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For a few dollars more



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## Top Story

*CALIFORNIA dominates the world's film industry, but many states are offering up millions in tax breaks in order to carve out their own hefty slice of the \$48 billion movie pie.*

## SNCJ Spotlight

### States use big bucks to lure Hollywood

**T**here was a time when making a movie meant being in CALIFORNIA. Sound stages provided almost any backdrop, and if not, there was always a ready abundance of differing locales — mountains, ocean, or desert — just a short drive away from Hollywood's back door. But these days, film and television production is

increasingly happening far away from the glitz of Tinseltown as aggressive states offer studios huge financial incentives in an effort to drag more of the \$48 billion-a-year movie business away from the Golden State.

LOUISIANA, NEW MEXICO, ILLINOIS, NORTH CAROLINA, OKLAHOMA, FLORIDA, MISSOURI, MISSISSIPPI and PENNSYLVANIA are among states that have in recent years taken to offering Hollywood significant financial incentives to move productions to their state. Of these, Louisiana has what Lisa Miele, Vice-President of State Tax Policy for the Motion Picture Association of America (MPAA), called the “granddaddy of them all, the crème de la crème” of incentive programs. The Pelican State offers a host of wage-based tax incentives, including a 20 percent employment tax credit if the studio’s in-state payroll exceeds \$1 million. It also gives numerous point-of-sale tax exemptions on a broad range of production expenditures, from film stock to editing costs.

Louisiana is far from the only state to pony up such generous offers. Most also grant hotel tax exemptions for stays of a month or more, with MAINE refunding the tax after a stay of 28 days. North Carolina drops its sales and use tax rate to 1 percent for film companies, while New Mexico offers either a full sales tax exemption on all production and postproduction costs or a 15 percent refundable tax credit on all in-state expenses. Pennsylvania Gov. Ed Rendell (D) recently raised the bar even higher when he signed HB 147, which gives studios that have incurred at least 60 percent of their total production costs in-state a 20 percent tax credit on those expenses.

Several more states, including ALABAMA, GEORGIA, IOWA, MINNESOTA, NEBRASKA, and NEW YORK, are also jockeying to get in line, with bills pending that would establish similar tax incentive programs. These vary greatly in scope, from Alabama’s HB 516, which would allow individuals to take a tax credit for investing in a film project approved by the state’s film office, to New York’s SB 3754, which would exempt film companies from paying taxes on rental vehicles while working on production in the Empire State.

If this sounds like movie studios are telling anxious states to “Show me the money,” it is because they are. Lisa Rawlins, a Senior Vice-President for Warner Brothers Entertainment in Los Angeles, made that point clear for a collection of lawmakers at the National Conference of State Legislatures annual meeting in Salt Lake City in July. In encouraging production incentives as an

*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.

economic development tool, Rawlins noted that the bottom line is always the final consideration. Rawlins acknowledged that multiple factors, such as weather and infrastructure also play a part, but she also made it clear that states serious about gaining Hollywood's favor need to be prepared to cut studios a tax break of at least 15 percent.

"Studios always spend millions of dollars on location," Rawlins told lawmakers, "At 15 percent the studio will take a long, hard look at your state."

While that might make some cash-poor states edgy, Rawlins pointed out that most incentive deals are similar to New Mexico's, which requires the studio to spend a significant amount of money in the state before any breaks are realized. HAWAII, for example, requires movie makers to spend at least \$2 million for a motion picture or \$750,000 for a television show to earn a 4 percent income tax credit. ARKANSAS demands that studios spend at least \$500,000 to get any tax refunds.

Rawlins also noted that incentives ensure projects get done. "New Mexico incentives kick in because we are using New Mexico services, which can bring the cost down enough to do the project," she said. "Otherwise, it often won't get made at all."

While they are giving up a lot, state film commissioners say states still come out ahead.

"The filming of 'Thelma and Louise' in Moab meant 30,000 hotel room nights alone," said Leigh von der Esch, Executive Director of the UTAH Film Commission, adding that the 1991 film's immense popularity at the box office sparked a 23 percent increase in Utah tourism. More than 600 films have been shot there over the years, and von der Esch said movie and TV production in Utah results in around \$116 million in annual economic benefit.

While those numbers are nothing to disregard, no state's film-based revenue is even close to California, which derives around \$30 billion in economic activity every year from movies and television. While many states are clearly looking to take away a slice of California's movie pie, Sharon Pinkenson, executive director of the Philadelphia Film Office, said she is not trying to be competitive with California.

"As far as we're concerned, California is the home of the United States film industry," she said. "My real goal is to be competitive with Toronto."

Utah's von der Esch identifies with that view, noting that a recent TV movie about Elizabeth Smart, the young Salt Lake City girl who was kidnapped and held for nine months before being rescued in 2003, was shot in Nova Scotia because it cost the film company \$250,000 less to shoot there than in Utah.

"Everybody here knows Nova Scotia doesn't look anything like Salt Lake

City,” she said. “But the production company doesn’t care about that. They only know it cost them \$250,000 less to film there than it would have to film here.”

But being competitive with America’s neighbor to the north is easier said than done. The Ontario province, for instance, offers film studios even more generous tax breaks — up to 50 percent on labor costs — and a currency conversion rate that automatically makes a U.S. dollar 30 percent more valuable the minute it crosses the border. It is a combination that makes shooting in Canada far more lucrative for studios than virtually any U.S. site, leading to an ongoing northbound movement which has led to an economic drain that a 2001 U.S. Department of Commerce report pegged to be in the \$10 billion range.

Hollywood has been pressuring Congress to address this “runaway production” for years, with little success. But that could change soon as the Senate and House are trying to reconcile two different measures designed to address U.S. job loss, S 1637, the Senate’s Jumpstart Our Business Strength (JOBS) Act and HR 2896, the House American Jobs Creation Act of 2004. The JOBS Act would allow studios to write off all production costs for films that are at least 75-percent shot in the United States. In July, California Gov. Arnold Schwarzenegger (R) — who knows a thing or two about the movie business — joined forces with three of his Republican contemporaries, Florida Gov. Jeb Bush, New York Gov. George Pataki and TEXAS Gov. Rick Perry, to lobby members of a joint House/Senate conference committee scheduled to hammer out a final bill in September. The “Big Four” signed a joint letter urging Congressional leaders to keep the runaway production provision in the final bill.

## *The Week in Session*

States in Regular Session:  
CA, MA, NY

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, MI, NJ, 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)  
VA(Drafts for 2005)

States Adjourned:  
AK, AL, AZ, CO, CT, DE, FL, GA, HI, IA, ID, 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, 8/13/04

Utah's von der Esch says she supports the federal bill, but thinks states also need to do more to make production a truly local thing. Von der Esch says that for the nine years CBS filmed the show "Touched By an Angel" in Utah, "At least 70-80 percent of the names on the credits were Utahans."

"For any state to have its film industry be considered legitimate, then it must have more local hires," she said.

California Film Commission director Amy Lemisch says all of the foreign and domestic competition adds up to a definite impact on her state's economy.

"California generated 33.9 billion in film, TV, and commercial production in 2001 and directly employed 241,000 workers," Lemisch said. "Losing just 1 percent of that business to another state or country would mean losing \$340 million in economic activity."

But California lawmakers have never favored wage-based tax incentives such as those being given by New Mexico and Louisiana, something Lemisch blames on the sheer volume of the state's entertainment industry.

"It doesn't cost much to fund rebates for six movies," Lemisch says. "But we shoot 240 films a year in this state, which makes a 15 percent wage-based tax rebate much more difficult to support."

Lemisch says the state needs to take quick action to preserve film industry jobs regardless of what Congress does.

"California accounts for 70% of total revenues and 60% of the total entertainment employment nationwide. The film industry puts \$50,000 a day into the state economy. We are very, very important to the whole state, not just the people who work in the industry," Lemisch says. "Our challenge is to develop innovative ways to incentivise production in California, given the larger scale on which we are operating."



— By RICH EHISEN



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# Politics & Leadership

**E**ARTH IS SHAKING IN CALIFORNIA: A Field Poll released last Monday shows that while CALIFORNIA Gov. Arnold Schwarzenegger's (R) approval rating is back up to 65 percent after slipping several points during last month's budget standoff, voters oppose his idea of making the Legislature a part-time body by a fairly wide margin — 52 percent to 33 percent. Commenting on the results, survey director Mark DiCamillo said, "It's not a well-received idea," adding that "the public understands the magnitude of the task of trying to run this state, and to make it a part-time Legislature is seen as making it a state like WYOMING."

Schwarzenegger backed off the issue during an appearance last Friday on "The Tonight Show," calling it "just an idea, not to be taken too seriously." The governor's comments came only days after an independent initiative drive for a part-time Legislature was announced by anti-tax advocate Ted Costa, the man who led the effort to recall former Gov. Gray Davis.

California voters are considerably more enthusiastic about the governor's plan to overhaul the state bureaucracy, according to a second Field Poll released last week. The poll showed that 74 percent of registered voters thought the California Performance Review plan released a couple of weeks ago was a good idea because the state's government "is in need of a major overhaul." However, voters oppose some of the plan's specific proposals, such as eliminating county boards of education and the state community college board to give the Governor's Office more control over education policy. In fact, 51 percent of poll respondents agreed with the statement that the overhaul plan was a bad idea because "it consolidates too much power in the hands of fewer people in the executive branch."

The survey results will likely only further embolden Schwarzenegger on the issue. The governor indicated in an interview last week that he intends to sidestep the Legislature to enact some of the provisions of the plan. "Some things will not be passed by the legislators, so I will make a laundry list and put it on the ballot," he said.

In other California-related news, voters in San Francisco will try something fairly unorthodox this November: choosing more than one candidate for the same office. In races for citywide office, voters will select a first, second and third choice. If no candidate garners 50 percent of the vote after the first choices are counted, the candidate with the least number of votes will be eliminated and the second choice votes will be added to the remaining candidates' tallies. The pro-



the measure as signs of things to come. As many as 11 states will consider the issue in November, including four swing states in the presidential race: **ARKANSAS, MICHIGAN, OHIO** and **OREGON** (NEW YORK TIMES). • Conservative political candidates won 24 of the 35 House seats up for grabs in **KANSAS'** primary election Aug. 4, including two seats held by moderate representatives who supported a tax increase earlier this year. But moderate Republicans retained control of the Senate, defeating conservative candidates in 11 of the 20 Senate races (KANSAS CITY STAR).

**SINE DIE:** During their 2003-04 session, **WISCONSIN** legislators made significant progress in cutting the state's \$3.2 billion budget deficit, without raising taxes. But they spent the rest of their time sparring with Gov. Jim Doyle (D) over divisive social issues, like gay marriage, concealed weapons and property taxes. Republicans, who control the Legislature, sent bills on each of those issues to Doyle, who vetoed them and then relied on his fellow Democrats to prevent overrides, which they managed to do — by one vote margins in two cases. But the governor and lawmakers did come together on a few things, including a package of economic incentives for Wisconsin businesses and a measure lowering the blood alcohol level for drunken driving from .10 to .08 (MILWAUKEE JOURNAL-SENTINEL).

**POLITICS IN BRIEF:** A pair of initiatives that would have given **NEVADA** voters the opportunity to repeal last year's \$833 million tax increase package and bar government workers from serving in the Legislature have failed to gather enough signatures to qualify for the November ballot. However, because the petition for the tax measure included more than 90 percent of the number of valid signatures required — 49,207 of the minimum 51,337 needed — the signatures will be recounted. But tougher restrictions for the public employee initiative — because it is a constitutional amendment — preclude that action in its case (LAS VEGAS REVIEW-JOURNAL). • A homegrown **HAWAIIAN** self-governance movement is gathering speed, thanks in part to a bill seeking federal recognition of Native Hawaiians. The bill was amended earlier this year to provide for the creation of a registry of Native Hawaiians. But local leaders, believing that job should not be left to federal appointees, have stepped up efforts to establish their own registry, doubling the number of enrollees in the last month, to about 10,000 (HONOLULU ADVERTISER). • **RHODE ISLAND** House Speaker William J. Murphy (D) removed Rene Menard (D) from his post as whip last week, after Menard told him he planned to run for House Majority Leader against Murphy's



second-in-command, Rep Gordon D. Fox (D). Murphy also ordered former House Speaker John B. Harwood (D), who's expressed interest in getting his old job back, to move out of his State House office. The developments are in keeping with an ongoing leadership struggle in the chamber which produced a few minor voting rebellions on the state budget and has led some observers to speculate about the firmness of Murphy's control over the membership (PROVIDENCE JOURNAL).

— *Compiled by KOREY CLARK*

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# Across state lines

## *Statehouse Gender Gap?*

**A**fter years of steady gains, the number of female lawmakers in state legislatures has leveled off, according to statistics from the Center for American Women and Politics (CAWP) at Rutgers University in NEW JERSEY.

Women hold 1,661 of the 7,382, or 22.5 percent, of state legislative seats, a four-fold increase since 1971. But while the number of women in statehouses grew steadily between that year and 1999, there has been no significant rise since then, holding between 22.4 and 22.7 percent for the last six years.

WASHINGTON leads all states, with 36.7 percent of its Legislature comprised of women, with COLORADO (34.0) close behind. In contrast, only 16 of 170 SOUTH CAROLINA lawmakers are female, just 9.4 percent. ALABAMA and KENTUCKY claim just 10.0 percent and 10.0 percent respectively.

The chart below shows the number and percentage of female lawmakers in each statehouse. To learn more, please visit the CAWP Web site at <http://www.rci.rutgers.edu/~cawp/index.html>

### Women in State Legislatures 2004

State	Rank	Total Women/ Total Senate	Total Women/ Total House	% Women Overall
Alabama	49	3/35	11/105	10.0
Alaska	32	4/20	8/40	20.0
Arizona	13	8/30	17/60	27.8
Arkansas	41	7/35	15/100	16.3
California	5	11/40	25/80	30.0
Colorado	2	10/35	24/65	34.0
Connecticut	7	8/36	47/151	29.4
Delaware	8	7/21	11/41	29.0
Florida	21	10/40	30/120	25.0
Georgia	26	13/56	38/180	21.6
Hawaii	15	7/25	14/51	27.6
Idaho	19	4/35	24/70	26.7
Illinois	14	12/59	37/118	27.7
Indiana	36	13/50	14/100	18.0
Iowa	27	7/50	25/100	21.3
Kansas	12	10/40	36/125	27.9
Kentucky	48	4/38	11/100	10.9
Louisiana	39	6/39	18/105	16.7
Maine	18	13/35	37/151	26.9
Maryland	3	15/47	48/141	33.5
Massachusetts	20	11/40	40/160	25.5
Michigan	23	11/38	24/110	23.6
Minnesota	17	23/67	32/134	27.4
Mississippi	47	4/52	18/122	12.6
Missouri	28	7/34	35/163	21.3
Montana	22	8/50	29/100	24.7
Nebraska	35	unicameral	9/49	18.4
Nevada	10	7/21	11/42	28.6
New Hampshire	16	4/24	113/400	27.6
New Jersey	43	6/40	13/80	15.8
New Mexico	6	12/42	21/70	29.5
New York	24	11/62	37/150	22.6
North Carolina	30	7/50	29/120	21.2
North Dakota	40	5/47	18/94	16.3
Ohio	29	4/33	24/99	21.2
Oklahoma	46	8/48	11/101	12.8
Oregon	9	7/30	19/60	28.9
Pennsylvania	45	8/50	28/203	14.2
Rhode Island	31	9/38	14/75	20.4
South Carolina	50	2/46	14/124	9.4
South Dakota	42	4/35	13/70	16.2
Tennessee	38	5/33	18/99	17.4
Texas	33	4/31	31/150	19.3
Utah	25	5/29	18/75	22.1
Vermont	4	9/30	47/150	31.1
Virginia	44	8/40	12/100	14.3
Washington	1	23/49	31/98	36.7
W Virginia	34	5/34	20/100	18.7
Wisconsin	11	9/33	28/99	28.0
Wyoming	37	5/30	11/60	17.8

Source: Center for American Women and Politics

Notes: Nebraska has a non-partisan, unicameral Legislature. Some states are rounded to the same percentage but are ranked differently.

# Budget & taxes

**C**ONGRESS ARMS STATES FOR TAX FRAUD FIGHT: Last month, Congress passed a bill that could be a boon for states struggling to control unemployment tax fraud. The bill — HR 3463 — closes a loophole that allows businesses to avoid paying their fair share in unemployment taxes through the use of a process called SUTA dumping. The practice involves setting up a new corporation or acquiring another company and paying unemployment taxes at the new company's lower tax rate. Officials in CALIFORNIA say they've identified 29 companies with payrolls ranging from \$10 million to \$1.6 billion whose SUTA (an acronym for State Unemployment Tax Acts) dumping has cost the state \$100 million per year. And the Congressional Budget Office estimates that the SUTA Dumping Prevention Act could save states — and the small businesses that cover the tab for SUTA dumpers — \$498 million over the next five years. While a handful of states — ARKANSAS, MAINE, NORTH CAROLINA and WASHINGTON — passed legislation last year imposing fines for the manipulation of unemployment tax rates, officials in most states have said their laws are inadequate to deal with the problem. The federal bill is awaiting President George W. Bush's signature. (STATELINE.ORG)

**NY FINALLY PASSES A BUDGET:** The longest budget stalemate in NEW YORK history finally ended last Tuesday with the passage of a \$101.3 billion spending plan, \$1.2 billion more than Gov. George Pataki (R) wanted. Most lawmakers said the end of the record-setting standoff was greatly enhanced by the previous day's approval of a bill that increases education spending across the board, including \$300 million for New York City, although critics say that bill provides far less than Gov. George E. Pataki (R), the Senate or the Assembly had proposed in their individual education plans earlier this year. They say it also fails to correct the state's flawed education funding system, which will now be handled by the courts this fall. But observers pointed out one major positive about the bill: it freed up lawmakers to finish work on the budget. The Legislature was able to bypass the normal three-day waiting period on voting on the budget after Gov. Pataki issued a "message of necessity" on the vote. (NEW YORK TIMES)

**MD HOUSE SENDS GOV SLOTS BILL:** MARYLAND's House of Delegates sent a bill legalizing slot machines to Gov. Robert L. Ehrlich Jr. last week. As drafted, the plan would allow 13,500 machines to be installed at six locations

in the state, with licenses awarded through competitive bidding. But House leaders said they were open to negotiating all of the details of the plan — except for one: a proposed referendum on gambling this fall. House Speaker Michael E. Busch (D) has asked the governor for a response to the House plan by Aug. 15, with the deadline for putting a measure on the Nov. ballot early next month (BALTIMORE SUN).

**BUDGETS IN BRIEF: NEW JERSEY** has increased taxes more than any other state except **NEW YORK** in the last two years, and leads the nation outright on a per-capita basis, according to data collected by the National Association of State Budget Officers. The \$3.6 billion — \$417-per-person — increase since Gov. James E. McGreevey (D) took office in 2002, is sure to become a major issue in next year’s gubernatorial race. (STAR-LEDGER [NEWARK]). • Three **KENTUCKY**

legislators asked the Court of Appeals last week to order Gov. Ernie Fletcher (R) to call the General Assembly into special session to enact a budget. The trio contend that the spending plan adopted by the governor after lawmakers failed to pass a budget during the regular session is unconstitutional. Their motion was denied by a Circuit Court last month (COURIER-JOURNAL [LOUISVILLE]). • **TEXAS** school districts returned to court last week to contest the state’s “Robin Hood” school financing system, nearly a decade after the last courtroom battle over the issue ended. Observers say the difference this time is that poor and wealthy districts are united in opposition to the funding scheme. The trial is expected to last at least six weeks (DALLAS MORNING NEWS). • **NORTH DAKOTA** took in \$1.43 million from its state lottery in its first year of operation — five times what state officials had expected, and as much as they’d hoped to make by the end of the second year. And that figure is actually their net, after covering all of their startup costs and paying \$140,000 into the state’s Compulsive Gambling Prevention and Treatment Fund (FORUM [FARGO]).

## *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:** **286**
- **Number of prefiles/intros overall in 2004:** **117,904**
- **Number of bills enacted/adopted this week:** **211**
- **Number enacted/adopted overall in 2004:** **23,846**
- **Total number of measures in State Net database:** **186,885**

— Compiled By GINA HUMMELL  
(2003-04 data current as of 8/6/04  
Source: State Net)

— *Compiled by KOREY CLARK*

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# Governors

**M**CCGREEVEY RESIGNATION ENDS SHORT, TROUBLED TENURE: The sudden resignation of NEW JERSEY Gov. James E. McGreevey (D) last week signaled an end to what has increasingly become an administration marked by lurid scandals and controversy. But the circumstances surrounding the resignation — McGreevey’s declaration that he was gay and had engaged in an affair with another man — was shocking even by those standards. McGreevey, who is the father of two children, was accompanied at the announcement by his wife. He called his affair “wrong,” “foolish” and “inexcusable” and said he would step down on Nov. 15 because his situation — both his sexuality and the affair — makes the governor’s office “vulnerable to rumors, false allegations and threats of disclosure.”

It apparently also made McGreevey vulnerable to extortion. A high-ranking administration official said that the man McGreevey was involved with, alleged to be Golan Cipel, an Israeli citizen who resigned two years ago as the governor’s homeland security adviser amid questions about his qualifications for the position, demanded “an exorbitant sum of money to make it go away.” Cipel is also expected to file a sexual harassment suit against McGreevey that seeks \$5 million in damages.

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## ... unquote

“It is a very sad to thing to watch. It is kind of stunning, sad to me that in 2004 people are still having to struggle because of homophobia in society to come to terms with who they are.”

—**Gay activist Kevin Cathcart, executive director of Lambda Legal, commenting on McGreevey’s resignation.**  
**(ASSOCIATED PRESS)**

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## Quote...

“Given the circumstances surrounding the affair and its likely impact upon my family and my ability to govern, I have decided the right course of action is to resign.”

— **NEW JERSEY Gov. James E. McGreevey (D) announcing his resignation after revealing he had been involved in a homosexual affair.**

McGreevey’s tenure has been dogged by poor approval ratings and numerous scandals, including recent accusations that his biggest campaign contributor had tried to thwart a federal campaign-finance investigation by luring a grand jury witness, who also happened to be his brother-in-law, into a compromising position with a prostitute. During his 2 1/2 years in office McGreevey seemed to be able to make just about everyone mad at him — anti-tax conservatives who never forgot or forgave his support of a \$2.8 billion tax hike while serving in the Legislature; religious leaders who were incensed over his support of embry-

onic stem cell research, same-sex unions and abortion; and environmentalists who accused him of not doing enough to quell urban sprawl in the nation's most densely populated state.

Republicans also howled over McGreevey's chosen date to leave office. If he were to step down before Nov. 15, the state could have held a special gubernatorial election to name his successor because New Jersey currently has no Lt. Governor. By waiting until after Nov. 15, Senate President Richard J. Codey (D) automatically succeeds McGreevey and will serve out the rest of his term, which expires in early 2006. Joe Kyrillos, chairman of the New Jersey Republican State Committee, called McGreevey's action a ploy to preserve Democratic control of the governor's office and said the governor should "do the right thing and step aside now." Kyrillos later said that, "This decision is bigger than Jim McGreevey. It transcends one person, one governor. It's a much bigger issue. This is something that impacts everyone in the state of New Jersey." Former Gov. Christie Whitman also chimed in, saying the delay "smacks of politics." The announcement also set off speculation that U.S. Sen. Jon Corzine (D) will run to replace McGreevey in 2006.

McGreevey made no announcements regarding the future of his marriage or plans once he leaves office, but Codey echoed the sentiments of many state and national Democrats. "My heart goes out to Jim McGreevey and his family during this difficult personal time," Codey said. "Jim McGreevey is a good person and good friend and today's events sadden me."

McGreevey becomes the second governor in as many months to resign, following CONNECTICUT Gov. John G. Rowland, who stepped down under pressure of impeachment in June. (WNBC.COM, NEW YORK TIMES, ASSOCIATED PRESS, ABC NEWS, NEWARK STAR LEDGER, TRENTON TIMES, REUTERS)

**JOHANNIS WANTS ALLIANCE TO FIGHT TERROR:** NEBRASKA Gov. Mike Johanns (R) announced that his state will lead a 10-state coalition in developing the nation's first multistate bioterrorism response plan. Johanns said the plan would also help states to deal with other common public health issues, such as the West Nile virus or flu outbreaks. Key parts of any agreement would include sharing qualified health workers, laboratory space and communications, with the goal of developing a working protocol and set of laws that could eventually be adopted nationally. Johanns says federal money will be used to work on the plan, which he wants to have completed before his term ends in 2007. The other states involved are IOWA, KANSAS, MISSOURI, NORTH DAKOTA, SOUTH DAKOTA, WYOMING, COLORADO, UTAH, and MONTANA. (LAWRENCE JOURNAL STAR).

— *Compiled by RICH EHISEN*

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# Hot Issues

**B** **USINESS:** An **INDIANA** court disallows a new Hoosier State rule that says bingo halls with incomes in excess of \$500,000 must give 10 percent of their earnings to charity. The court says the state did not follow the proper steps in applying the regulations (**JOURNAL AND COURIER [LAFAYETTE]**). • **MASSACHUSETTS** Gov. Mitt Romney (R) signs legislation that requires consumers receive credit counseling before they close on a high-interest home loan. The bill defines a high interest loan as a first mortgage with an annual interest rate above 8 percent (**BOSTON GLOBE**). • The **CALIFORNIA** Senate approves AB 2317, a bill that would significantly increase financial penalties levied on employers who pay women lower wages than men for comparable work. The bill returns to the Assembly (**SAN DIEGO UNION TRIBUNE**).

**CRIME & PUNISHMENT:** The **NEW JERSEY** Supreme Court rules that in “limited circumstances” defendants may present evidence that an accuser falsely made similar charges against someone else in the past. The court’s unanimous ruling says defendants have the right to challenge their accuser’s credibility (**NEWARK STAR-LEDGER**). • **FLORIDA** Gov. Jeb Bush (R) eliminates a program that used ankle bracelets to monitor more than 8,600 juveniles under house arrest. Bush says the cuts are designed to save the Sunshine State \$2.2 million per year (**ST. PETERSBURG TIMES**). • A Federal appeals court rules that **FLORIDA**’s death row is not too hot and therefore does not violate the U.S. Constitution’s guarantee against cruel and unusual punishment. The ruling was in response to a class-action suit that claimed the summer temperature in the state’s death row regularly reaches 110 degrees (**ST. PETERSBURG TIMES**). • **CALIFORNIA** Gov. Arnold Schwarzenegger (R) signs AB 493, which requires sexually violent predators to be released from prison into the county where they last lived. The bill also bars officials from moving the released person solely because of community outrage (**SACRAMENTO BEE**). • **ALASKA** officials say they will remove certain convicted sex offenders from the state’s sex offender registry because their convictions were set aside years ago. The decision is expected to affect about 75 offenders (**ANCHORAGE DAILY NEWS**).

**EDUCATION:** Officials in **PENNSYLVANIA** say they will not challenge a legal ruling that gave the go-ahead for paid alcohol advertisements in college news-

papers. A federal court ruled last month that barring such ads was unconstitutional (PITTSBURGH POST-GAZETTE). • **ILLINOIS** Gov. Rod Blagojevich (D) signs legislation that requires all Prairie State colleges and universities to install fire sprinklers in dormitories by 2013. The new measure also provides low-interest loans to schools that can't afford the upgrade (QUAD CITY TIMES). • The **NEW JERSEY** Supreme Court rules that a school district may not withdraw from a regional high school if it would incite a racial imbalance in that school. The court's ruling says the Garden State has far too many minority students attending schools with few, if any, white classmates (NEWARK STAR-LEDGER). • Education officials in **CALIFORNIA** agree to improve conditions in the Golden State's 2,400 worst-performing schools. The agreement settles a four-year-old class-action lawsuit brought by the American Civil Liberties Union that accused the state of providing the mostly inner-city schools with outdated textbooks, unqualified teachers and decaying facilities (SAN DIEGO UNION TRIBUNE).

**ENVIRONMENT:** DMV officials in **CONNECTICUT** delay restarting the state's vehicle emissions testing program because bugs in the software used in the testing have not been cleared. Software problems originally forced the state to shut down the program in April. It is the second such delay in getting the program up and running, which was supposed to be back online in June (HARTFORD COURANT). • **MASSACHUSETTS** Gov. Mitt Romney (R) signs legislation that will allow developers to build on wetlands without restoring them elsewhere. They will instead be allowed to purchase a credit from a bank or organization that has already restored a wetland area in another location (BOSTON GLOBE).

**HEALTH:** A **CALIFORNIA** Senate committee approves AB 2451, a bill that would establish a significantly lower threshold for removing lead-contaminated candy from store shelves. AB 2451 would set a benchmark of .02 parts per million, a dramatic drop from the current standard of .05 parts per million. It moves to another committee (ORANGE COUNTY REGISTER).

**SOCIAL POLICY:** The **CALIFORNIA** Supreme Court nulls more than 4,000 same-sex marriages performed in San Francisco last winter. The Court said the marriages violate state law, and that city officials overstepped their authority in performing the ceremonies (REUTERS). • **WASHINGTON** child welfare officials announce they will restructure the state's foster child system, including adding an independent oversight panel to oversee the reforms. The decision was made to bring about an end to a six-year-old lawsuit that claimed the current system was harmful to



foster kids. Included in the reforms was an agreement to reduce the number of times a foster child is moved and increased efforts to keep brothers and sisters together when they are removed from a home (SEATTLE POST-INTELLIGENCER).

**POTPOURRI:** The **NEW JERSEY** Supreme Court rules that jurors who determine how much blame to assess drivers who contribute to a fatal automobile accident must not be told how much each driver is able to pay the victim’s family. The court said telling jurors how their verdict will translate into dollars for a victim could encourage them to assess blame based more on who can pay rather than on who was at fault. Under state law, a defendant who is ruled 60 percent at fault can be made to pay the entire verdict (NEWARK STAR-LEDGER).

— *Compiled by RICH EHISEN*

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# Once around the statehouse lightly

**N**AME GAME. Doug Guetzloe was trying to find a way to distinguish himself on the FLORIDA primary ballot later this month. But as the *Orlando Sentinel* reports, Sunshine State courts will not allow Guetzloe to be listed as Doug “Ax the Tax” Guetzloe. Guetzloe is running for Republican committeeman. The court ruled in favor of Orange Co. election officials, who argued that only legitimate nicknames — say, “Ted” — can be used as a ballot designation.

**PACKING.** U.S. Rep. John Hostettler has a bad — or at least a selective — memory. Seems the INDIANA lawmaker forgot that he had a semiautomatic handgun in his briefcase when he tried to board a plane at a KENTUCKY airport. According to *The Indianapolis Star*, Hostettler was detained and subsequently issued an apology. He pleaded guilty to a misdemeanor charge. An airport scanner discovered the weapon, which the five-term Republican says he carries for “personal protection” when traveling his district. Got some rowdy constituents there, congressman? Hostettler is up for re-election this fall, and his Democratic opponent has promised to make an issue of the incident.





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