro-job bonds measure on the November ballot. The money would be used to improve local infrastructure, promote high-tech research and business development. The measure does not need approval from Gov. Bob Taft (R) (CLEVELAND PLAIN DEALER).

**CRIME & PUNISHMENT:** Correction officials in **GEORGIA** say they will now allow prisoners to wear religious headgear, provided it is made of single-ply material, is white and is no larger than a standard cap (ATLANTA JOURNAL-CONSTITUTION). • The **NORTH CAROLINA** House narrowly approves a measure that will ban smoking in all prison buildings. It wafts over to the Senate (WINSTON-SALEM JOURNAL). • The **OREGON** Senate endorses HB 3037, which would make anyone who murders a pregnant woman, police reserve officer or witness to a juvenile court proceeding eligible for the death penalty. It must go back to the House for review of Senate changes (OREGONIAN [PORTLAND]). • **ILLINOIS** Gov. Rod Blagojevich (D) signs legislation that imposes a prison term on any person with a violent criminal record caught in possession of a gun. The statute, which carries penalties of up to 30 years imprisonment, goes into effect immediately (CHICAGO SUN-TIMES). • **ALABAMA** Gov. Bob Riley (R) signs legislation that ensures people who commit violent sexual acts against children spend a minimum of 20 years in jail and wear an electronic monitoring device for at least 10 years after they are released (MONTGOMERY ADVERTISER). • **TENNESSEE** Gov. Phil Bredesen (D) signs a bill that changes most child abuse charges in the Volunteer State to felonies. The new statute also says that defendants convicted of abusing children under the age of eight can be sentenced to up to 80 years in jail (TENNESSEAN [NASHVILLE]).





licenses it recognizes are also legally recognized in the same manner as Sooner State licenses. The Cherokee Nation has since voted to define marriage as only being between one man and one woman (SHAWNEE NEWS-STAR). • **NEW YORK** Gov. George E. Pataki (R) vetoes legislation that would have allowed pharmacists to provide “morning-after” birth control pills to women without a prescription. A Pataki representative called the bill “flawed” (BUFFALO NEWS).

**POTPOURRI: The NORTH CAROLINA**

House endorses a measure that would triple the number of toll-roads in the Tar Heel State. It motors off to Gov. Mike Easley (D) for review (ASSOCIATED PRESS).

*Upcoming Stories*

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

- The high cost states pay to attract industry
- Tracking the progress of the year's biggest legislative issues
- The stadium game: Major leagues, major costs

And many more...

— *Compiled by RICH EHISEN*

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# Once around the statehouse lightly

**W**ITH AUTHORITY: CALIFORNIA’s Fresno County — the Raisin Capital of the World — has long endured life in the the shadow of the state’s more, shall we say, cosmopolitan burghs. With no small inferiority complex to overcome, Fresno recently took a page from the Nuke LaLoosh School of Public Relations. “Announce yourself with authority” was the wild-armed pitcher’s motto in “Bull Durham.” According to the Associated Press, Fresno’s chosen instrument for announcing itself: felony charges against an 11-year-old girl for throwing a rock during a water-balloon fight. Of course, the rock in this case was no pebble but a two-pound boulder wannabe that caused stitch-inducing devastation just below the hairline of its intended victim, a neighbor boy. The dead-eye fastball had already earned her five days in juvie hall and a month under house arrest when the Fresno DA said he would add on the big ticket charges, which could have placed her in the county lock-up for up to four years. Her family — and most people with common sense — felt that punishment did not match the crime. Alas, cooler heads prevailed and a plea bargain was reached that will instead place her under six months of informal probation and have her participate in mediation with the boy and his family. The decision does little, however, to save Fresno —

venue for a soap opera send-up more than a decade ago — from reinforcing its image as the Golden State’s comic relief.

**NOT SO CAPITAL:** Speaking of inferiority complexes, consider the plight of poor Albany, NEW YORK. According to the *New York Times*, the Consolidated Laws of New York officially designate Albany as the state capital. But apparently, someone forgot to mention that factoid to some of the Empire State’s more notable officials. Gov. George Pataki, for instance, lives 100 miles away and last year visited his office in Albany about every third day. He spent just as much time in his Manhattan office. Comptroller Alan Hevesi took his act to Albany for 48 working days in 2004. He, too, spent most of his time in Manhattan. And rare was the occasion when Atty. Gen. Eliot Spitzer ventured into Albany — 32 days. Spitzer, a candidate for governor, told the *Times* that he has no plans to move out of Manhattan if he replaces Pataki in 2006. And the final insult: GOP Sen. Joe Bruno, the Legislature’s majority leader, spends a lot of time working in his Manhattan office as well, even though he hails from Rensselaer County — which is just across the Hudson River from Albany.

**BIG NAME ENTRY:** Politics in the state of ARIZONA once was dominated by the name “Goldwater.” Those were the days, some four decades ago, when Republican U.S. Sen. Barry Goldwater was one of the most recognized politicians in the country. He even ran for president in 1964, losing badly to incumbent Democrat Lyndon Johnson. The name mostly disappeared from Arizona politics after Goldwater’s death in 1998 at age 89. Barry Goldwater Jr. served for a time in the U.S. House — but from CALIFORNIA, not from the Grand Canyon State. But now, reports the *Arizona Republic*, another Goldwater politician has surfaced. Don Goldwater, a nephew of the legendary Barry Sr., has decided to run for governor in 2006 against incumbent Democrat Janet Napolitano. His platform: lower taxes and tougher efforts to curb illegal immigration. This won’t be the 50-year-old Goldwater’s maiden voyage in politics, however; he lost a three-way GOP primary for the state Senate back in 1992.

## *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: 71

Number of 2005 Intros last week: 526

Number of bills enacted/adopted last week: 451

Number of 2005 prefiles to date: 33,803

Number of 2005 Intros to date: 155,888

Number of enacted/adopted overall in 2005: 36,319

— Compiled By JAMES ROSS  
(Measures current as of 8/04/05)  
Source: State Net





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