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The next issue of Capitol Journal will be available on September 7th.

Top Story

States have been wallowing in budget purgatory for the last two years. Although there are now some signs of economic recovery, experts fear it still won't be nearly enough to stop states from descending into fiscal Hell by 2011.

SNCJ Spotlight

Stimulus helps this year and next but a cliff looms in 2011

According to Washington legend, President Harry Truman once said he needed a one-armed economist. When his baffled aides asked the reason, Truman explained that he needed straightforward advice and that too many economists said, "on the one hand, on the other."

A Cannon Perspective



With Lou Cannon



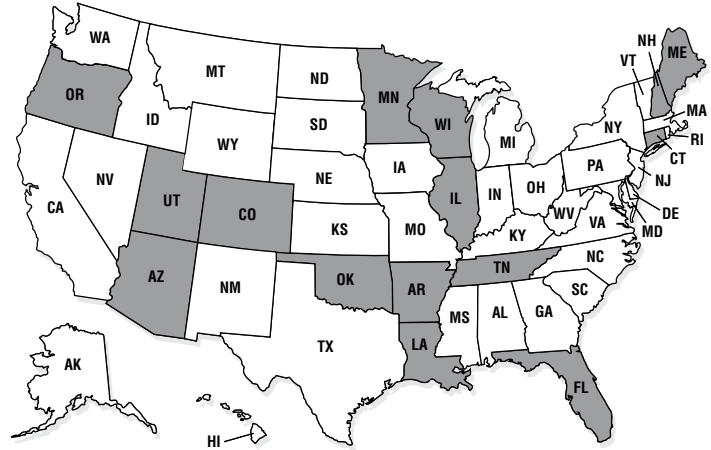
They're still doing it. On the one hand, economists are trumpeting the eminent end of the Great Recession of 2007-2008 based on third-quarter growth measurements and the episodic resurgence of the equity markets. On the other, many of these same economists are also forecasting a weak recovery with sustained high unemployment and anemic consumer spending. For millions of Americans with depleted IRAs who owe more on their mortgages than their homes are worth, let alone those who are out of work or underemployed, the recovery won't feel much different than the recession.

Talk of recovery is also premature for most state governments. Forty-four states trimmed their budgets during the past fiscal year and more than a score of them raised taxes or fees. Even after doing this, together the states face budget gaps of more than \$160 billion in fiscal year 2010. Unless the recovery

is dramatic in its scope, it will almost certainly get worse after that. "The states are telling us that in 2011, they're looking at a cliff," said Corina Eckl, fiscal program director for the National Council of State Legislatures.

The principal reason for the state shortfalls is a horrendous decline in revenues from sales and income taxes. According to the Rockefeller Institute, state tax collections in the first quarter of 2009 fell 11.7 percent, the largest drop in records dating back to 1952, the last year of the Truman presidency. Most state revenue comes from sales, personal income and corporate income taxes, all of which slumped. In contrast, local government revenue, driven by boosts in the property tax, increased by nearly four percent in the same quarter. Historically, sales and income tax revenues lag with unemployment behind recovery, sometimes for a couple of years.

Bird's eye view



Source: USA Today, 3feetplease.com

Fifteen states with "three-foot laws"

States seek to make streets safer for cyclists

More commuters have been opting for two wheels instead of four the last few years. The number of bicycle commuters rose nearly 38 percent between 2003 and 2007 (from about 483,145 to about 664,859), according to the Census Bureau's American Community Survey. More states, accordingly, are trying to make the streets safer for them. COLORADO Gov. Bill Ritter (D) recently signed a bill requiring motorists to give cyclists at least a three-foot berth and making it illegal to throw things at riders. LOUISIANA and TEXAS also passed "three-foot laws" this year (although Gov. Rick Perry (R) vetoed the latter), and similar legislation is pending in NEW JERSEY. While opponents claim the laws are unenforceable, advocates say they are an effective tool for educating drivers about the safe minimum distance for passing cyclists on the road.



The question now facing states is whether revenues will rebound before the funds provided by the Obama administration's \$787 billion stimulus package expire. The American Recovery and Reinvestment Act of 2009, as the stimulus is officially known, has come under fire from the left as insufficient and from the right as excessive, but it has undoubtedly given the states needed "breathing room," observes the Rockefeller Institute's Donald Boyd. State and local governments directly received \$250 billion of the stimulus and indirectly benefited from other parts of it, such as by the extension of unemployment insurance benefits.

Without the stimulus, says Scott Pattison, executive director of the National Association of State Budget Officers, many states would have faced insoluble budget problems in 2009 and 2010. The cliff looms in 2011 or perhaps even 2012 because most of the money from the stimulus will have been spent. Pattison fears that many states may have used the stimulus to prop up their general funds instead of for one-time expenditures and won't be able to replace the federal money. Hard-hit MICHIGAN is depending on stimulus funds for more than 25 percent of its general fund spending for the three fiscal years beginning in 2009. Ten other states will rely on the stimulus for at least 15 percent of their general funds during this period.

Some states are better off than others, of course. Several states in the nation's agricultural midsection or the intermountain west have lower unemployment rates than the national average and correspondingly low budget gaps. Unemployment is only 4 percent in NORTH DAKOTA and less than 6 percent in NEBRASKA, SOUTH DAKOTA, UTAH, and WYOMING. Places with oil and mineral production, including the Dakotas, WYOMING, OKLAHOMA and TEXAS have fared relatively well despite falling prices for oil and natural gas and a corresponding slump in state revenues from these sources. Nor is it entirely a matter of unemployment rates. Last month *The Economist* contrasted TEXAS with CALIFORNIA, where a structural deficit persists and which is expected to face another round of budget shortfalls as early as October. The report found that TEXAS has fared better during the recession than CALIFORNIA in part because it has "no state capital gains or income tax and a business-friendly and immigrant-tolerant attitude." But TEXAS is hardly out of the woods, with a \$6.6 state budget shortfall for the 2010-2011 biennium and severe drought in much of the state.

The Washington, D.C.-based Center on Budget and Policy Priorities has found that the poorest and most vulnerable Americans have suffered disproportionately

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: 36

Number of Intros last week: 324

Number of Enacted/Adopted last week: 418

Number of Prefiles to date: 33,067

Number of Intros to date: 148,883

Number of 2009 Session Enacted/Adopted overall to date: 37,278

— Compiled By JAMES ROSS
(measures current as of 8/20/2009)
Source: State Net database



from the budget cuts in at least 39 states. Many Medicaid recipients in CALIFORNIA and MICHIGAN have lost dental and vision services. Reimbursement rates for health care providers have declined in a half dozen states. Tuition to public universities has risen in many states, by double digits in WASHINGTON and FLORIDA. At least 41 states have reduced payments to state workers through mandatory furloughs or outright layoffs. This has the ripple effect of cutting purchasing power and further slowing recovery.

Unlike the federal government, most states are required to balance their budgets and have had little choice except to cut spending. The public appetite for tax increases, never abundant, has diminished during the recession, as CALIFORNIA's political leaders learned last May when voters overwhelmingly rejected ballot measures that raised taxes and also cut favored programs. The measures failed in liberal communities as well as conservative ones. Many of those on-the-one-hand, on-the-other-hand economists didn't like them either, believing that tax increases are the wrong medicine for curing a recession.

State governments are not blameless. Many were slower than their municipal counterparts to furlough workers and otherwise tighten their belts. Some did not address structural deficits: NEW YORK still hasn't. CALIFORNIA is particularly notorious for spending all the excess revenues generated by the dot.com boom early in the decade instead of stashing the proceeds away. But even states with prudent fiscal policies have been overwhelmed by the Great Recession.

Looking forward, states will have less running room in the post-recession years of 2011 and 2012. Corina Eckl observes that many states depleted their rainy day funds and used one-time gimmicks to avoid deeper cuts during the recession. One of the gimmicks adopted by CALIFORNIA in its last round of budget negotiations was to push state payrolls into the next fiscal year by advancing them from June 30 to July 1. This little trick won't be available the next time. Nor, most likely, will the fruits of a second federal stimulus, favored by many states (and others, including this columnist). Growing congressional concern about the rising federal deficit will probably forestall a second stimulus unless the economy goes into another tailspin.

So the main hope of states as they contemplate budget processes that have the benefits of neither stimulus nor gimmicks is a faster-than-expected rebound in revenues. President Barack Obama saw "green shoots" in the economy at the first signs of economic recovery last April. A similar sprouting has now been detected in CALIFORNIA, where state budget gaps have been recurrent and unemployment remains over 11 percent. But in July, for the first time in seven months, CALIFORNIA state revenues exceeded estimates. The excess was just \$65 million, only 1.3 percent of revenues, and as one state official said, "No one here is singing, 'Happy Days Are Here Again'." On the one hand, however, it's a start. On the other...

Upcoming stories

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

- **Pay to play**
- **Alternative energy**
- **State water wars**



Budget & taxes

COURT RULING FUELS FURLOUGH FIGHT: A federal judge's ruling last week that furloughs implemented in Prince George's County, MARYLAND were unconstitutional could be a boon to public employee unions battling similar measures across the country.

U.S. District Judge Alexander Williams Jr. declared last Tuesday that when Prince George's furloughed 5,900 employees for 10 days last fiscal year, effectively reducing the workers' salaries, it violated the contract clause of the U.S. Constitution. Williams said those salaries were guaranteed by contract and other means were available to the county to save money, such as tapping its reserve fund. The judge ordered the county to repay employees the money saved by the furloughs, which county officials estimated at \$17 million. A county spokesman said the decision, which the county plans to appeal, would lead to "massive layoffs" and service cuts if upheld.

County and state governments across the country have implemented furloughs to help them close their gaping budget holes. And union leaders are clearly aware of the Prince George's decision. Vince Canales, president of the Prince George's chapter of the Fraternal Orders of Police, which was a plaintiff in the suit, said he was mobbed at a national convention he was attending in Long Beach, CALIFORNIA by other union heads who were very interested about the ruling.

"I've been going all night and all morning with it," he said. Union leaders are "definitely sitting back and looking at this decision. They know it may not directly affect their issues, but they're looking for some guidance."

The decision is of particular interest in CALIFORNIA, where the state's largest union is battling furloughs imposed by Gov. Arnold Schwarzenegger (R).

"Our attorneys are reviewing this decision to see how it applies to Gov. Schwarzenegger's malicious furlough of state employees," said Jim Zamora, spokesman for Service Employees International Union Local 1000.

But legal experts said unions in MARYLAND stand the best chance of successfully citing the ruling, given its narrow focus; in his 43-page opinion, Williams said his decision applied only to the specific circumstances that existed in Prince George's County. If the ruling is upheld, however, it will affect the entire Fourth Circuit, which includes NORTH CAROLINA, SOUTH CAROLINA, VIRGINIA and WEST VIRGINIA, as well as MARYLAND.

The decision could also be overturned. Paul M. Secunda, associate professor of law at Marquette University Law School, said modern interpretations of the contract clause have been more favorable to governments than Williams' reading.

"It hasn't been interpreted that broadly, at least in the modern era," he said. "More recently...the Supreme Court has made clear that the contract clause doesn't obliterate

the police power of the state. The state can take necessary action in order to respond to a public situation, a public crisis, in this case, the recession.”

Experts said Prince George’s pending appeal would likely discourage other courts from acting, although local judges might be open to issuing injunctions forestalling furloughs until the U.S. Court of Appeals for the Fourth Circuit rules on the MARYLAND case.

But the administration of Gov. Martin O’Malley (D), which is finalizing roughly \$500 million in budget cuts, including more than \$100 million from cuts to employee compensation, mostly through furloughs, didn’t seem too worried.

“We feel pretty confident that any future state furloughs would stand up for scrutiny,” said a spokeswoman for MARYLAND Attorney General Douglas F. Gansler. “The judge didn’t say he was ruling on furloughs in general.” (WASHINGTON POST)

ECONOMIC DOWNSIDE OF CLOSING PRISONS: States spent about \$47 billion on corrections in 2008, four times as much as they did 20 years ago, according to the Pew Center on the States. And nearly 90 percent of last year’s corrections spending went toward prisons, rather than probation, parole or other programs. So it’s little wonder that NEW HAMPSHIRE, TENNESSEE and KANSAS have closed prisons this year and others plan to do the same as they struggle to balance their budgets.

The closures are being accomplished by moving inmates, reducing prison populations through the increased use of electronic monitoring and forgoing sending parolees back to prison for every probation violation.

That’s sparked criticism on public safety grounds.

“Inmates are getting released that wouldn’t have been released in good budget times,” said Tom Tylutki, president of the corrections officers’

union in MICHIGAN, where eight facilities have been targeted for closure. “We believe [public safety] is being compromised.”

But the closures pose another threat to local economies that are reliant on prison jobs. MICHIGAN’s plan to close three prisons and five prison camps will cost the state about 1,000 jobs. One area expected to be particularly hard hit is the tiny town of Standish, where a 19-year-old maximum security prison is the largest employer. If Standish shuts down on Oct. 1 as scheduled, “it will be catastrophic, there is no doubt,” for the town’s 1,800 residents, said Rev. James Fitzpatrick, who organized a protest against the closure.

NEW YORK’s impending closure of three prison camps and seven prison annexes, all in the northern part of the state, is expected to save \$52 million over two

“Inmates are getting released that wouldn’t have been released in good budget times. We believe [public safety] is being compromised.”



years. It will also cost a region that has long depended on prisons for employment about 550 jobs.

“Up here, there’s absolutely no industry or anything,” said Mary Ellen Keith, town supervisor of Franklin, where one of the facilities, which has provided jobs for three of her family members, is located. Without the prisons as employers, she said her family “probably would never have been able to remain in this area.”

For some lawmakers, the potential loss of local jobs is too high a price to pay for the potential cost savings to the state. That was the case in VERMONT, where the Legislature shelved plans to close a 122-bed prison in the sparsely populated northeastern corner of the state, which would have saved about \$2 million. (USA TODAY)

BUDGETS IN BRIEF: The Republican-controlled **ARIZONA** House voted last week to permanently repeal the state property tax (SB 1025c) and forfeit the \$250 million it would bring in to help balance the budget, mirroring the action of the Republican-controlled Senate a week earlier. But legislative leaders were holding off on sending the bill to Gov. Jan Brewer (R) until they had an opportunity to persuade her not to veto it as she has previously vowed to do (ARIZONA DAILY STAR [TUCSON]). • **WEST VIRGINIA** has approved a contract to buy used cars and trucks for state agencies as part of a pilot project. The vehicles will be 2006 and 2007 models that have been driven fewer than 36,000 miles (COLUMBUS DISPATCH). • While 6.9 million jobs have been lost in the private sector since the start of the recession, state and local governments have actually added 110,000 jobs, according to a report issued last week by the Nelson A. Rockefeller Institute of Government. Although state and local governments have shed 55,000 jobs since last August, those losses weren’t enough to offset the jobs added in the eight months after the recession began in December 2007 (NEW YORK TIMES). • **OKLAHOMA** lawmakers may return this month for a special session to address the state’s declining revenues. Gov. Brad Henry (D) and legislative leaders are trying to reach agreement on the topics to be discussed, which could include tapping into the state’s Rainy Day Fund or using federal stimulus money held in reserve for the 2011 fiscal year (OKLAHOMAN [OKLAHOMA CITY]).

In case you missed it

With state budgets still in freefall, well-heeled interest groups are increasingly turning to the courts to secure their piece of the budget pie.

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

http://www.statenet.com/capitol_journal/08-17-2009/html

– Compiled by *KOREY CLARK*

Politics & leadership

NY LAWMAKERS DOUBLE DIP BY ‘RETIRING’: It isn’t terribly shocking that Harvey Weisenberg, Rhoda Jacobs, John J. McEneny and William L. Parment all began collecting pensions of \$66,000 or more after retiring from the NEW YORK Assembly last year, given that they’re all age 65 or older. What is a bit surprising, however, is that each is still earning between \$94,500 and \$104,500 in salary as a legislator.

The four Democrats took advantage of a rule allowing veteran lawmakers to “retire” from their jobs at 65 and start collecting pensions without having to give up their seats or their salaries.

Assemblyman McEneny explained how the system worked: “You have to have a day without being on the payroll. You take the last day of your term, New Year’s Eve, and then you resign. On January 1, you come back as the newly elected assemblyman.”

While some consider the practice a clear case of “double dipping,” the lawmakers themselves don’t seem to see it that way.

“I didn’t retire from the job,” said Assemblyman Parment. “I took the retirement benefit that was due under pension law.”

When asked about his nominal retirement, Assemblyman Weisenberg — who cosponsored legislation last year cracking down on double dipping at the local

“Double dipping? I don’t see this as that. This is something I earned.”

government level — likewise, said: “Double dipping? I don’t see this as that. This is something I earned.”

That’s true in a sense other than the one Weisenberg intended. The Legislature changed its rules in 1995 to prohibit “retired” lawmakers who earned more than \$30,000 in salary from collecting pensions. But the rule change exempted sitting lawmakers like Weisenberg and his three fellow “retirees.”

An exemption was also granted for lawmakers who move to another elected office. One lawmaker who’s benefited from that loophole is Sen. George H. Winner Jr., a 59-year-old Republican who retired from the Assembly after being elected to the Senate in 2004 and who now receives an \$80,000 pension in addition to his \$89,000 legislative salary.

But Winner maintains that if he really retired the state would not only have to pay his pension but also make pension contributions for his successor.

“I’m actually saving the taxpayers money,” he said. (NEW YORK TIMES)

‘09 YEAR OF SCANDAL AS WELL AS RECESSION: With states having spent most of the past year scrambling to plug \$215 billion in budget holes for 2009



and 2010, the economy was clearly the top story in the state capitals this session. But the runner-up topic may have been political scandal.

Along with the historic impeachment of ILLINOIS Gov. Rod Blagojevich (D) and SOUTH CAROLINA Gov. Mark Sanford's (R) extramarital affair, 2009 also saw the resignations and later indictments of MASSACHUSETTS House Speaker Salvatore F. DiMasi (D) amid influence-peddling allegations and FLORIDA House Speaker Ray Sansom (R) over charges he funneled millions to a college that later employed him.

Then there was the political melodrama that played out in Albany. It began on June 8 when two Democrats teamed up with Republicans to wrest control of the Senate from the Democrats, who'd just claimed it for the first time in 40 years last fall. A week later, one of the defectors returned to the fold, leaving the chamber evenly and bitterly split between the two parties. The deadlock was finally broken when Gov. David Paterson (D) appointed a Democrat lieutenant governor, a post with the power to break tie votes in the Senate, which had been vacant since Paterson left it to become governor following the resignation of Eliot Spitzer (D) in March 2008 in connection with a sex scandal. The Republicans ultimately obtained a court order blocking the appointment, but not before the new lieutenant governor was sworn in and the other Democratic defector rejoined the Democrats, restoring their majority. (STATELINE.ORG)

POLITICS IN BRIEF: Acknowledging his own mortality at a critical juncture in the debate on national health care, U.S. Sen. Edward M. Kennedy (D-MASSACHUSETTS) privately asked leaders in his state to make preparations for a speedy succession in case it becomes necessary for him to surrender his seat. In a note to Gov. Deval Patrick (D) and state leaders, Kennedy, who is battling brain cancer, asked lawmakers to change state law to allow the governor to appoint an interim replacement pending the election of a successor, to ensure that Democrats are not denied a crucial vote on President Obama's health care overhaul (ASSOCIATED PRESS, BOSTON GLOBE). • More than 200 candidates for the CALIFORNIA Legislature and statewide offices raised more than \$60 million for their campaigns — some of which won't be decided until 2014 — during the first six months of 2009, according to disclosure reports filed with the secretary of state's office. That figure

Upcoming elections

8/20/2009 - 9/10/2009

08/25/2009

Florida Special Primary

House District 84

Kentucky Special Election

Senate District 18

08/27/2009

Tennessee Special Primary

House District 62

08/29/2009

Louisiana Special Election

House District 40

Senate District 20

09/01/2009

California Special Primary

Assembly District 51

US House (CA 10th Congressional District)

Iowa Special Election

House District 90

09/08/2009

Oklahoma Special Primary

House District 55



doesn't even include the \$15 million loan former eBay executive Meg Whitman made to her own gubernatorial campaign, which occurred after the June 30 deadline (CAPITOL WEEKLY [SACRAMENTO]). • Veteran **HAWAII** state Sen. Fred Hemmings (R) said last week that he will not seek re-election in 2010. If the GOP fails to hold on to Hemmings' seat or pick up seats elsewhere next year, Sen. Sam Slom will be the only Republican left in the 25-member chamber (HONOLULU STAR BULLETIN). • Days after public pressure forced his son to quit his new Senate job, **NEW YORK** Sen. Pedro Espada Jr. (D) warned he would be cracking down on lawmakers' nepotism. He said although he'd never made an issue of it before, "now everybody [will be] cutting out all the nonsense about relatives, girlfriends. It's over, it's over, it's over" (NEW YORK DAILY NEWS). • State inspectors in **ILLINOIS** will have the power to initiate investigations on their own instead of having to wait for formal complaints to be filed, under a measure (SB 54) signed into law last week by Gov. Pat Quinn (D). The ethics law also authorizes the Executive Ethics Commission to publicly disclose when an investigation results in the sanctioning or punishment of a state employee (CHICAGO TRIBUNE).

— *Compiled by KOREY CLARK*

Governors

GIBBONS DEFIES LAWMAKERS, NAMES STIMULUS CZAR: The ongoing battle between NEVADA Gov. Jim Gibbons (R) and the Democrat-controlled Silver State Legislature took another twist last week when Gibbons issued an executive order granting himself the power to hire someone to oversee the \$2.2 billion in American Reinvestment and Recovery Act funds the state will receive from the federal government. Days later Gibbons filled that position, hiring assistant Clark County recorder Charles Harvey to manage the stimulus funds.

Gibbons' actions were a clear response to an Aug. 3 party-line vote of the Legislature's Interim Finance Committee that rejected his request to put the so-called stimulus "czar" in his office. Lawmakers' instead opted to fund the hiring of a stimulus funds manager and an assistant who would serve in the office of Democratic state Controller Kim Wallin. That drew Gibbon's immediate ire. In issuing his directive, the governor said lawmakers could file suit if they didn't like his order.

Lawmakers on the IFC, which oversees funding for state agencies when the Legislature is out of session, said they would not sue, reasoning that doing so would significantly delay getting ARRA unemployment funds out to jobless NEVADA residents.



“We don’t want to be in court,” said Assemblywoman Debbie Smith (D). “We don’t need to sue each other. We need to get these funds to the people who need them.”

Senate Majority Leader Steven Horsford, (D) conceded that the governor can appoint the stimulus czar, but warned that “there is no evidence ARRA funds will be properly disbursed by a governor who proposed an unworkable state budget and was absent from the legislative process.”

“Governor Gibbons has failed to show leadership since he was elected, and too much is at stake to expect him to provide it now,” he added.

None of which bothered Gibbons a bit. In addition to hiring the stimulus director, the governor further ordered Wallin to process funds for two pending ARRA-related work programs, saying ARRA’s tenets give him control of the stimulus money.

Whether Wallin will follow that order remains to be seen. The Controller said she still plans to hire the two stimulus overseers, perhaps as early as this week. She also argued that state law requires her to seek IFC permission for spending that exceeds \$50,000 or 10 percent of the specific agency’s budget, a statute the state attorney general upheld just 18 months ago. That drew a sharp response from Gibbons’ Chief of Staff Robin Reedy, who said the situation could prompt a constitutional challenge to the IFC’s authority, which she called “the nuclear option.” (REVIEW-JOURNAL [LAS VEGAS], NEVADA APPEAL [CARSON CITY])

RILEY AND PERDUE TO HOLD WATER MEETING: ALABAMA Gov. Bob Riley (R) agreed to meet with GEORGIA Gov. Sonny Perdue (R) to work out a water-sharing agreement between the two states, who are in a decades-long battle over rights

to water from GEORGIA’s Lake Lanier. A recent federal court ruling said the lake could not be used for drinking water, a severe blow to suburban Atlanta, which gets much of its water from the lake. That tap would be cut off in three years unless Perdue works out a sharing agreement with ALABAMA and FLORIDA, whose Gov. Charlie Crist

(R) has not yet agreed to come to the bargaining table on the matter. Perdue has also been working with members of the Peach State’s congressional delegation to introduce legislation calling for a national water policy that could make it legal for municipalities to draw drinking water from Lake Lanier as well as nearly 80 other federally managed reservoirs in 27 states. (ATLANTA JOURNAL CONSTITUTION)

“Governor Gibbons has failed to show leadership since he was elected, and too much is at stake to expect him to provide it now.”

DOYLE SAYS NO THIRD TERM: Saying he wanted to give potential candidates a chance to get their campaigns started, WISCONSIN Gov. Jim Doyle (D) announced last week that he will not seek a third term. His announcement came 15 months before the 2010 general election, which will be the first since 1982 to

have no incumbent in the race. Doyle admitted that he considered running again, noting he will undoubtedly “regret this decision many times over the coming year,” but he decided to step away because he believes governors should not serve more than two terms. With no heir apparent waiting in the wings, Doyle’s decision opens up the field to a host of possible challengers, including Lt. Gov. Barbara Lawton and U.S. Rep. Ron Kind, both Democrats. Former four-term Gov. Tommy Thompson, a Republican, has said he is also considering a run. (MILWAUKEE JOURNAL SENTINEL)

PATERSON MAY REJECT NY AUTHORITY OVERHAUL: NEW YORK Gov. David Paterson (D) appears ready to reject a Senate and Assembly-approved measure that would overhaul the state’s more than 700 public authorities, many of which have been rocked by scandal in recent years. The bill, AB 2209, would create an independent Authorities Budget Office, require the state comptroller to sign off on contracts that are more than \$1 million and provide whistleblower protections for workers. In a letter to lawmakers, Paterson said that while he supports 90 percent of the bill’s content, he wants changes to be made to ensure his support. Paterson listed several complaints with the proposal, including that some control of the authorities would be moved from the governor’s office to the Legislature, which he decried as being “notorious for delays.” New York City mayor Michael Bloomberg has also voiced his displeasure with the bill, saying it would unfairly infringe on his power and stall several key development projects that are already underway. (NEW YORK TIMES, ALBANY TIMES-UNION)

GOVERNORS IN BRIEF: Saying the state faces tens of billions of dollars in unfunded pension obligations, **CALIFORNIA** Gov. Arnold Schwarzenegger (R) said last week that he wants lawmakers to create a two-tier system that would deliver lower benefits to newly hired public employees (SACRAMENTO BEE).

- Still in **CALIFORNIA**, Schwarzenegger called on Golden State lawmakers to convene a special session to take up school accountability measures to satisfy Obama Administration requirements for federal stimulus money. Schwarzenegger wants lawmakers to repeal a state law that prohibits teachers from being evaluated

The week in session

States in Regular Session: CA, MI, PA, PR

States in Recess: DC, NJ, NY, US (House), WI

States in Special Session: AZ “c”, CA “c”, CT “d”

Special Sessions in Recess: CT “b”, DE “a”

States in Informal Session: MA

States in Skeleton Session: OH

In Pro Forma Session: US(Senate)

States Currently Prefiling or Drafting for 2010: AL, FL, KY, OK

States Adjourned in 2009: AK, AL, AR, AZ, CO, CT, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MN, MO, MS, MT, NC, ND, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, TX, UT, VA, VT, WA, WV, WY

State Special Sessions Adjourned in 2009: AK “a”, AL “a”, AZ “a”, AZ “b”, CA “a”, CA “b”, CA “d”, CT “a”, CT “c”, FL “a”, HI “a”, HI “b”, IL “a”, IL “b”, IN “a”, KY “a”, MS “a”, MS “b”, MS “c”, NV “a”, NY “a-o”, TX “a”, UT “a”, VA “c”, VT “a”, WI “a”, WV “a”, WV “b”, WV “c”

Letters indicate special/extraordinary sessions

— Compiled By JAMES ROSS
(session information current as of 8/21/2009)
Source: State Net database



based on student test scores, a key requirement for the state to be eligible for \$4.3 million in federal “Race to the Top” funds (SACRAMENTO BEE). • **ILLINOIS** Gov. Pat Quinn (D) signed SB 189, which gives the Prairie State attorney general’s office sweeping new powers to interpret what government records are public and settles disputes over the Freedom of Information Act. The changes, which take effect Jan. 1, include shortening the time government bodies have to respond to records requests and imposing fines of up to \$5,000 for agencies that wrongfully deny records (CHICAGO TRIBUNE). • **MICHIGAN** Gov. Jennifer Granholm (D) said the Wolverine State is still interested in housing federal inmates as well as those from other states at a prison in Standish that is otherwise set to be closed for budget reasons. Granholm’s comments came after **CALIFORNIA** officials declined a similar offer, saying it was too expensive. Granholm has rejected the possibility of housing terrorist detainees from Guantanamo Bay (DETROIT FREE PRESS).

— *Compiled by RICH EHISEN*

Hot issues

B **USINESS: ILLINOIS** Gov. Pat Quinn (D) signs HB 3990, which requires state agencies to purchase 20 percent of their food locally by 2020. The measure also allows those agencies to pay up to 10 percent above the lowest received bid in order to buy locally grown food products (ST. LOUIS POST-DISPATCH).

CRIME & PUNISHMENT: The **VIRGINIA** General Assembly endorses HB 5007c/SB 5003c, emergency legislation that overturns an Old Dominion law requiring prosecutors to prove that breath machines in drunken driving cases have been tested and are accurate. The emergency measure also sets specific timetables for defendants to challenge scientific evidence in such a case. It goes to Gov. Tim Kaine (D), who is expected to sign it into law right away (WASHINGTON POST). • **ILLINOIS** Gov. Pat Quinn (D) signs HB 4066, legislation that makes it a felony to commit a phone scam from jail or use other forms of electronic communication to commit fraud, theft or identity theft while incarcerated. It goes into effect on January 1 (CHICAGO TRIBUNE). • Still in **ILLINOIS**, Quinn signs HB 869, which requires lawyers being paid by the state to defend death penalty cases to sign detailed cost estimates in advance of taking on cases. The law also requires private investigators and others hired by the defense teams to give advance disclosure of their hourly rates and have the court in the case verify “reasonable and necessary expenses” for travel and lodging (ST. LOUIS POST-DISPATCH).



EDUCATION: Responding to two recent alcohol-related deaths among students, the University of **KANSAS** announces it will require students younger than 22 to take a course on the effects of alcohol before enrolling for next spring (**KANSAS CITY STAR**). • **FLORIDA** education officials announce that students who complete a state dropout prevention program will no longer get a standard high school diploma, but will still receive most of the same benefits as those who do. Students will instead receive high school equivalency diplomas (**PALM BEACH POST**).

ENVIRONMENT: **NEW JERSEY** Gov. Jon Corzine (D) signs AB 3901, a proposal to allow the state to sell \$400 million in bonds to fund open-space projects designed to permanently save rural acreage from development. Corzine's signature sends the matter to voters, who will decide on it in November (**STAR-LEDGER [NEWARK]**).

HEALTH & SCIENCE: Federal Medicare officials grant permission to 12 **NEW JERSEY** hospitals to test a doctor incentive program called "gainsharing," which offers physicians financial incentives for working with hospitals to lower costs. The study, which will last three years, is the largest of its kind to date. Similar programs were started last year in single hospitals in **NEW YORK** and **WEST VIRGINIA** (**ASSOCIATED PRESS**).

SOCIAL POLICY: An **OKLAHOMA** judge rules that a Sooner State law requiring an abortion doctor or medical technician give a pregnant woman an ultrasound at least an hour before the procedure and display the images where the woman could see them is unconstitutional. The court said the law violated state requirements that legislation deal with a single subject. Abortion opponents have vowed to appeal the ruling (**OKLAHOMAN [OKLAHOMA CITY]**). • A federal judge sets a January 11th trial date for a suit challenging the constitutionality of a ban on same-sex marriage that **CALIFORNIA** voters enacted last November. It will be the first trial on that issue in any U.S. court (**SAN FRANCISCO CHRONICLE**).

POTPOURRI: **ILLINOIS** Pat Quinn (D) signs HB 3956, legislation that makes it legal for trucks to travel the Prairie State's rural interstates at 65 mph, the same as other traffic. The new standard will not apply in urban areas (**STATE JOURNAL-REGISTER [SPRINGFIELD]**).

— *Compiled by RICH EHISEN*

Once around the statehouse lightly

REAL BELT TIGHTENING IN PA: The state budget isn't the only thing getting skinnier in Harrisburg, PA these days. Gov. Ed Rendell is using the ongoing fiscal impasse as the impetus to cut some fat of his own...literally. As the *Philadelphia Inquirer* reports, Rendell has dropped almost 40 pounds since mid-June, when he says he realized the budget brawl was going to drag on for a while. Although his wife and kids had been prodding him daily to lose some weight, Rendell says he wasn't really motivated until it became clear the budget deal wasn't coming any time soon. Frustrated, he decided getting thinner was something positive to strive for that would ease his frustration over the deadlock. And how has he done it? The old fashioned way: fewer cheesesteaks and more exercise. If only it was as easy to get a budget.

AN INDECENT PROPOSAL: Well, not really indecent, but perhaps not the smartest move MARYLAND Del. Jon Cardin has ever made. The story began when Cardin recently decided to enlist some help in his effort to surprise his girlfriend with a marriage proposal. As the *Baltimore Sun* reports, the assistance came in part from members of the city's marine and helicopter police units, who Cardin persuaded to board a boat he and his girlfriend were on, then pretend to search it and find a box with a ring for his beloved. While the stunt worked as planned for Cardin — she said yes — police officials were outraged to hear that the officers involved were on duty, and that the “distraction” included a helicopter flyover. Cardin has since posted an apology on his Web site and vowed to reimburse the city for any expenses incurred from the event.

HOME AWAY FROM HOME: Political life can undoubtedly be hectic. For TEXAS Gov. Rick Perry, things are so chaotic that he has apparently forgotten where he lives. As the *Dallas Morning News* reports, Perry has been claiming a homestead tax exemption on a home near College Station, TEXAS that he and his wife bought for their daughter, who attends TEXAS A&M University. Alas, he and his wife live in a taxpayer-funded mansion in Austin, making the homestead claim on the other house a tax no-no. Reporters for the AP noticed the claim after Perry allowed them to examine his tax returns as part of the kick-off effort for his much anticipated re-election campaign against GOP primary challenger Kay Bailey Hutchinson. Perry has since withdrawn the exemption claim and promised to repay the \$183 in tax savings he received for 2008.

, PALIN NEED NOT APPLY: When Green Bay Packers quarterback Brett Favre made his teary-eyed retirement declaration a few years back, WISCONSIN



Gov. Jim Doyle waxed poetic about the “Old Gunslinger,” noting Favre’s success made it “easier to govern.” Of course, we know now that Favre’s “will-he-or-won’t he” retirement drama was just beginning, capped off by last week’s announcement that the diva QB is un-retiring again, this time to play for the Packers’ chief rival, the MINNESOTA Vikings. That event, coincidentally, came within days of Doyle announcing he won’t seek a third term. But as the *Milwaukee Journal-Sentinel* reports, Doyle made it clear his decision is final, saying he would not “pull a Brett Favre” on voters. Doyle also took a swipe at former ALASKA Gov. Sarah Palin, emphasizing he won’t step down early. “Maybe I am old-fashioned but I believe strongly that when you run for a term, you serve the term,” Doyle said.

— By RICH EHISEN

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