

October 10, 2011

## Reversal of Fortune



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The next issue of Capitol Journal will be available on October 17th.

### Top Story

*The Great Recession has reversed the economic fortunes of the nation's major economic regions. Some economists think the change may not just be a temporary thing.*

## SNCJ Spotlight

### Recession forces major U.S. economic regions to swap belts

For the past several decades, the American economic landscape has been characterized by a booming Sun Belt and a busting Rust Belt. The recession has reversed that trend, however. And some economists are now beginning to wonder whether the change will only be temporary.

Before the recession began, the South had the lowest unemployment rate in the nation. Now states in the region have some of the country's highest unemployment rates, according to recent data from the Bureau of Labor Statistics. And in some Southern states, the rates are actually higher than

they were a year ago. North Carolina's rate rose from 10.1 percent to 10.4 percent between August 2010 and August 2011, while Alabama's jumped from 9.1 percent to 9.9 percent.

"For a long time we tended to outpace the national average with regard to economic performance, and a lot of that was driven by, for lack of a better word, development and in-migration," said Michael Chriszt, an assistant vice president of the Research Department of the Federal Reserve Bank of Atlanta. "That came to an abrupt halt, and it has not picked up."

Richard Kaglic, a regional economist with the Federal Reserve Bank of Richmond, Virginia, said the lingering troubles in the state of South Carolina, which

now has the fourth highest jobless rate in the nation, at 11.1 percent, are the result of the hard hit its construction and manufacturing industries took in the recession. A pilot, Kaglic elaborated with an aviation metaphor.

"If your nose is high, if you're climbing faster and your engine cuts out, you fall farther and it takes you a longer time to recover," he said. "The conditions we experienced in late 2008, 2009, are as close as you come to an engine-out situation in the economy."

Conditions are even worse in some Western states. The bursting of the housing bubble has left Nevada with the nation's highest unemployment rate, at 13.4 percent, and California with the second highest rate, at 12.1 percent, both well above the national average of 9.1 percent.

Jobless rates are comparatively lower in the Northeast and Midwest, including in Rust Belt states that had struggling economies before the recession began. Indiana's rate is 8.7 percent and Pennsylvania's 8.2 percent, which coincidentally mirror the rates for the Midwest and Northeast regions overall, respectively. Michigan remains somewhat of an anomaly in the Midwest region, however, with the nation's third-highest jobless rate, at 11.2 percent, owing to the state's dependence on the struggling U.S. auto industry. But there are anomalies that run in the other direction as well. *The Forum* of Fargo-Moorhead reported last week that North Dakota's "oil boom is creating so many jobs that even taco joints offer \$15 an hour to attract employees."

The nation's regional shifts in economic fortune are also evident in a recent study of major metropolitan areas by the Brookings Institution's Metropolitan Policy Program. The study found that many auto-producing metro areas in the Great Lakes region, such as Akron, Ohio; Buffalo, New York; and Grand Rapids, Michigan, are showing signs of economic recovery, while metro areas in the Sun Belt and West,

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# Budget & taxes

**M**S JOBS PROGRAM COULD BE NATIONAL MODEL: President Obama is still trying to sell his jobs plan to America, but there's a program in Mississippi that is already creating jobs. And some analysts say it could be a model for the nation.

The Subsidized Transitional Employment Program and Services, or STEPS, pays some of the cost of workers' salaries in the hope that employers will keep them on after the state money stops. Under the program, which was launched in December 2009 with federal stimulus money and ended in September 2010, companies that hired new workers who met poverty guidelines and were caring for at least one child under the age of 18, didn't have to pay any of those workers' wages in the first two months of employment. The subsidy then phased out over the next four months.

State officials said more than half of the 3,200 people who got jobs through the program were still employed six months after the program ended.

"We had 1,800 permanent jobs created," said Stan McMorris with the state Department of Employment Security, adding that each of those job holders was now "a taxpaying, wage-earning individual" that had been "lifted up to the point [where] they're being successful."

Some small businesses with just a few employees, however, complained that the program involved too much paperwork and too many rules.

"My problem is...the restrictions, really, that I see whenever they do these programs," said Greg Cronin, owner of Cascades Racquet Club in the suburbs of Jackson. "I'm probably more of the small company who would love to make a step forward, who watches other companies get the breaks [and] get these assistive programs but still not have something except an increase in property tax on me."

Still, the program was so popular the state started a new but smaller version a few weeks ago, called STEPS 2, which provides a four-month subsidy. Multicraft International, an auto parts maker and supplier in Pelahatchie, is one company taking advantage of the new program to hire back workers after the economy forced it to downsize.

"It just takes a bit of the sting out of the cost of hiring another person," said CEO Andrew Mallinson. "We're happy to do that when the business conditions allow, but this does stimulate us to perhaps take action earlier than we might otherwise."

Funding for STEPS 2 runs out in December, but Obama's jobs bill includes a proposal that would provide states \$5 billion for job training and subsidizing employment. (NATIONAL PUBLIC RADIO, MISSISSIPPI DEPARTMENT OF EMPLOYMENT SECURITY)



**VT STARTS WORK ON SINGLE-PAYER HEALTH CARE:** Vermont has embarked on its pioneering effort to replace its current health care system, utilizing traditional insurance plans and fee-for-service reimbursements, with a new publicly-financed, single-payer system that pays providers a set fee to care for patients.

Many of the details of the system, called Green Mountain Care, which was proposed by Gov. Peter Shumlin (D) and passed by the Democrat-controlled legislature in May — including the issue of how to pay for it — have yet to be worked out. But the governor has wasted no time in moving the state toward a single-payer system since taking office in January.

Last month, he appointed a five-member panel, the Green Mountain Care board, which officially began working October 1st on plans to revamp the state’s health care delivery and payment system, including setting reimbursement rates.

“Every state in the nation faces a crisis in terms of health care costs rising faster than our ability to pay,” said Anya Rader Wallack, who will chair the board. “What’s unique about Vermont is that we have a governor who has said, ‘I want to fix this problem,’ and he’s put us on a tight timeline for fixing it.”

No other state has attempted such a major overhaul of its health care system, and none of the federal health care reform bills debated by Congress provided for a single-payer system. But Vermont barred insurers from denying coverage due to preexisting medical conditions and limited rate variation nearly 20 years before the federal health care overhaul. The state also has one of the most generous Medicaid programs in the nation, as well as higher health care spending and a greater percentage of insured residents than many other states.

Not everyone is happy about the state’s decision to blaze a new trail on health care policy, however. Some business owners fear losing control over their employee health insurance and having to pay higher taxes. And some House Republicans have criticized the governor for putting off dealing with how to finance the plan until after the 2012 gubernatorial race.

Meanwhile, David Himmelstein, a professor at the City University of New York’s School of Public Health and a single-payer advocate, warned that private insurance plans could undermine the state’s coverage the same way that Medicare Advantage plans have weakened Medicare, by inhibiting it from upgrading its coverage.

“The only reason to buy private coverage when there is public coverage is if the public is not good,” he said. “So it gives the insurance lobby a very strong motive to

## 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: 177**

**Number of Intros last week: 299**

**Number of Enacted/Adopted last week: 192**

**Number of 2011 Prefiles to date: 37,279**

**Number of 2011 Intros to date: 134,260**

**Number of 2011 Session Enacted/Adopted overall to date: 45,904**

**Number of Measures currently in State Net Database: 153,548**

— Compiled By OWEN JARNIGAN  
(measures current as of 10/6/2011)  
Source: State Net database



make the public insurance inadequate since that gins up business for them.” (KAISER HEALTH NEWS)

**BUDGETS IN BRIEF: A FLORIDA** judge ruled this month that the Legislature violated the state’s Constitution by issuing the order to privatize prisons in 18 South Florida counties through the state budget and ordered the project to be stopped immediately. The state is considering whether to appeal Leon County Circuit Judge Jackie Fulford’s decision (ST. PETERSBURG TIMES). • **CALIFORNIA** Gov. Jerry Brown (D) signed a bill last week authorizing the state to revoke the driver’s licenses of egregious tax debtors who do not enter tax repayment plans with the state Franchise Tax Board or State Board of Equalization. AB 1424, sponsored by state Assemblyman Henry Perea (D), is an effort to recoup some of the estimated \$6.5 billion in income and business taxes owed to the state (SACRAMENTO BEE). • **PENNSYLVANIA** Gov. Tom Corbett (R) announced a plan last week to impose fees for the first time on companies drilling for natural gas in the state. Under the proposal, drillers would pay up to \$160,000 per well over the first 10 years of each well’s production, generating an estimated \$120 million to \$200 million a year in revenue that would be split between the state and local governments (PROPUBLICA). • The first phase of **NEW YORK**’s Medicaid overhaul has achieved almost \$600 million in savings in its first six months, despite the addition of roughly 72,000 people to the program through August, according to a progress report released last week. The state’s initial batch of 78 cost-cutting measures, which included shifting enrollees out of fee-for-service plans into managed care plans, were adopted in the state budget at the end of March (TIMES UNION [ALBANY]).

— *Compiled by KOREY CLARK*

## Upcoming stories

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

- **Online sales tax**
- **Health care**
- **The economy**

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# Politics & leadership

**GOP DRIVING 2012 PRIMARY SHUFFLE:** The quadrennial reshuffling of the presidential primary calendar has begun again, just as it did around this time four years ago. But this time it’s the Republicans rather than the Democrats who appear to be in for a lengthy nomination battle.

The GOP field may be somewhat more settled now that New Jersey Gov. Chris Christie (R) and Fox commentator Sarah Palin have both said — likely for the last time — that they will not seek the 2012 Republican nomination, but there are still a host of contenders, from Texas Gov. Rick Perry to businessman Herman Cain. And

state Republican parties around the country are now vying for more of a say in determining which of those candidates will be their nominee.

Last month GOP officials in Florida announced they will hold the state's presidential primary on January 31st, well ahead of the March 6th start date stipulated by the Republican National Committee, likely costing the state half of its delegates to next year's nominating convention. Last week South Carolina Republicans announced they would hold their primary on January 21st, and Nevada's GOP set its primary for January 14th, despite the risk of the same penalty.

"This is absolutely in the best interest of our state," Amy Tarkanian, chair of Nevada's Republican Party, said in a written statement. "We are in the process of creating a caucus that will energize Republicans throughout Nevada and the west, and allow us to play a major role in deciding who will carry the fight to unseat Barack Obama and his destructive policies."

In New Hampshire, meanwhile, which is actually bound by its Constitution to hold its primary a week before any other state, Secretary of State Bill Gardner said last week that after Nevada's and South Carolina's actions, a December primary is a "real possibility."

Getting the primary season off to an early start may not necessarily mean it will end early, however. That certainly wasn't the case with the Democrats in 2008. The season kicked off in New Hampshire on January 8<sup>th</sup> — after Iowa's non-binding caucuses on January 3<sup>rd</sup> — and then proceeded to drag on until the first week of June, when U.S. Sen. Hillary Rodham Clinton (D-New York) finally conceded to then-U.S. Sen. Barack Obama (D-Illinois). (STATELINE.ORG, POLITICO, ABC NEWS, LAS VEGAS SUN, NASHUA TELEGRAPH)

**NORQUIST TAKEN TO TASK ON US HOUSE FLOOR:** U.S. Rep. Frank Wolf, a Republican from Virginia, issued a tirade about powerful anti-tax crusader Grover Norquist on the House floor last week.

"My conscience has compelled me to come to the floor today to voice concerns I have with the influence Grover Norquist, the president of Americans for Tax Reform, has on the political process in Washington," Wolf read from a statement.

Wolf blamed Norquist's pledge not to raise taxes, which his group asks all candidates for office to sign, for preventing an open conversation about tax reform and deficit reduction, including the elimination of tax credits and deductions.

## The week in session

**States in Regular Session:** MA, MI, NH, NJ, OH, PA, PR, US

**States in Recess:** CT, DC, NC, NY, RI, WI

**States in Special Session:** MO "a", WI "a", WI "c"

**Special Sessions in Recess:** DE "b", UT "c", VA "a"

**States Currently Prefiling or Drafting for 2012:** AL, FL, KY, TN

**States Adjourned in 2011:** AK, AL, AR, AZ, CA, CO, CT, DE, FL, GA, HI, IA, ID, IL, IN, KS, KY, LA, MD, ME, MN, MO, MS, MT, ND, NE, NM, NV, OK, OR, PR, SC, SD, TN, TX, UT, VA, VT, WA, WV, WY

**State Special Sessions Adjourned in 2011:** AK "a", AK "b", AL "a", AZ "a", AZ "b", AZ "c", CA "a", CT "a", DE "a", GA "a", KY "a", LA "a", ME "a", MN "a", MS "a", NM "a", TX "a", UT "a", UT "b", WA "a", WI "b", WV "a", WV "b"

Letters indicate special/extraordinary sessions

— Compiled By OWEN JARNIGAN  
(session information current as of 10/7/2011)  
Source: State Net database



“Have we really reached a point where one person’s demand for ideological purity is paralyzing Congress to the point that even a discussion of tax reform is viewed as breaking a no-tax pledge?” said Wolf, one of just six House Republicans who have not signed ATR’s pledge.

Wolf also attacked Norquist personally, citing a series of “unsavory” associations — including former lobbyist and convicted felon Jack Abramoff, the Internet gambling lobby and “terrorist financier Sami Al-Arian, who pleaded guilty in 2006 to

conspiring to provide services to the Palestinian Islamic Jihad” — which Wolf said undermined Norquist’s credibility as a policy advocate.

In an interview with the *Los Angeles Times*, Norquist disputed the contention that the pledge stands in the way of tax reform. He said eliminating tax credits would not violate the pledge as long as tax

rates were lowered enough to avoid a net increase. He also defended the role the pledge has played in the deficit debate, stating: “It makes it easier for voters and politicians to understand each other.... If you won’t take the pledge it says I’m hoping to raise taxes whenever I want.”

In a separate interview with *Bloomberg Businessweek*, Norquist responded to Wolf’s personal attack against him, saying Wolf was recycling discredited allegations because he was “very frustrated” that Norquist declined his request a couple of years ago to support an effort to reduce the federal deficit through a combination of tax increases and budget cuts.

However, James Thurber, director of the Center for Congressional and Presidential Studies at American University in Washington, suggested Wolf’s attack on Norquist might be part of a GOP strategy to seek changes to the tax code that include at least some tax increases.

“The Republicans need maneuvering room on taxes,” Thurber said. “This is a nuclear bomb on the guy who is forcing everybody to not compromise.”

He added: “It’s likely the House leadership knew about this ahead of time.”

But Norquist dismissed the idea that House Republican leaders might be trying to blunt the influence of his anti-tax pledge.

“Not a chance,” he said. “I work regularly with leadership.”

He also told the *Times* he didn’t see any reason for Republicans to cede any ground ahead of next year’s election.

“Everything is going to be renegotiated with a GOP Senate and GOP House and, maybe, a Republican in the White House,” he said. (LOS ANGELES TIMES, BLOOMBERG BUSINESSWEEK)

**“Have we really reached a point where one person’s demand for ideological purity is paralyzing Congress to the point that even a discussion of tax reform is viewed as breaking a no-tax pledge?”**



**POLITICS IN BRIEF: POLITICS IN BRIEF:** The U.S. Supreme Court opened its new term last week by taking up a challenge to the cuts **CALIFORNIA** has made over the last three years to its Medicaid program, Medi-Cal. Thirty-one other states and the Obama administration joined **CALIFORNIA** in its appeal of a lower court's ruling in favor of Medi-Cal providers (LOS ANGELES TIMES). • More Americans disapprove of the job Congress is doing than at any point in the more than two decades the *Washington Post* and *ABC News* have been polling on the issue. Only 14 percent of the public approves of Congress' job performance, according to the latest poll (WASHINGTON POST). • A **MICHIGAN** prison inmate is scheduled to be arraigned October 14th for allegedly trying to arrange a kidnapping and murder-for-hire plot targeting state Rep. Barb Byrum (D). The unnamed suspect was imprisoned for a similar offense (ASSOCIATED PRESS, MLIVE.COM). • **WASHINGTON** Superintendent of Public Instruction Randy Dorn is refusing to comply with Gov. Chris Gregoire's (D) request that all agencies submit a proposal for how to cut another 10 percent from their budgets. Dorn maintains that additional cuts to education would violate the state's Constitution (NEWS TRIBUNE [TACOMA]). • **NEW YORK** Gov. Andrew Cuomo (D) is unlikely to go through with his threat of laying off almost 3,500 public workers, according to a well-placed individual with ties to the governor's negotiators. The individual said there was an 80 percent chance the dismissals would be avoided (TIMES UNION [ALBANY]).

— Compiled by **KOREY CLARK**

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# Governors

**CORBETT LAYS OUT MARCELLUS SHALE PLAN:** Pennsylvania Gov. Tom Corbett (R) unveiled his long-awaited plan last week to address the cost and environmental impact of Marcellus Shale natural gas drilling in the Keystone State, including a controversial proposal to have counties impose their own impact fees.

Under the governor's proposal, the state would initially set the fee at \$40,000 annually. It would diminish each year thereafter, with a cap of \$160,000 over 10 years. Seventy-five percent of that would stay in the counties, with the rest being split up among a variety of state agencies. Counties could also opt to not charge the fee at all.

The proposal, which also included stronger environmental regulations and incentives for switching cars from petroleum to natural gas, drew expected praise from industry officials. Reaction was a bit more mixed elsewhere.

Corbett's Republican colleagues generally supported the concept of allowing counties to manage the fee and promised to give it equal consideration with several

other measures pending in the Legislature. But Senate President Pro Tem Joe Scarnati, (R), who strongly supports imposing a drilling fee, expressed concern over how the state could implement zoning rules in order to help local governments from getting entangled in costly legal battles. Scarnati introduced his own drilling fee measure (SB 1100) last spring that would tie impact fee funds to the standardization of local zoning ordinances. That measure is currently pending in the Senate Appropriations Committee.

Senate Minority Leader Jay Costa (D) also voiced concern about the impact of the governor's proposal on local governments, saying having counties administer the impact fee would leave "a whole lot of haves and have-nots." Costa additionally noted what he called the "utter lack of funds going toward environmental protection" in the proposal.

"This meager amount, layered on budget reductions, which have already been imposed on the agency tasked with protecting Pennsylvania while this industry grows at breakneck pace, is severely lacking," he said. "We only get one shot at this, and if we don't protect our water and our land, then we have learned nothing from our history."

Environmental groups also argued that the proposed regulations are too industry friendly and fall short of protecting the public from the potential hazards of the drilling.

"This plan is neither fair nor comprehensive, and is full of giveaways to the drillers," said Jan Jarrett, president of the environmental group PennFuture. "The proposed impact fee is too small, full of loopholes, unwieldy to administer, and leaves too much money on the table."

Counties also expressed reservations. Doug Hill, executive director of the County Commissioners Association of Pennsylvania, said his group was generally happy with the proposal but was concerned that allowing counties to not charge the fee could start a "border war" in which "one county levies [a fee] and its neighbor doesn't, [thinking] we're going to be more competitive than you are."

Most observers expect Corbett's proposal to undergo several changes in the Legislature. But the governor told reporters last Wednesday that he stands by the local fee assessment, saying the money was better left with local governments.

"If you bring the money here to Harrisburg first, history demonstrates to us that administrations and Legislatures" will eventually claim some or most of the money for state projects, not the original purpose of the revenue measure, he said. (PHILADELPHIA INQUIRER, PITTSBURGH POST-GAZETTE, RIVER REPORTER [NARROWSBURG], SCRANTON TIMES-TRIBUNE)

**TOMBLIN WINS WV GOV RACE:** Acting-Gov. Earl Ray Tomblin (D) defeated Republican Bill Maloney last Tuesday to retain the West Virginia governor's office for another year. Tomblin, then the West Virginia Senate President, assumed the office last November when then-Gov. Joe Manchin (D) won a seat in the U.S. Senate.



He defeated a half dozen Democratic challengers in the gubernatorial primary before fending off a stiff challenge from Maloney.

By all accounts it was a highly negative campaign, with both candidates drawing millions of dollars from outside the state. America Works, a group bankrolled by the Democratic Governors Association, spent over \$2 million on pro-Tomblin attack ads. Maloney, meanwhile, raked in over \$3 million from the Republican Governor’s Association, much of it spent attempting to tie Tomblin to President Obama, who is very unpopular in West Virginia even though Democrats outnumber Republicans there by a two-to-one margin.

Tomblin, on the other hand, did his best to separate himself from the president, emphasizing instead the state’s relative financial stability.

“We do have a stable budget and a stable economy in West Virginia,” he said after the election results came in last week. “That’s what people are looking for.”

He won’t have long to savor the win, however. His victory earned him only the right to finish what would have been Manchin’s full second term: Tomblin will have to run again next November if he wants to garner his own full term. (BLOOMBERG BUSINESSWEEK, THE ECONOMIST, CHARLESTON DAILY MAIL)

**SNYDER SAYS HE WON’T BE ONE AND DONE:** Michigan Gov. Rick Snyder (R) said last week he does intend to seek a second term after all. His comments came days after he told reporters he would opt out of a re-election bid if he was satisfied he had accomplished all of his legislative goals in his first term.

“I’m not doing the job for the sake of saying I was governor of Michigan for ‘X’ number of years,” Snyder said. “It’s more about making a difference and giving something back.”

But Snyder backtracked on that a few days later, saying he does intend to seek a second term.

“I’m not announcing my candidacy yet, but as a practical matter I do intend to be around for eight years, assuming the voters go along with that and the family is supportive, which they have been consistently,” said Snyder.

No Wolverine State governor has served only a single term since Democrat John Swainson lost his re-election bid in 1962. (DETROIT FREE PRESS, MICHIGAN RADIO [ANN ARBOR])

## Upcoming elections

10/26/2011 - 10/27/2011

10/11/2011

**Alabama Special Primary Runoff**  
House District 45

**Oklahoma Special Election**  
Senate District 43

**Wisconsin Special Primary**  
Assembly District 95

10/18/2011

**Georgia Special Runoff**  
House District 43

**Massachusetts Special Election**  
House District 3rd Berkshire

**Minnesota Special Election**  
Senate Districts 46 and 61

10/22/2011

**Louisiana Primary Election**

House (All)

Senate (All)

Constitutional Officers: Governor,

Lieutenant Governor,

Secretary of State,

Treasurer, Attorney General,

Commissioner of Agriculture and

Forestry, Commissioner of Insurance

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### CHRISTIE TURNS FOCUS BACK TO NJ:

After months of speculation, New Jersey Gov. Chris Christie (R) firmly ended speculation last week he would seek the 2012 GOP presidential nomination. While he will undoubtedly retain a spot on the national stage — the remaining GOP candidates are expected to compete furiously for his endorsement — he still has a full agenda at home, including greater ethics reforms for lawmakers and a major overhaul of the state’s public education system. But with Democrats in control of the Garden State Legislature, his long flirtation with a possible campaign could make those goals problematic to achieve. At least one Democratic leader said she no longer trusted Christie’s motives.

“We will now forever be perplexed as he governs New Jersey whether or not he is going to make policy choices and seek a policy agenda that’s reflective of what fits best for our state or whether he is looking to develop a track record that is leveraged for the national GOP,” said Assembly Speaker Sheila Oliver (D).

Christie, however, indicated he was moving forward with his agenda as planned.

“Nothing has changed,” he said. “Education reform will be a topic of priority for the next legislative session. (STAR-LEDGER [NEWARK], SAN FRANCISCO CHRONICLE)

**GOVERNORS IN BRIEF:** An **ILLINOIS** arbitrator ruled that Gov. Pat Quinn (D) cannot follow through on his plan to lay off state employees and close several prisons and mental facilities, saying it would violate a deal he made last year with the American Federation of State, County and Municipal Employees in which he promised there would be no layoffs or facility closures. Quinn said he will likely appeal the ruling (CRAIN’S CHICAGO BUSINESS). • **RHODE ISLAND** Gov. Lincoln Chafee (I) said he would seek to restore the Ocean State’s so-called “project status” designation, a business-tax break eliminated in this year’s budget. “Project status” gives businesses a state sales tax exemption on certain construction materials and equipment in exchange for growth, either by developing new locations, expanding an existing location or moving into the state from another locale (PROVIDENCE JOURNAL). • **IOWA** Gov. Terry Branstad (R) released details of a plan to reform how the Hawkeye State evaluates and pays teachers. It would implement a four-tiered pay system of apprentice, career, mentor and master teachers with pay increases and additional duties attached to each successive title. It would also require peer review for promotions and create a “value-added” evaluation system that considers student test scores and other measures in determining a teacher’s effectiveness. Branstad called the proposal “a blueprint” and said he will submit a final legislative package to lawmakers in January (SIOUX CITY JOURNAL).

— *Compiled by RICH EHISEN*

### In case you missed it

President Barack Obama gave states long desired flexibility in meeting No Child Left Behind requirements. But the president also made it clear that freedom comes with a price.

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

[http://www.statenet.com/capitol\\_journal/10-03-2011/html#sncj](http://www.statenet.com/capitol_journal/10-03-2011/html#sncj)

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# Hot issues

**B**USINESS: CALIFORNIA Gov. Jerry Brown (D) signs SB 922, a bill that prohibits local governments from enacting blanket bans on project labor agreements, which set uniform work rules for a public projects that could include use of union labor. The law also bars such bans from being enacted via a ballot initiative (SACRAMENTO BEE). • Still in CALIFORNIA, Gov. Brown signs AB 1097, which permits public transit systems to set their own requirements for the minimum percentage of American-made content and components in federally funded buses and rail cars. The law allows those systems to bypass the federal minimum of 60 percent (SAN JOSE MERCURY NEWS). • Staying in CALIFORNIA, Attorney General Kamala Harris (D) announces the Golden State will not agree to a settlement over foreclosure abuse federal officials and other state attorneys general are negotiating with major U.S. banks. Harris said the agreement gives banks too much legal immunity and that her office is continuing with its own investigation into foreclosure abuse (NATIONAL PUBLIC RADIO). Also in CALIFORNIA, Gov. Brown signs AB 1319, which bars bottles and cups made for children under age 3 from containing bisphenol A, a common chemical in clear plastic containers that has been linked to birth defects and other health issues. It goes into effect in July 2013 (SACRAMENTO BEE). • Still in CALIFORNIA, Gov. Brown vetoes AB 101, legislation that would have allowed state-subsidized, in-home child care providers to form unions (SACRAMENTO BEE). • NEW MEXICO Gov. Susana Martinez (R) signs SB 1 a, legislation that requires businesses to be housed in the Land of Enchantment for at least five years and employ at least three in-state workers in order to be eligible for a 5 percent advantage when doing business with the state and local governments. Under the law, a bid by a qualified NEW MEXICO company is considered 5 percent lower than the submitted amount, giving it a better chance to be the low bidder and earn the contract (REPUBLIC [COLUMBUS], STATE NET)].

**CRIME & PUNISHMENT:** The WASHINGTON Pharmacy Board issues a permanent ban on chemicals used to make a synthetic drug sold as “bath salts” which mimic the effects of cocaine and other narcotics. The Board had issued a temporary ban in April. The permanent ban goes into effect in November (NEWS TRIBUNE [TACOMA]). • A FLORIDA judge rules that the Sunshine State Legislature violated the state constitution by using budget language to order prisons in 18 counties to be privatized. Leon County Circuit Judge Jackie Fulford ordered that the project be stopped immediately. The state is considering an appeal (ST. PETERSBURG TIMES). • CALIFORNIA Gov. Jerry Brown (D) signs SB 550, which allows Golden State police to make warrantless searches of plants that make commercial copies of

compact discs and movie DVDs to ensure they are not illegally copying entertainment discs. Violators face large fines (LOS ANGELES TIMES). • Also in **CALIFORNIA**, Gov. Brown signs AB 648, which requires Golden State governors to give written notice to local prosecutors at least 10 days before acting on an application to commute a prisoner's sentence. District attorneys must then try notifying victims in the case (SACRAMENTO BEE). • Still in **CALIFORNIA**, Gov. Brown signs SB 26, which makes it a crime for inmates to possess a cell phone. The law imposes up to six months in jail and a \$5,000 fine on anyone who smuggles a cell phone to a prison inmate (SAN JOSE MERCURY NEWS). • A three-judge panel of the U.S. District Court for the **DISTRICT OF COLUMBIA** upholds D.C.'s authority to impose a system of handgun registration. The panel also rejects a challenge to the city's ban on semiautomatic assault rifles and large-capacity ammunition clips. Opponents of the law are expected to appeal to the full court (WASHINGTON POST).

**ENERGY: CALIFORNIA** Gov. Jerry Brown signs SB 226, which streamlines some permitting requirements under the California Environmental Quality Act for certain solar energy projects already approved by state energy regulators (CALIFORNIA GOVERNOR'S OFFICE, STATE NET).

**EDUCATION: CALIFORNIA** Gov. Jerry Brown signs AB 25, which requires schools to remove from play any athlete suspected of sustaining a concussion. A concussed athlete could not return to play until being cleared by a medical professional (CALIFORNIA GOVERNOR'S OFFICE, STATE NET). • Also in **CALIFORNIA**, Gov. Brown signs AB 194, which requires the California State University and community college systems to grant registration priority to current and former foster youth. The law does not apply to the University of California, but asks that the UC system adhere to it where possible (CALIFORNIA GOVERNOR'S OFFICE, STATE NET).

**ENVIRONMENT:** U.S. District Judge Donald Molloy approves a settlement giving **MONTANA** until 2014 to clean up more than 17,000 miles of rivers and streams and 461,000 surface acres of polluted lakes in 28 watersheds across the Treasure State. The settlement requires the state to meet water quality standards set under the federal Clean Water Act for uses such as drinking, swimming and fishing (REUTERS). • The U.S. Supreme Court rejects a case challenging whether air pollution officials in **CALIFORNIA** can charge home builders fees to offset the smog that is caused from new subdivisions and other housing developments. The law in question, adopted by local regulators from the San Joaquin Valley Air Pollution Control District in Fresno, requires developers to pay to offset the air pollution caused by their construction equipment, and also for the new traffic generated by their projects (SAN JOSE MERCURY NEWS). • The U.S. Fish and Wildlife Service releases a draft plan

for removing wolves from federal oversight in **WYOMING**. The plan would codify a compromise between protections for wolves under the Endangered Species Act in the Yellowstone region and allowing wolves to be shot on sight elsewhere in the state. The plan, which has entered a 100-day public comment period, would potentially remove wolves from ESA protection by next summer (IDAHO STATESMAN [BOISE]).

**HEALTH & SCIENCE: CALIFORNIA** Gov. Jerry Brown signs AB 395, which makes permanent statewide testing in newborns for Severe Combined Immunodeficiency (SCID), a.k.a. “Bubble Boy Disease.” The Golden State had been testing for the disease through a pilot program (CALIFORNIA GOVERNOR’S OFFICE, STATE NET). • Still in **CALIFORNIA**, Gov. Brown signs SB 222 and AB 210, which require health insurers to include maternity coverage in all individual and small group plans, beginning in July, 2012 (SACRAMENTO BEE). • Staying in **CALIFORNIA**, Brown signs SB 299, which prohibits employers from refusing to pay and maintain health insurance coverage for women who take maternity leave (SAN JOSE MERCURY NEWS).

**IMMIGRATION:** U.S. District Judge Sharon Blackburn refuses to delay implementation of a strict new **ALABAMA** immigration law (HB 56) while groups appeal her previous ruling allowing most parts of the law to be enforced. Opponents of the law, including the federal government, said they would file an emergency appeal to the 11<sup>th</sup> U.S. Circuit Court of Appeals (BIRMINGHAM NEWS).

**SOCIAL POLICY:** U.S. District Judge Paul Borman orders **MICHIGAN** officials to temporarily stop enforcing a new law ending cash assistance to over 11,000 poor families who have collected welfare for at least 48 months. Borman, who also ordered the state to issue another notification letter to those recipients, said the Wolverine State violated federal law by giving them less than three weeks to prepare for the cuts (DETROIT FREE PRESS). • **CALIFORNIA** Gov. Jerry Brown signs AB 768, which bars cities and counties from banning male circumcision (SACRAMENTO BEE). • **CALIFORNIA** Gov. Jerry Brown (D) signs AB 735, which requires state agencies to give current and former foster youth preference in the hiring of interns and student assistants (CALIFORNIA GOVERNOR’S OFFICE, STATE NET). • Still in **CALIFORNIA**, Brown signs AB 6, which does away with a requirement that food stamp recipients be fingerprinted before receiving benefits (SAN JOSE MERCURY NEWS).

**POTPOURRI: CALIFORNIA** Gov. Jerry Brown (D) signs SB 929, which requires children in cars to be seated in a booster seat until age 8. Younger children may be exempted if they are at least 4’ 9” tall (LOS ANGELES TIMES).

— *Compiled by RICH EHISEN*

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# Once around the statehouse lightly

**SEAL OF FRIENDSHIP:** California’s political climate is as toxic as anywhere else, but not everyone is always sporting their hyper-partisan armor. Case in point came last week when Elizabeth Ashford, Chief Deputy Press Secretary for Gov. Jerry Brown (D), was in a nasty wreck after an errant driver ran a stoplight and plowed into her car. While Ashford was being tended to, she realized she had the gov’s official seals — the shiny ones on the podium whenever the gov makes an official address — in her car. Fearful they would get stolen, she got emergency workers to grab them for her. Alas, as the *Sacramento Bee* reports, an employee of the Assembly Republican Caucus saw the accident and offered to take the seals so they would not go missing later. As Ashford said, “She was reaching across party lines as they’re loading me into the ambulance.” Appropriate, given what a wreck the Golden State Legislature can be.

**SPEAKING OF JERRY BROWN,** the gov is sure to have writer’s cramp come Monday. As of last week, Brown had a stack of over 600 bills to either sign or veto by the state’s October 9<sup>th</sup> deadline. As the *San Jose Mercury News* reports, as of last Thursday he had only addressed about 260. He vowed to comprehensively read each and every one of them before acting, leaving little doubt as to how he spent his weekend.

**FROM YOU, THAT’S NOT FUNNY:** As noted in this space last week, late night comedians love cracking on New Jersey Gov. Chris Christie over his ample girth. The gov has made it clear that those barbs don’t bother him much, but that indifference clearly doesn’t apply to jabs handed out by the press. As the *New York Times* reports, the gov, who just opted out of a run at the White House, thinks pundits ought to stick to blathering about weighty issues and not a candidate’s weight, calling journo’s who talk about his weight “among the most ignorant I’ve ever heard in my life.” But Christie also admitted to finding some humor in comedians’ take on his physique. He has only one requirement. “All I care about is that they actually are funny, so that I can at least laugh about it while they’re mocking me,” he says.

**THE LOSING NUMBERS:** Many states count on lottery revenues for pumping a few extra bucks into their education budgets. But selling those tickets each week requires a fair amount of marketing. Which is why Washington state Lottery Director Bill Hanson recently okayed the purchase of a new Mercedes-Benz van, which he planned to turn into the state “Lottomobile.” Part of that process was to include



dropping another \$75,000 on outfitting the rig with Lotto machines and custom paint. But those numbers were anything but a winner to Washington Gov. Christine Gregoire. As *The Olympian* reports, the gov fired off a terse letter ordering Hanson to return the van right away. It probably wouldn't have helped him to point out the gov's own recent marketing venture: a trip to the Paris Air Show that cost the state \$98,000, more than double its original estimated cost. Yeah, better not to hit your boss with that one.

— By RICH EHISEN

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