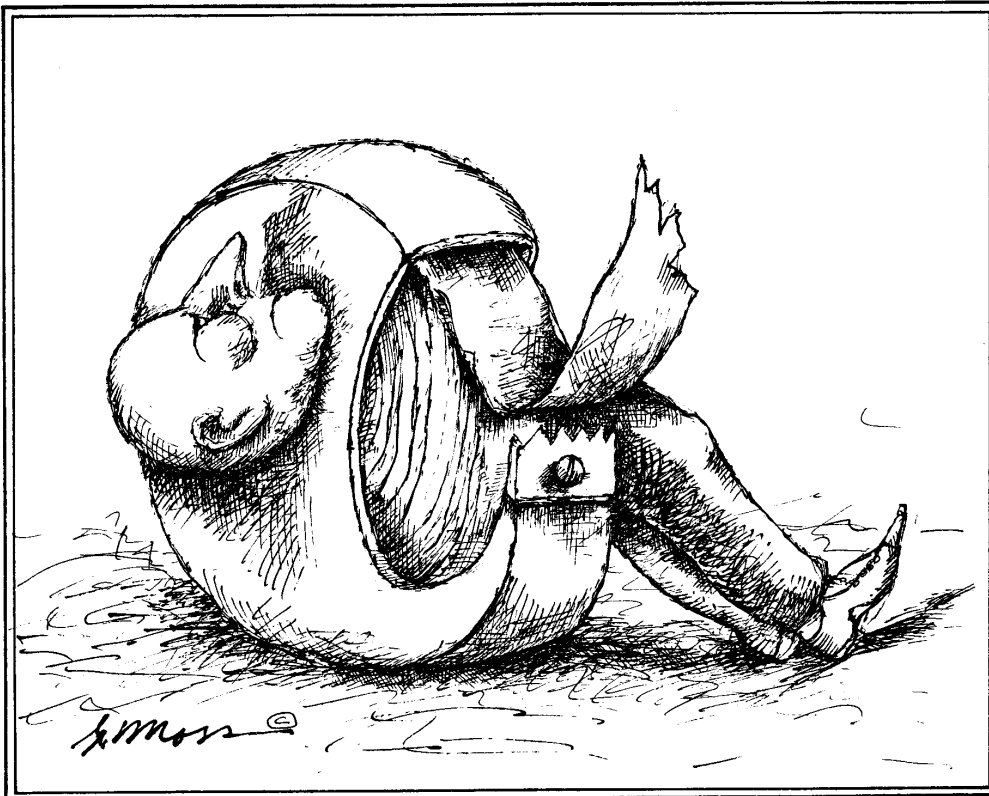


August 9, 2004

## "Terminating" Red Tape?



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### Top Story

*CALIFORNIA Gov. Arnold Schwarzenegger (R) says he has a plan to fix the state's troubled government. His detractors call it a blind power grab. Voters may soon be the final word.*

## SNCJ Spotlight

### Can Schwarzenegger Reshape CA Government?

**C**ALIFORNIA Gov. Arnold Schwarzenegger (R) came into office with a promise to "blow up the boxes" of state government. Now, less than a year later, he is looking to make good on that vow by proposing the most sweeping changes in government operations in decades. And while previous efforts to overhaul California's

bloated bureaucracy have achieved only limited success, many observers feel the current prospects for change have never been better.

Schwarzenegger's 275-member California Performance Review (CPR) team, comprised of state employees, outside consultants and top aides, released its findings last Tuesday in a 2,547-page report that encompasses virtually every segment of state government. The panel's conclusion was rather harsh: "Once the envy of the nation, today our state government fails the people of California, and it fails the men and women who have given their careers to its service."

Many of the panel's specific recommendations are aimed at making government more manageable by consolidating or eliminating state agencies, departments, boards and commissions that significantly overlap or duplicate each other. For example, the three agencies that currently handle tax collection — the Franchise Tax Board, the Board of Equalization and the Employment Development Department — would be combined into a single agency. In all, 118 of the state's 339 boards and commissions would be cut and 90 state agencies would be consolidated into 11, which would result in the elimination about 12,000 state jobs. Some of the CPR's other key proposals include letting residents renew their driver's license and apply for welfare online, joining the multistate lottery, raising the age requirement for kindergarten to 5 years or older, and requiring community service from students at public colleges and universities. The CPR's authors claim that adoption of all 1,200 of their various proposals would save the state \$32 billion over five years.

But the plan spurred criticism even before its official release last week, with several of its recommendations leaked to the media the week before. Democratic lawmakers immediately criticized the review process for being too secretive — with much of the information-gathering conducted behind closed doors and panel members bound to confidentiality agreements — and for allowing businesses with a financial stake, like Microsoft, Hewlett-Packard and EDS, too much influence at the expense of environmental and other public interest groups.

Schwarzenegger denied that claim, insisting the public would be given ample opportunity to comment in a series of hearings beginning this month. The governor also defended the panel's consultation of private interests, stating, "There are many of the corporate world that are very smart at reorganizing,

*State Recaps  
available this  
week on the  
State Net Web site*

AK, AL, CO, CT, FL, GA,  
HI, IA, ID, IL, IN, KS, KY,  
LA, MD, ME, MN, MO, MS,  
NC, NE, NH, NM, OK, RI,  
SC, SD, TN, UT, VA, VT,  
WA, WI, WV, WY

2003-04 State Session  
Recaps showcase legislative  
statistics for each state.

and we of course talked to them also because we want to get their input.”

The report also includes a listing of the corporations and lobbyists that were consulted, which some praised. But Democratic State Treasurer Phil Angelides said that without knowing specifically what each contributed, it was “like getting the player roster without a score card.” Angelides and other lawmakers contend that the lack of information about how the review team operated makes the panel’s findings suspect — including the projected \$32 billion in savings. Angelides, who is considering a run for governor in 2006, has called on Schwarzenegger to release a full record of all the meetings that were held in connection with the review, asserting that the governor “needs to keep the commitment he made last year: to do everything in the open. No decisions in the dark.”

Some critics have also characterized the plan as a power grab by Schwarzenegger, pointing to its calls for ending legislative review of gubernatorial appointments and consolidating the state bureaucracy into 11 cabinet-style departments that would report directly to the governor. Assembly Speaker Fabian Nunez (D), who has butted heads with the governor repeatedly of late, remarked, “As we review the operations of government, we need to be careful that, in the name of efficiency...we don’t put too much control in the hands of the few at the expense of the many.”

Schwarzenegger denied such claims, stating, “It has nothing to do with power at all. I think it has to do with efficiency and giving the people what they deserve.”

But some analysts warned that the massive consolidation of state agencies

could actually cost the state more in the short term by creating unwieldy “super departments” with their own efficiency problems. An official with the nonpartisan Legislative Analyst’s Office said that while consolidation might pay off in the long run, “if you are going to do it because you are in a budget crisis and you want to save money in the near term, you are probably barking up the wrong tree there.” A few also questioned particular agency reorganization proposals, such as the consolida-

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## Quote...

“We want to listen to your ideas. You don’t have to be a Sacramento insider to have your voice heard.”

**CALIFORNIA Gov. Arnold Schwarzenegger (R) touting the openness of the California Performance Review, a report he commissioned that suggests completely revamping the state’s government.**

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## ... unquote

“It was all done in a back room, with task force members signing confidentiality agreements.”

**Assemblyman Mark Leno (D) suggesting the process was not as open as the governor claims. (SAN FRANCISCO CHRONICLE)**

tion of the Air Resources Board, the Water Resources Control Board and several others into a new Department of Environmental Protection. Bill Magavern, a lobbyist with the Sierra Club said, "The air board is probably California's most effective environmental agency," adding that it has made the state the "national leader in air-quality safeguards."

Still others claimed the report contains ideas that have already been rejected in the past, such as increasing state lottery jackpots in an effort to attract more players, a proposal which failed to make it out of legislative committee this year because of resistance from the teachers' union, which fears it could end up depleting money for schools. The plan also calls for the reinstatement of a ten-year old tax break for manufacturers to purchase equipment, which was considered a failure by the Legislative Analyst's Office and allowed to expire this year.

Despite criticism, Schwarzenegger embraced the plan at last week's press conference, stating, "We will make every use of the California Performance Review to create an efficient, responsible and responsive government — a 21st century government of the future for California." The governor, however, declined to endorse any specific proposals, saying, "I have to first look at the report, and then I can comment on some of the things that I believe in or I don't believe in."

Schwarzenegger has appointed a 21-member commission that will hold five public hearings on the plan around the state, beginning Aug. 13 at U.C. Riverside. After that, the governor will have several options. One is to urge the Legislature to adopt the plan in its entirety. That prospect seems unlikely, however, given the level of criticism the plan has generated — and comments such as those of Senate President Pro Tem John Burton (D): "It isn't going to come to

## *The Week in Session*

### **States in Regular Session:**

CA, MA, MI

### **States in Special Session:** DE "c"

### **States with Projected Special Session:**

KY "a" on TBA

ME "c" on TBA

### **States in Recess:**

CA "d", CA "e", IL, NJ, NY, PA, US

### **States in Skeleton Session:** OH

### **Currently Prefiling:**

FL(Drafts for 2005)

KY(Drafts for 2005)

MT(Drafts for 2005)

NV(Drafts for 2005)

### **States Adjourned:**

AK, AL, AZ, CO, CT, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD "2003 session", MD, ME, MN, MO, MS, NC, NE, NH, NM, OK, RI, SC, SD, TN, UT, VA, VT, WA, WI, WV, WY

### **States in Special Session Adjourned:**

AK "a", AR "b", CA "a", CA "b", CA "c", CT "a", CT "b", CT "c", CT "d", DE "a", GA "a", IL "a-q", LA "a", ME "b", MS "a", MS "b", NY "a", OR "a", TX "d", UT "a", UT "c", VA "a", VA "b", WA "a", WA "b", WA "c", WI "d", WI "e", WI "f", WI "g", WV "a", WV "b", WY "a"

### **Projected Special Session**

**Adjournment:** OK "a"

Letters indicate special/extraordinary sessions

Source: State Net, 8/6/04







**BUDGETS IN BRIEF:**

**OHIO** voters rejected 77 of 103 school tax proposals last week, the highest number of property tax measures considered in an August special election in two decades. The 25-percent passage rate was also the lowest it has been in five years. School officials said they didn't believe the poor performance was purely the result of dissatisfaction with schools. As one put it, with school taxes being among the few voters are actually able to vote on, they "take out their frustration with a lot of other things on school levies."

(ASSOCIATED PRESS, AKRON BEACON JOURNAL). • Although **MAINE** repealed its "snack tax" three years ago, a commission on public health just recommended the establishment of a "fat tax" on products perceived to contribute to obesity in the state. Maine has the highest ratio of overweight and obese

people in New England, with about two-thirds of all adults falling into those categories (BANGOR DAILY NEWS). • The **NEVADA** Taxpayers Association announced last week it will sue to block the "Ax the Tax" measure from the November ballot if it is qualified by the Secretary of State, on the grounds that the petition used to solicit signatures for the proposal did not include the relevant sections of Nevada law as required by the state constitution. Nevadans for Sound Government, the group sponsoring the measure, which would repeal the \$833 million tax increase passed by lawmakers last year, expressed dismay over the fact that a group called the Nevada Taxpayers Association would take action pro-

## Bird's eye view



### States adapting to a digital world

Although well known as the home of the auto industry, **MICHIGAN** is also the most digitally-savvy state in the nation, according to a recent survey conducted by the Center for Digital Government (CDG), which tracks how states use emerging technologies. CDG chose the Wolverine State based on more than 60 measurements in four broad areas — service delivery, architecture and infrastructure, collaboration and leadership — and how states were using technology to better serve their citizens and streamline their operations. The map above shows the top 10 states in the order of their finish in the survey. Note that **COLORADO** and **NORTH CAROLINA** tied for 10th position.









**GOVERNORS IN BRIEF:** **WISCONSIN** Gov. Jim Doyle (D) announced he will eliminate 504 more vehicles from the Badger State fleet. The move is part of an ongoing effort to reduce the total number of state-owned cars and trucks back to 1994 levels. It also brings to 1,073 the total number of vehicles cut from the state fleet, almost 15 percent of the 7,228 the state owned in February of this year. The first 54 vehicles from the list went on the auction block last week. With an average price tag of \$4,000, the soon-to-be-gone vehicles could bring the state \$4.3 million (MILWAUKEE JOURNAL-SENTINEL). • A new Quinnipiac University poll shows that **NEW JERSEY** Gov. James E. McGreevey’s approval rating has fallen to 38 percent, a drop of seven percentage points in the past two months. The drop marks a sharp reversal of recent increases in the governor’s popularity. The decline is blamed on recent scandals involving McGreevey’s associates (PHILADELPHIA INQUIRER). • Gov. Olene S. Walker (R) declared **UTAH** to be in a state of agricultural disaster brought on by six years of drought. Walker also requested federal relief for impacted farmers in a letter to U.S. Secy. Of Agriculture Ann Veneman (SALT LAKE TRIBUNE). • **COLORADO** Gov. Bill Owens (R) vowed to fight a ballot measure that would do away with the Centennial State’s winner-take-all-system of casting electoral college votes for president. Owen called the petition a “patently political attempt to win the vote for John Kerry.” (ROCKY MOUNTAIN NEWS).

— *Compiled by RICH EHISEN*

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## Hot Issues

**B** **USINESS:** The **MICHIGAN** Supreme Court overturns its own landmark 1981 decision and decides to sharply restrict governments from using the power of eminent domain to seize private land to give to other private users. Many cities and counties have used the Court’s previous support of land seizures as a way to obtain blighted land for redevelopment. The original decision 23 years ago allowed the city of Detroit to take over thousands of homes, churches and private businesses on the city’s east side so General Motors Corporation could build a new auto factory (DETROIT FREE PRESS). • **NEW YORK** Gov. George Pataki (R) vetoes legislation that would have raised the Empire State minimum wage from \$5.15 to \$7.15 per hour. Pataki said the bill would cost the state too many jobs (NEW YORK TIMES). • The **CALIFORNIA** Supreme Court rules that any wine labeled as coming from the Napa Valley must be made from at least 75 percent Napa-grown grapes. The ruling upholds a 2000 law that closed a

loophole in similar federal regulation that exempted brands established prior to 1986 (SAN FRANCISCO CHRONICLE).

**CRIME & PUNISHMENT:** The MASSACHUSETTS Supreme Judicial Court unanimously agrees to allow the names, addresses and photographs of the Bay State's most dangerous known sex offenders to be placed on the Internet. The ruling makes Massachusetts the 43rd state to list such information on law enforcement Web sites. The postings will be limited to Level 3 offenders, those persons the state Sex Offender Registry Board deems to be the most likely to commit more sex crimes (BOSTON GLOBE).

**EDUCATION:** Education officials in ALASKA agree to allow disabled students to use dictionaries and computerized spell-checkers when taking the state's mandatory graduation exam. The agreement, which still requires court approval, would end one of many currently pending legal challenges to the high school exit exams (NEW YORK TIMES). • A federal appeals court rules that WASHINGTON schools which use race as a tie-breaker when assigning students to public schools violate the students' constitutional right of equal protection. The appeals court cited a 2003 U.S. Supreme Court decision involving the University of MICHIGAN that said admissions policies that use race may only be employed after considering race-neutral alternatives (SEATTLE TIMES).

**ENVIRONMENT:** The ALASKA Supreme Court upholds a lower court's 2002 decision that blocked special protection for Cook's Inlet beluga whales under the state's Endangered Species Act. The high court's decision does not address whether the whales are actually endangered, but only whether the state used rational judgement in deciding not to protect the mammals (SEATTLE POST-INTELLIGENCER). • A federal court rejects a request from UTAH officials to bar the Skull Valley Goshute Indian tribe from entering into a partnership with a private firm to store thousands of tons of nuclear waste on reservation lands. A spokesperson for Gov. Olene S. Walker said the state will appeal the decision (SALT LAKE TRIBUNE).

## *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 prefiles/intros this week:** 369
- **Number of prefiles/intros overall in 2004:** 117,618
- **Number of bills enacted/adopted this week:** 217
- **Number enacted/adopted overall in 2004:** 23,635
- **Total number of measures in State Net database:** 186,599

— Compiled By GINA HUMMELL  
(2003-04 data current as of 7/30/04  
Source: State Net)



from hospitals and nuke power plants because, according to The Associated Press, it means jobs and a boost to the local economy. Among the states being courted are NEBRASKA, OKLAHOMA, KANSAS, LOUISIANA and ARKANSAS.

**TAKE IT OFF.** The governor of HAWAII has fired a broadside in the general direction of R.J. Reynolds — the giant, NORTH CAROLINA-based tobacco company. Seems that Reynolds has issued a new pineapple-and-coconut flavored cigarette for its Camel brand and called it “Kauai Kolada.” That, reports The Associated Press, was unacceptable to Gov. Linda Lingle, who asked that the tobacco company remove the name “Kauai” and stop using a hula girl to promote its new product. The association with Hawaii, sniffed Lingle, is offensive.

**TOOK OFF.** No one knows quite what happened, including the Democrats who funded him, but the Democratic candidate in CALIFORNIA’s 63rd Assembly District has disappeared — if he ever existed at all. According to the *San Bernardino Sun* and *California Journal* magazine, D’Andre McNamee, who ran unopposed for the Democratic nomination during the March primary, recently bowed out of the race by issuing a statement that “family and business concerns” forced him to stop his candidacy. The statement was not issued by McNamee, however, but by someone claiming to be a friend. More to the point, McNamee has failed to respond to many attempts to contact him over the past few months, and neither he nor his company is listed in what his candidacy papers claimed was his hometown of Upland. A spokesman for legislative Democrats, who keep close tabs on the candidates who run under their banner, had never heard of McNamee. In the end, it doesn’t matter. The 63rd District, located in the heart of California’s Inland Empire, is rock-solid Republican.

**GOOD COP. BAD COP. ME.** The usual technique is for two people to work over the suspect — one to threaten, the other to cajole. But CALIFORNIA Gov. Arnold Schwarzenegger, a Republican, has developed a new twist when it comes to dealing with the Democrat-dominated Legislature. He’s both the good cop *and* the bad cop. On one hand, the governor goes out of his way to praise lawmakers as his “partners,” and to sing the virtues of bipartisan cooperation. At other times, as *California Journal* reports, Schwarzenegger gives speeches like one last week to a local government conference, where he bashed the Legislature as “spending addicts who need outside intervention, and I am that intervention. They need to wind down.”

**NO LAUGHING MATTER.** More than one comedian has centered his or her routine on a case of the hiccups. But PENNSYLVANIA state Rep. Larry Roberts sees no humor in the hiccups these days. As the *Pittsburgh Post-Gazette* reports,



Roberts has spent nearly three weeks in the hospital with a case of — yep — hiccups. Roberts has what is known as “persistent hiccups,” which is a bout that lasts more than 48 hours. If it continues for another few weeks without a cure, Roberts will be suffering from “intractable hiccups.” He’s been hospitalized for tests to determine a cause, which is the only way to develop a cure. According to an aide, Roberts’ constituents are trying to help by suggesting cures. The latest: drinking water with a pencil between his teeth.

— *By A.G. BLOCK*

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State Net Capitol Journal is published weekly  
and delivered over the web or e-mail.

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