

February 11, 2013

Medicaid Expansion



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The next issue of Capitol Journal will be available on February 18th.

Top Story

Although most GOP governors still oppose expanding Medicaid coverage in their states, a small but growing number of influential Republican chief executives are signing on.

SNCJ Spotlight

Money talks as states struggle to expand Medicaid

Soon after President Obama signed the Patient Protection and Affordable Care Act into law in 2010, one of the measure's leading supporters in the medical community prophetically warned that the nation's expensive health care system would not be easily reformed.

A Cannon Perspective



With Lou Cannon

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A map of the United States where states are shaded based on their participation in the Affordable Care Act's (ACA) Medicaid expansion program as of January 2016. Dark gray shading indicates states participating in the expansion, while light gray shading indicates states that have opted out. White areas represent states that had not yet made a decision or were ineligible.

State	Status
Alabama (AL)	Opted out
Alaska (AK)	Ineligible
Arizona (AZ)	Participating
Arkansas (AR)	Participating
California (CA)	Participating
Colorado (CO)	Participating
Connecticut (CT)	Participating
Delaware (DE)	Participating
District of Columbia (DC)	Participating
Florida (FL)	Ineligible
Gaia (GA)	Opted out
Hawaii (HI)	Ineligible
Idaho (ID)	Opted out
Illinois (IL)	Participating
Indiana (IN)	Opted out
Iowa (IA)	Opted out
Kansas (KS)	Opted out
Kentucky (KY)	Opted out
Louisiana (LA)	Opted out
Maine (ME)	Opted out
Maryland (MD)	Participating
Massachusetts (MA)	Participating
Michigan (MI)	Participating
Minnesota (MN)	Participating
Mississippi (MS)	Opted out
Montana (MT)	Participating
Nebraska (NE)	Opted out
Nevada (NV)	Participating
New Hampshire (NH)	Opted out
New Jersey (NJ)	Participating
New York (NY)	Participating
North Carolina (NC)	Opted out
North Dakota (ND)	Participating
Ohio (OH)	Participating
Oklahoma (OK)	Opted out
Oregon (OR)	Ineligible
Pennsylvania (PA)	Participating
Rhode Island (RI)	Participating
South Carolina (SC)	Opted out
South Dakota (SD)	Opted out
Tennessee (TN)	Opted out
Texas (TX)	Opted out
Vermont (VT)	Opted out
Virginia (VA)	Opted out
Washington (WA)	Participating
West Virginia (WV)	Opted out
Wisconsin (WI)	Opted out
Wyoming (WY)	Opted out

Source: AHJAlerts.com

Legend:
 States opting out of the ACA's Medicaid expansion
 States participating in the expansion

Since the U.S. Supreme Court's June 2012 ruling upholding the constitutionality of the Affordable Care Act but allowing states to opt out of the law's mandated Medicaid expansion without penalty, 10 states have indicated they will do so, according to American Health Line. But 20 others have announced they will participate in the expansion, including several conservative-leaning states, where officials have been openly critical of the ACA, such as Arizona, New Mexico and Ohio. Among the latest to announce plans to opt in was Michigan Gov. Rick Snyder (R), who did so on Feb. 6.



show up in our doctors' offices and emergency rooms." Arizona would receive \$1.6 billion in federal matching funds in 2014, the first year of the expansion.

The Arizona governor's change of heart drew barbs from fellow conservatives. *National Review Online* said Brewer exemplified an "unfortunate common strain of Republican leadership that is uncompromising in rhetoric but opportunistic in reality." Nor is it certain that Brewer will persuade the Republican-controlled Arizona State Senate to go along with Medicaid expansion. "The devil is in the details," said Sen. Nancy Barto, whose committee oversees health care issues. Barto wants to see these details before making a commitment.

Whatever happens in Arizona, Medicaid expansion is crucial to the Obama administration's goal of insuring 30 million of the estimated 48 million Americans who now lack any health insurance. It's believed that half of the 30 million will be insured through the exchanges and half through the Medicaid expansion. But these are at best rough estimates. More than 60 million people, about one in five Americans already receive Medicaid benefits and millions more are eligible.

Enrollment in Medicaid and the Children's Health Insurance Program, created in 1977, has surged more than 70 percent since 2000, reflecting economic downturns and the elimination of health benefits by employers.

Twenty-four governors, most of them Democrats, have committed to further Medicaid expansion. Nineteen Republican governors, including the governors of five of the 10 most populous states, still oppose it.

These governors — and many Republican-controlled state legislatures as well — are able to resist additional expansion because the Supreme Court gave them an escape hatch in its 2012 ruling upholding the constitutionality of the Affordable Care Act. By a 7-2 margin, the justices decided that states could not be penalized if they declined to expand Medicaid programs to include anyone with income 133 percent or less above the poverty line. That would make Medicaid available for individuals earning up to \$14,856 a year; for a family of three, the figure would be \$25,390. The expansion will be fully federally subsidized for the first two years, then gradually reduced to 90 percent of costs by 2020.

Originally, all Republican governors opposed expansion of Medicaid. Some such as Rick Perry of Texas have done so on philosophical grounds — bluntly put, they oppose additional aid for the poor — but the larger concern for most governors is fiscal. Many governors and state legislators, including some Democrats, worry that states, which already spend an average of 15 percent of their budgets on Medicaid, will be overburdened by Medicaid costs as federal subsidies diminish.

Melissa Hansen, a Medicaid expert at the National Conference of State Legislatures said there is particular unease in the states about the so-called

Upcoming stories

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

- **Pharmacy regulation**
- **Fracking**
- **Sequestration**

“woodwork effect,” which holds that availability of a new service can induce patients to come out of the woodwork to get it. If the theory is valid, Medicaid expansion could be wildly expensive for states with high numbers of uninsured, because the Affordable Care Act provides federal subsidies only for persons who are newly eligible — not for those who are presently eligible but have not enrolled in Medicaid. Potentially hardest hit would be states such as Texas, where more than 26 percent of persons have no health insurance. Massachusetts, at the other end of the insurance spectrum, has only 5 percent uninsured.

As Hansen and Laura Tobler of NCSL acknowledged in a webinar on Medicaid for states Feb. 1, the full state costs of expanding Medicaid are not yet known. Supporters of Medicaid have suggested that opponents exaggerate the “woodwork effect” to discourage expansion. In Florida, Gov. Rick Scott (R) estimated last December that Medicaid expansion would cost the state \$26 billion over 10 years. Last month he lowered the estimate to \$3 billion. Similarly in Virginia, the administration of Republican Gov. Bob McDonnell lowered the estimated cost of Medicaid expansion from \$2.2 billion over nine years to \$137.5 million.

Whatever the costs, there will be a hole in the safety net if states decline to expand health care coverage for the poor. As envisioned by the Affordable Care Act, Medicaid will provide health care for those up to 133 percent above the poverty level and the exchanges will then offer affordable policies to individuals and families with income up to 400 percent above the poverty line. Without Medicaid expansion, there are likely to be millions of Americans who have too much income to qualify for Medicaid but not enough to purchase health insurance on the exchanges.

The actions of the governors in accepting a Medicaid expansion they strenuously opposed could be a sign of the times. If so, it would follow a familiar pattern. When Medicaid was created in 1965, a number of states declined to offer it. Eventually, lured by federal subsidies, all states signed up for the program.

Arizona in 1982 was the last state to provide Medicaid. If Gov. Brewer has her way, it will be in the forefront of those expanding it.

— By Lou Cannon

Budget & taxes

VA TRANSPORTATION PLAN GETS MIXED RECEPTION: As the deadline for Virginia’s House and Senate to pass bills to the opposite chamber came and went last week, Senate Democrats refused to go along with Gov. Robert McDonnell’s (R) radical plan to overhaul the state’s transportation funding system, effectively killing the chamber’s version of that proposal. The

Senate, divided 20-20 between Democrats and Republicans, split right down the middle of the aisle on the \$3.1 billion plan, dubbed “Virginia’s Road to the Future,” which would do away with the state’s 17.5 cents-per-gallon gas tax and fund transportation expenditures with a 0.8 percent increase in the state’s 5 percent sales tax instead. And the state’s Republican lieutenant governor, Bill Bolling, was unable to cast a tie-breaking vote because the bill, SB 1355, was revenue-related.

“I’m very disappointed,” McDonnell said afterward. “I think the Democrats have a lot of answering to do tonight. They’re going to have to tell us what they’re willing to do. This is a party that says no to everything but higher taxes. I think the Democrats are way out of touch and they need to start being reasonable.”

Several Democrats said they opposed the plan because they simply didn’t like it, but the stealth maneuver Senate Republicans used to redraw the state’s political boundaries (see **GOP SNEAKS THROUGH LEGISLATIVE REMAP IN VA** in Feb. 4 issue of *SNCJ*) probably didn’t make them too inclined to view the proposal in the most favorable light.

The plan is still alive, however. The GOP-controlled House passed its own version, HB 2313, although not without several amendments — barring the state from imposing tolls on Interstate 95, among other things — and plenty of criticism.

“It’s a bunch of gymnastics to try to say you’re not raising taxes,” said Del. Scott A. Surovell (D). “Beyond that, decoupling road funding from road usage is a pretty radical idea, and it unfairly punishes people who are not even driving on roads.”

But ultimately the view expressed by Del. Timothy D. Hugo (R) prevailed.

“Mr. Speaker, there is gridlock in Northern Virginia, and there is gridlock in Hampton Roads, and there is gridlock all over. But the gridlock is caused because of gridlock here in the General Assembly,” he said. “Today is the day, the time is now, and the vote is green. Vote yes.”

The vote could quickly turn red, however, when “Virginia’s Road to the Future” reaches the Senate. (WASHINGTON POST, STATE NET)

CA OUT OF BOND-RATING BASEMENT: Standard & Poor’s raised California’s general obligation bond rating from A-minus to A this month. The upgrade comes just a week after S&P downgraded Illinois’ rating to A-minus, meaning The Prairie State now has the lowest bond rating in the nation instead of The Golden State.

Upcoming elections

(2/8/2013 - 2/22/2013)

02/12/2013

Alabama Special Primary
House District 11

Kentucky Special Election
House District 52

Minnesota Special Election
House Districts 14A and 19A

02/19/2013

New Hampshire Special Election
House Hillsborough 31

02/26/2013

Alabama Special Primary
House District 97

Illinois Special Primary
US House (CD 02)

Mississippi Special Runoff
Senate District 28

The rating agency has been encouraged by budget developments in California, including recent spending cuts and temporary tax hikes voters approved in November with Proposition 30.

“A more streamlined budget, the temporary taxes and a strengthening economy present the state an opportunity to stabilize its finances for at least several years,” S&P stated.

But the agency also cautioned: “Over five to seven years, however, the state’s credit rating will depend more on lawmaker actions — in particular, whether lawmakers stay the fiscal course charted out in recent budgets even while Proposition 30 taxes are in effect and especially as they approach expiration.” (SACRAMENTO BEE, STATELINE.ORG)

FL GOV PROPOSES RECORD BUDGET: Two years ago, Florida Gov. Rick Scott (R) told a crowd of tea party activists gathered at a church in Eustis that he wanted to cut state spending by \$5 billion and require government workers to pay for more of their pensions. But last week the governor proposed a \$74.2 billion budget, the largest in the state’s history and a \$4 billion increase over last year. What’s more, he wants to give teachers \$2,500 raises and award state workers cash bonuses.

“We balanced the budget, paid down state debt, cut taxes, cut regulation and it worked,” Scott said at a news conference where he rolled out his budget. “Now we have the wherewithal to make more investments.”

The governor’s poor job approval ratings and a “listening tour” of schools last fall may also have contributed to some of the budget provisions. But he hasn’t entirely forgotten about spending cuts or become an absolute champion of public labor. His budget also calls for eliminating 3,600 more state jobs and freezing government workers’ salaries for the seventh year in a row. (MIAMI HERALD)

CORBETT REVEALS MODEST PA BUDGET: Pennsylvania Gov. Tom Corbett (R) has presented state lawmakers with a \$28.4 billion proposed budget for fiscal 2013-14, representing a modest increase over current spending with its balance hinged to broad reforms of state employee and teacher pension systems and the privatization of the state-run liquor store system. The proposal would increase state spending by 2.4 percent without any new or increased taxes. However, Corbett’s proposed elimination of the cap on the state’s longstanding tax on fuel at the wholesale level realistically could result in higher gas prices at the pump. The governor’s proposed pension reforms include a shift to a 401(k)-style plan for new employees and a cut in benefits for current workers going forward. His liquor sale privatization plan would close 600 state-operated wine and spirits store and replace them with the auctioned sale of 1,200 retail licenses to private enterprise. Corbett’s proposal would provide a 1.2 percent increase in basic education spending, but would hold spending for special education and higher education at present levels. The

spending blueprint drew mixed partisan reaction from the Republican-controlled House and Senate whose respective appropriations committees will begin a month-long series of hearings on it later this month. (STATE NET)

BUDGETS IN BRIEF: The **CALIFORNIA** State Teachers Retirement System is facing a \$64 billion deficit that would require \$4.5 billion a year in additional funding to bridge, according to a report released by the pension fund last week (SACRAMENTO BEE). • **ILLINOIS** withdrew a \$500 million bond offering at the last minute on Jan. 30 over concerns about investor response, in light of the state's \$96.8 billion projected pension shortfall, among the largest in the nation. The state's pension woes spurred Standard & Poor's to downgrade its bond rating days earlier (WALL STREET JOURNAL). The **NEVADA** Supreme Court unanimously rejected a challenge to an initiative petition calling for the imposition of a 2 percent business margin tax to provide funding for education. The Legislature must now consider such a tax in the first 40 days of the 2013 session or the proposal will go before the state's voters in the 2014 general election (LAS VEGAS REVIEW-JOURNAL). • A **TEXAS** judge ruled last week that the state's public school funding system violates the Constitution by failing to provide enough money to school districts or distribute it fairly among them. The decision marks the second time in less than a decade that the state has been ordered to overhaul its school funding system (HOUSTON CHRONICLE).

— *Compiled by KOREY CLARK and BEN LIVINGOOD*

Politics & leadership

V A **HOUSE SPEAKER KILLS SENATE GOP REMAP:** The Virginia Senate redistricting plan that Republicans slipped through that chamber last month while a Democratic senator was attending President Obama's inauguration ceremony was killed in the House last week by Speaker William Howell (R).

All eyes had been on Howell since HB 259 — a bill making technical adjustments to House district boundaries approved in 2011, until Republicans grafted their Senate districts overhaul onto it — was passed by the Senate on a 20-19 vote during the absence of Sen. Henry Marsh (D). Last Wednesday, Howell decided the Senate's sweeping change wasn't germane to the original bill and consequently an invalid amendment to it.

In a roughly six-minute speech, Howell said the Senate's modifications of the bill strayed "dramatically, in my opinion, from the legislation's original purpose of addressing relatively technical, minor, administrative adjustments to certain districts."

Senate Majority Leader Tommy Norment (R), the chief architect of the remap effort, wasn't pleased by Howell's decision and maintained the position that his caucus was just trying to rectify the gerrymandered districts Democrats had pushed through in 2011, when they controlled the Senate.

"The Virginia Senate Republican Caucus remains committed to correcting the egregious hyper-partisan gerrymander that has resulted in the current tortuously drawn Senate districts," he said in a statement.

Democrats, however, praised Howell's action. House Democratic Leader David Toscano said the speaker "was clearly choosing an atmosphere of Virginia over an atmosphere of Washington, D.C."

There were also indications the move could lower partisan tensions in the Capitol as the General Assembly heads into its final weeks of the session.

"A bipartisan atmosphere has been returned to the General Assembly," said Sen. Donald McEachin (D).

A restoration of bipartisanship could make the road a little smoother for the House version of Gov. Bob McDonnell's (R) transportation overhaul when it reaches the Senate, although it won't save the Senate version of that initiative (see VA TRANSPORTATION PLAN GETS MIXED RECEPTION in this issue).

And although Senate Democratic Leader Richard Saslaw said of the remap episode, "It's over now, OK, and we're going on to the next thing," it's clear he and his caucus aren't going to forget the Republicans' opportunistic maneuver any time soon.

"Even if I have to have somebody there on a gurney and me pushing the button for them, we'll have 20 votes," he said. (VIRGINIAN-PILOT [RICHMOND], STATE NET)

GOP-BACKED ELECTORAL COLLEGE MAKEOVER NOT GETTING HIGH MARKS: Republicans have backed proposals in several swing states this session aimed at changing the way electoral votes are awarded in presidential elections. The measures, introduced in states that voted for President Obama in 2012 but have GOP-controlled legislatures — including Florida, Michigan, Ohio, Pennsylvania, Virginia and Wisconsin — would allocate Electoral College votes proportionally instead of by the winner-take-all approach currently used in every state but Nebraska and Maine.

But the measures are gaining little ground due in large part to strong opposition from key Republican officials in the states where they've been proposed. Recent comments by Wisconsin Gov. Scott Walker (R) are fairly representative.

"I'm not embracing it because it's a double-edged sword," he said. "What may look appealing right now depending on who your candidate was might, four or eight years from now, look like just the reverse. And the most important thing to me long term as a governor is what makes your voters be in play. One of our advantages as a swing state is that candidates come here...that's good for voters. If

we change that, that would take that away and would largely make us irrelevant.”

Florida House Speaker Will Weatherford (R) said Republicans should focus on working better within the current system rather than trying to turn it to their advantage.

“To me, that’s like saying in a football game, ‘We should have only three quarters, because we were winning after three quarters and they beat us in the fourth,’” he said. “I don’t think we need to change the rules of the game, I think we need to get better.” (POLITICO, STATE NET)

LAWSUIT ALLEGES REPUBLICAN LAWMAKERS CONSULTED WITH STATE GOP ON REMAP:

A lawsuit challenging the Florida Senate and congressional district maps drawn by the Republican majority in 2010 alleges GOP lawmakers and their staff consulted frequently with state Republican Party of Florida consultants during the redistricting process, despite a constitutional ban on such coordination approved by voters.

The suit references emails allegedly showing staff of Senate President Don Gaetz (R) and House Speaker Will Weatherford (R) were invited to a “brainstorming” meeting with RPOF consultants at RPOF headquarters in Tallahassee and that two Republican senators, Andy Gardiner and Jack Latvala, exchanged emails with RPOF consultants using their personal email accounts, in at least one instance during the Senate’s special session on redistricting last April.

“This certainly begins to pull back the curtain on the process that had been promised to be non-partisan and transparent,” said Miami-based attorney Gerald Greenberg, who is representing the Democrat-leaning plaintiffs in the suit.

Gaetz and Weatherford refused to comment on the meeting at party headquarters or the emails, but Weatherford issued a statement defending the approach taken by his chamber.

“The House work product resulted in maps that were unanimously upheld by the Florida Supreme Court and by the Department of Justice,” he stated. “We are proud of those results and believe it was because of our transparency, openness and unwavering compliance with the law.” (MIAMI HERALD)

POLITICS IN BRIEF: A bill that would cut off voter registration in MONTANA the Friday before Election Day — effectively eliminating same-day registration — won initial approval in the GOP-controlled House. The measure, HB

The week in session

States in Regular Session: AK, AL, AR, AZ, CA, CO, CT, DC, DE, GA, HI, IA, ID, IL, IN, KS, KY, MA, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX, US, UT, VA, VT, WA, WI, WV, WY

States in Recess: FL

States in Special Session: CA “a”

State Special Sessions Adjourned in 2013: CT “c”, DC, DE, DE “a”, DE “b”, DE “c”, DE “a”, IL, IL “a”, NJ “a”, NY, NY “a”, OH, PA, US, VA “a”, WI “b”

Letters indicate special/extraordinary sessions

— Compiled By FELICIA CARILLO
(session information current as of 2/7/2013)
Source: State Net database

30, will have to pass a final vote before being sent to the Senate (MISSOULIAN, STATE NET). • Republicans have launched an effort — dubbed the Future Majority Caucus — to help elect more Hispanics and women at the state level. The GOP had a net gain of just one Hispanic legislator across all 50 states in last November’s elections (POLITICO). • **INDIANA** Rep. Peggy Mayfield (R) has filed a bill, HB 1311, that would prohibit college students who pay out-of-state tuition from voting in the state (INDIANAPOLIS STAR, STATE NET). • **NEBRASKA** Lt. Gov. Rick Sheehy (R) abruptly resigned last week after an investigation by the *Omaha World-Herald* revealed that over the past four years, he’d made 2,300 cell-phone calls to four women, none of whom was his wife (OMAHA WORLD-HERALD). • A bill that would prohibit public employee unions from using voluntary paycheck donations from members for political advocacy won preliminary approval in the **KANSAS** House. A final vote on HB 2023 was expected last Thursday (LAWRENCE JOURNAL-WORLD, STATE NET)

— Compiled by KOREY CLARK

Governors

KASICH, SNYDER ENDORSE MEDICAID EXPANSION: Govs. John Kasich of Ohio and Rick Snyder of Michigan last week became the fifth and sixth Republican chief executives respectively to endorse expanding Medicaid in their states. They join GOP governors in Arizona, North Dakota, Nevada

and New Mexico (see *SNCJ Spotlight* in this issue) in growing the state-federal health care program for the poor and disabled.

The expansion is part of the Affordable Care Act, now generally known as Obamacare. Under the law, the federal government will pay the full tab of the expansion for the first three years, gradually reducing its share to 90 percent by 2020.

In his announcement last Monday, Gov. Kasich — a longstanding opponent of the Affordable Care Act, the federal law that has spurred the expansion — said his decision does not mean he has changed his stance on the law.

“This is not an endorsement of Obamacare,” he told *Bloomberg News*. “I think it’s something to be considered separately from some people’s strong feelings — including mine — about Obamacare.”

**“I think it’s something
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Obamacare.”**

But Kasich said that accepting the Medicaid expansion and the federal dollars that come along with it will help the Buckeye State fund other areas of need, primarily mental health services. He said it will also help keep health insurance premiums in check as there will be fewer uninsured people relying on expensive emergency rooms for their medical needs.

His sentiments were echoed a few days later in Michigan, where Gov. Snyder said expanding Medicaid made “physical and fiscal sense” for the Wolverine State.

“Expansion will create more access to primary care providers, reduce the burden on hospitals and small businesses, and save precious tax dollars,” he said in a statement. “It also puts Michigan rather than Washington in the driver’s seat in terms of implementation, which allows us to better address Michigan’s specific needs.”

But Kasich’s decision to go along with one of the ACA’s major tenets drew an immediate harsh reaction from the law’s opponents.

Nicole Kaeding, state policy manager for Americans for Prosperity in Ohio, called Medicaid “broken” and said “expanding the system to include another 365,000 individuals is exactly the wrong policy for Ohio families.”

Michigan House Speaker Jase Bolger (R) has said he’s “appropriately skeptical” of the expansion, but in a statement last week from spokesman Ari Adler expressed a willingness to hear the governor out.

“The federal government has a history of working with states to start long-term programs while providing only short-term funding, and then sticking state taxpayers with the future financial liability that program creates,” Adler said. “House Republicans aren’t raising questions as a way to object, we simply want to make sure we have the answers we need before making any decisions.”

Two other GOP governors — Pennsylvania Gov. Tom Corbett and Indiana Gov. Mike Pence — last week announced they would not go along with the expansion. (BLOOMBERG NEWS, POLITICO, EVANSVILLE COURIER & PRESS, PHILADELPHIA INQUIRER, MLIVE.COM, COLUMBUS DISPATCH, NEW YORK TIMES)

MALLOY, AMAZON REACH TAX DEAL IN CT: Connecticut Gov. Dannel P. Malloy (D) announced a deal with online retailer Amazon.com to begin collecting sales tax on purchases made by Constitution State consumers. The retail giant will also build a \$50 million distribution center that creates 300 jobs.

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: 891

Number of Intros last week: 12,591

Number of Enacted/Adopted last week: 825

Number of 2013 Prefiles to date: 18,498

Number of 2013 Intros to date: 53,591

Number of 2013 Session Enacted/Adopted overall to date: 2,668

Number of bills currently in State Net Database: 153,184

— Compiled By FELICIA CARILLO
(measures current as of 2/7/2013)
Source: State Net database

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The agreement, which goes into effect on Nov. 1, will allow Amazon to renew relationships with thousands of local businesses that had previously received a commission for directing consumers to the retailers Web site. Amazon cut ties with those affiliates in 2011 after the state passed a law that required any company with such a presence to collect sales tax. It worked: the company avoided collecting and reporting the taxes, but it also lost the business those affiliates generated for them.

Malloy called the deal a win for “our state’s taxpayers, our Main Street retailers and our workforce,” adding that the new distribution center “will unquestionably boost our local economy.”

The new system is expected to produce about \$15 million in tax revenue annually. But Malloy also reiterated his belief that Congress must ultimately pass a federal online sales tax law to ensure that all Internet retailers are properly collecting taxes. (CONNECTICUT MIRROR, CONNECTICUT POST)

HERBERT WANTS FEDS TO RUN UT EXCHANGE: Utah Gov. Gary Herbert (R) said the Beehive State now wants the federal government to operate a state health benefits exchange for individual residents. The state, meanwhile, would continue to run an exchange that caters to small businesses, which has been in operation since 2009. Herbert had initially wanted to expand that exchange to include individuals, but changed his mind after meetings with staff, lawmakers and insurance industry representatives convinced him that a joint state-federal effort would be a better fit.

Herbert informed Health and Human Services Secretary Kathleen Sebelius of his decision in a meeting in Washington D.C. last week. Afterward, he told reporters that such a plan would allow for “a peaceful co-existence” between his state and the federal government.

Some observers speculated that Herbert was yielding to political pressure from opponents who have resisted any effort to implement the Affordable Care Act and the health exchanges it calls for. But last Tuesday Gov. Herbert said Utah is simply not inclined to enforce the law’s individual mandate or to administer Medicaid through a state-run exchange. He called splitting the exchanges into two separate entities a “win-win” that ensures both the state and the federal government get what they want.

“It allows Utah to stay true to its principles and objectives and allows the federal government to take over where they think the Affordable Care Act would not be served with our state exchange, and they can pick up the slack,” he told reporters in a conference call from D.C.

Sebelius still needs to issue a final verdict on the proposal. That decision is expected within the next few weeks. (SALT LAKE TRIBUNE, DAILY HERALD [PROVO])

BESHEAR CALLS FOR STATEWIDE SMOKING BAN: In his annual State of the Commonwealth address last week, Kentucky Gov. Steve Beshear (D) called for

a statewide ban on smoking in most public places. The governor said that tobacco addiction “hurts productivity, jacks up medical costs and kills people.” He added that the Bluegrass State ranks “either dead last, or next to last, in the number of adults who smoke, teens who smoke, and pregnant women who smoke.” He noted that over three dozen local cities and counties already ban smoking in public places and that it is “time for us to begin seriously looking at doing this” statewide. (STATELINE.ORG, BOWLING GREEN DAILY NEWS)

In case you missed it

With Democrats now holding a supermajority in the California Legislature, Republicans may struggle this year to stay relevant under the Golden State Capitol dome.

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

http://www.statenet.com/capitol_journal/02-04-2013/html#sncl_spotlight

CHRISTY’S WEIGHTY ISSUE: It started out as yet another joke about New Jersey Gov. Chris Christie’s (R) weight, one the governor himself was in on. But it shortly ended up as anything but funny to him.

Things began on Monday when Christie made his first-ever appearance on “The Late Show,” where he faced off with long-time antagonist David Letterman, who has regularly jibed the governor about his ample girth. Midway through their conversation, Christie took a big bite out of a jelly doughnut he had hidden in his pocket, drawing huge laughs from the crowd. It also led to a more serious conversation about his weight, first between Christie and Letterman and then later among cable TV pundits nationwide who speculated whether his weight would impact his chances of winning the GOP presidential nomination in 2016.

That discussion also included comments from Dr. Connie Mariano, a former White House physician who worked for President Bill Clinton and both Presidents Bush, who told CNN she is afraid Gov. Christie would die in office if he does not lose weight.

While Christie was fine with joking with Letterman, he was far less enthralled with Marino’s comments. In comments to reporters, he called her “a hack” seeking “her five minutes on television” and suggested that she should “shut up” unless she has actually examined him.

“I find it fascinating that a doctor in Arizona — who’s never met me, never examined me, never reviewed my medical history or records and knows nothing about my family history — could make a diagnosis from 2,400 miles away,” Christie told reporters. “She must be a genius. She should probably be the surgeon general of the United States, I suspect.”

Mariano, however, wasn’t inclined to back down, noting she was more than qualified to weigh in on the governor’s health issues.

“I’m not a hack. If you look up my resume, I’ve been in the White House for nine years. I’m a retired Navy rear admiral. I’m board-certified in internal medicine,” she said, adding, “You don’t have to be a doctor to see that he is obese.”

But while Mariano has concerns about Christie’s health, she noted that she is also a Republican and a big fan of his who wants him to run for president.

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“He’s a tough SOB,” she told the *Newark Star-Ledger*. “And all of us really like him because he’s refreshingly honest. He’s no BS-er. ... I want him to lose weight so he can win the office.” (CNN.COM, NEWARK STAR-LEDGER, BLOOMBERG NEWS)

GOVERNORS IN BRIEF: **ALASKA** Gov. Sean Parnell (R) said he is not in favor of HB 4, a measure that would give the Alaska Gasline Development Corp. more freedom and power to pursue development of the Alaska Standalone Gas Pipeline, a small-diameter line designed to bring North Slope gas to Fairbanks and Cook Inlet. Parnell said he support’s the bill objective but in its current form does not require enough accountability from developers (FAIRBANKS NEWS-MINER). • The administration of **CALIFORNIA** Gov. Jerry Brown (D) submitted documents to U.S. District Judge Lawrence Karlton indicating it will allow 4,257 Golden State inmates currently in out-of-state private prisons and whose terms end before July 2016 to serve out the remainder of their sentences in those contract facilities. The remaining 4,325 inmates will return from lockups in **MISSISSIPPI**, **OKLAHOMA** and **ARIZONA** in stages, starting this year and ending in 2016 (LOS ANGELES TIMES). • **INDIANA** Gov. Mike Spence (R) has endorsed a proposal to greatly expand the Hoosier State’s school voucher system. A gubernatorial spokesperson told lawmakers last week that Gov. Spence supports a sweeping package of education changes that would end a one-year waiting period to obtain a voucher scholarship (COURIER-JOURNAL [LEXINGTON]). • **OKLAHOMA** Gov. Mary Fallin (R) issues Executive Order 2011-19, which creates the Governor’s Unmanned Aerial System Council, tasked with reviewing and making proposals on “all aspects of the development of Unmanned Aerial Systems (UAS) and related technologies in the state, from education to economic development, job creation and capital investment” (STATE NET).

— Compiled by RICH EHISEN

Hot issues

BUSINESS: The **CALIFORNIA** Supreme Court rules that Internet retailers selling music and other downloadable products are exempt from a Golden State law that bars brick-and-mortar stores from collecting personal information from credit card users (LOS ANGELES TIMES). • The **SOUTH DAKOTA** Senate Judiciary Committee rejects HB 1105, which would have raised the maximum apartment rental security deposit from one month’s to two month’s rent. The same committee also rejects HB 1104, which would have required court clerks to complete potential renters’ criminal background checks within four hours (ARGUS LEADER [SIOUX FALLS]). • The **INDIANA** House approves HB 1293, legislation

that would allow Hoosier State distilleries to sell hard liquor on site, either by the drink or the bottle. It moves to the Senate (INDIANAPOLIS STAR). • The **WYOMING** House approves HB 77, which would establish a lottery in the Equality State. The measure, which would allow for a state or multi-state lottery but ban scratch-off tickets and electronic lotteries, moves to the Senate (CASPER STAR-TRIBUNE). • **NEW JERSEY** Gov. Chris Christie (R) conditionally vetoes AB 2578, which would make the Garden State the third to legalize Internet gambling. Gov. Christie said he would sign the measure if lawmakers added a 10-year sunset clause, more funding for treating gambling addiction and raised the tax on Internet gambling revenues to 15 percent. The bill has returned to the Assembly (WALL STREET JOURNAL).

CRIME & PUNISHMENT: The **UTAH** Senate approves SB 142, which would repeal a law that makes it a crime for an employer to blacklist a former employee. It moves to the House (SALT LAKE TRIBUNE, STATE NET). • The **VIRGINIA** House and Senate each approve a measure (HB 1907 and SB 1222) that would allow police to pull over a driver for suspected texting while behind the wheel. Each would also raise the fine associated with that action. The measures now head to their respective opposite chambers (VIRGINIAN-PILOT [NORFOLK]). • Also in **VIRGINIA**, the House adopts HB 2012, a measure (that would impose a moratorium on the use by police of unmanned drone aircraft until July 1, 2014. The Senate adopts its own version, SB 1331, which would impose a moratorium until July 1, 2015 and bar state or local police agencies from purchasing drones without specific approval from lawmakers. Both bills would bar drone usage without a court issued warrant, and allow it during the moratorium for use in Amber and Silver Alerts or other search and rescue missions. The bills have moved to the opposite chambers for review (STATE NET, WASHINGTON POST). • **SOUTH DAKOTA** Gov. Dennis Daugaard (R) signs SB 70, which implements several justice reforms, including the use of intensive probation and parole and expanded special courts that treat drug and alcohol offenders. The law is aimed at diverting offenders from prison and preventing them from committing future crimes (RAPID CITY JOURNAL).

EDUCATION: The **VIRGINIA** House approves HB 1999, which would require state education officials to develop an A-F grading system to evaluate the performance of individual Old Dominion schools. It moves to the Senate (RICHMOND TIMES-DISPATCH). • Also in **VIRGINIA**, the House approves HB 2096, which would create a statewide school division and board that would take over underperforming schools. The Senate passes a similar version of the bill, SB 1324. The bills are now in the opposing chambers (STATE NET). • The **MONTANA** House approves HB 239, which would require parental permission before students can attend sex education classes in Treasure State schools. The bill, which would also ban

any organization that provides abortion services from assisting with sex education, moves to the Senate (INDEPENDENT RECORD [HELENA]).

ENVIRONMENT: The **ALASKA** House approves HB 36, which would conform state environmental law regarding ammunition discharges on military bases to federal statute. It is now in the Senate (FAIRBANKS NEWS-MINER).

• Also in **ALASKA**, the House approves HB 80, which would require that cruise ships discharge wastewater in a manner consistent with applicable state or federal law, striking a more stringent current requirement that discharges meet state water quality standards at the point of discharge. The bill moves to the Senate (JUNEAU EMPIRE). • Citing a 52 percent decline in the Gopher State's moose population since 2010, the **MINNESOTA** Department of Natural Resources cancels the annual moose hunting season (MINNESOTA PUBLIC RADIO).

HEALTH & SCIENCE: The **UTAH** House approves HB 56, which would allow mental health professionals to provide services to patients over the Internet, via videoconferencing or through other communications technologies. It moves to the Senate (SALT LAKE TRIBUNE).

IMMIGRATION: The **SOUTH DAKOTA** House Energy and Commerce Committee rejects HB 1159, which would have made it a felony for an employer to hire an undocumented worker (ARGUS LEADER [SIOUX FALLS]).

SOCIAL POLICY: The **ARKANSAS** House approves SB 71, which would give Razorback State churches the authority to allow concealed weapons permit holders to bring their weapons into church buildings. The measure now goes to Gov. Mike Beebe (D), who is expected to sign it (ARKANSAS NEWS [LITTLE ROCK]).

• Also in **ARKANSAS**, the House approves HB 1037, which would bar abortions after the 20th week of pregnancy except to save the mother from death or physical impairment. It moves to the Senate (ARKANSAS NEWS [LITTLE ROCK]).

POTPOURRI: The **VIRGINIA** Courts of Justice Committee rejects SB 1372, which would have allowed private gun dealers the option to have background checks run on potential gun buyers at gun shows and exempted dealers who ran the checks from legal liability connected to those sales (VIRGINIAN-PILOT [NORFOLK]).

— Compiled by *RICH EHISEN*

Once around the statehouse lightly

FULL COURT PRESS: It's been almost 20 years since Wichita State played the University of Kansas in basketball. But that will soon change if Sen. Michael O'Donnell has anything to say about it. As the *Lawrence Journal-World* reports, O'Donnell has introduced legislation that would require both KU and Kansas State University to play Wichita State each year. O'Donnell originally proposed cutting state funding to the schools if they didn't agree to play the Shockers, but decided against it. Still, how does a college hoops contest rise to the level of a legislative issue? It could be because O'Donnell and Senate President Susan Wagle are from Wichita. But they should be careful what they wish for. The last time KU played Wichita State, the Jayhawks eked out a narrow 103-54 squeaker.

HOW GREAT I AM: Political types love to bestow names on buildings and other public infrastructure, usually honoring some big campaign donor or, more often, themselves or another political crony. But that practice may be on the way out in New Mexico. As the *Associated Press* reports, lawmaker Mark Moores has introduced SB 89, a measure to put an end to what he calls "monuments to me." Under the bill, a politico would have to expire or have permanently left public office before their name could be plastered on a public building or bridge. A similar measure died in committee in 2011. Although several lawmakers have voiced support, Moores' bill has also drawn opposition and is currently languishing in the Senate Rules Committee.

IS THERE A DOCTOR IN THE HOUSE? Thankfully, yes there is if you mean the Virginia Senate. As the *Virginian-Pilot* reports, a visitor to the Old Dominion Capitol recently took a tumble and opened up a nasty gash on his noggin. Seeing the hubbub, Sen. Ralph Northam rushed to the scene and helped care for the elderly man until he could be whisked off to a hospital. He humbly brushed off kudos, saying "it's all in a day's work here at the Capitol." Of course, helping sick or injured people is second nature to Northam, who moonlights as a state senator when he's not on duty as a pediatric neurologist. It also isn't the first time his medical skills have been needed under the dome. Two years ago, he came to the aid of fellow Sen. Linda Puller when she had a choking incident on the Senate floor.

OH, DEER: It is unlikely that new Indiana Gov. Mike Pence thought his first major challenge as the Hoosier State's chief executive would come from Bambi. As the *Indianapolis Star* reports, the trouble started when a Connersville couple

nursed a wounded deer fawn back to health. But doing so is against state law, and the Department of Natural Resources wanted the animal put down. When the deer mysteriously disappeared instead, the DNR charged the couple with a crime, sparking a massive public outcry in the process. Of course, the whole thing fell in Pence's lap, with no shortage of opinions on what he should do. The new gov ordered the DNR to reassess the situation. Last week, the agency announced it was dismissing the charges. Presumably, all parties are now satisfied, including the young deer, which has recently been sighted happily bounding about the couple's property.

BEG YOUR PARDON, PIG: Presidents and governors granting clemency to a turkey before Thanksgiving is old hat. The cutting edge clemency comes this week from Iowa, where the *Des Moines Register* reports that Gov. Terry Branstad has spared Bonnie, a 100 percent pure heirloom Berkshire sow, from being the guest of honor — so to speak — at the state's annual Blue Ribbon Bacon Festival. Marshall Porter, the festival's "chief bacon officer," said Bonnie will instead go back to the farm where she was raised and become a pet, "living a nice life eating grain and playing around." Which definitely beats being part of a BLT.

BARELY A WHAT? Rarely a day goes by without California Gov. Jerry Brown showing his cantankerous side. In recent years he has launched verbal smackdowns on New Jersey Gov. Chris Christie, newspaper reporters and various others who attempt to tweak him or his beloved Golden State. The latest came last week when Texas Gov. Rick Perry launched a radio campaign to urge California businesses to relocate to the Lone Star State. As the *Sacramento Bee* reports, Brown scoffed at Perry's effort. The gov laughed off the \$24,000 ad campaign, saying "If they want to get in the game, let them spend \$25 million on radio and television." Brown also chided reporters for giving the story credence, saying, "It's not a burp. It's barely a fart." Okay, then.

— By *RICH EHISEN*



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