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

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Internet tax fever



Top Story

States have long been after online retailers to collect sales taxes on their customers' purchases. But new data shows that online taxes are not all they been made out to be.

SNCJ Spotlight

Online sales tax push continues despite disappointing returns

State officials have viewed Internet commerce with dollar signs in their eyes for decades. The few that have managed to tap the spigot of online sales in a substantive way, however, aren't reaping the promised rewards. But that's not stopping Congress from trying to open up e-commerce as a potential revenue source for all states.



By Korey Clark

A 2009 University of Tennessee study estimated that states would lose \$11.4 billion in revenue in 2012 if they failed to collect more taxes from online sales. California's loss alone, according to the study, widely cited by those pushing for the power to tax the Internet, would be \$1.9 billion.

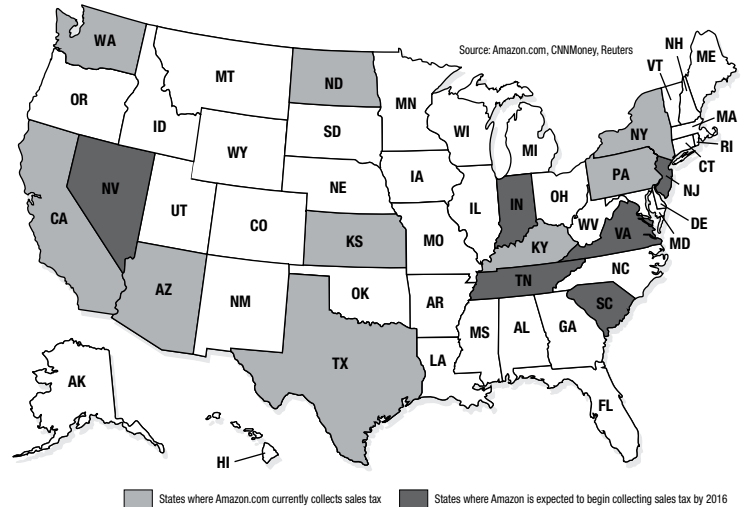
The reality in the Golden State has fallen far short of that expectation. The state is one of the few in the nation that has passed affiliate nexus legislation — the so-called “Amazon tax” — requiring out-of-state retailers with in-state affiliates to collect and remit sales tax on online purchases made by state residents. Last month the state's Board of Equalization reported that in its first full quarter of collections, which included last year's busy holiday shopping season, it took in \$96.4 million, a much-needed boost to the state's bottom line to be sure, but nowhere near the \$457 million quarter implied by the Tennessee study.

In New York, another affiliate-nexus state, online retailers had remitted \$360 million in sales taxes on over \$4 billion in taxable online sales as of February 2012, according to the state's Department of Taxation and Finance. While that figure represents about 90 percent of all taxable online sales in the state, it is also well below the \$2.5 billion the Tennessee study predicted.

“To the extent the estimates being used are overstating reality, and I think they are, it is not solving anyone's deficit problem,” said Navigant Economics Managing Director and Principal Jeff Eisenach, who co-authored a study that pegged the national online sales tax potential at \$3.9 billion, about a third of the Tennessee study's estimate.

Professor William Fox, the lead author of the Tennessee study, said one reason states have fallen short of his estimates may be that smaller online retailers are often exempt from collection. The National Conference of State Legislatures said major online retailers like Amazon.com and Overstock.com have also terminated their affiliate arrangements, not only making the out-of-state retailers exempt from the affiliate nexus laws but also reducing the income of the taxable in-state affiliates.

Bird's eye view



Amazon sales tax states at nine and growing

Amazon.com currently collects state sales tax in nine states, according to its website. In some of those states, most recently, Arizona, the online retailer has struck agreements to collect the tax, while in others, such as California and New York, it has been compelled to do so by state law. The company is expected to begin collecting sales tax in at least six other states within the next three years.



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The moderating revenue outlook hasn't stopped the push for e-commerce taxation, however. In fact, last month 53 members of Congress reintroduced legislation that would give states the authority to require online retailers to collect sales tax, an idea that has languished on the Hill for years. Amazon, which has already agreed to collect sales taxes in nine states and is expected to do so in at least six more in the next few years (see Bird's eye view), also supports the federal bill, known as the Marketplace Fairness Act.

One reason for the continuing impetus on the issue is the lack of a level playing field between online retailers and brick-and-mortar stores.

"It's about states' rights, it's about fairness," said U.S. Sen. Mike Enzi (R-Wyoming), a lead sponsor of the bill.

U.S. Rep. Steve Womack (R-Arkansas), home to the country's largest brick-and-mortar retailer, Wal-Mart, said the lost local revenue resulting from that imbalance is hurting state and local governments.

"It affects everybody," he said at a news conference for the Marketplace Fairness Act. "It affects schools. It affects policemen, it affects firemen, it affects anybody engaged in public service."

E-commerce is also where the growth is. It has been growing at a faster rate than traditional retail for years, and Deloitte Consulting has estimated that by 2015, \$175 billion a year will have shifted online from stores. (REUTERS, UNIVERSITY OF TENNESSEE, BUSINESSWEEK, NATIONAL CONFERENCE OF STATE LEGISLATURES, ARIZONA REPUBLIC, CNNMONEY, WALL STREET JOURNAL)

— Compiled by KOREY CLARK

Budget & taxes

S EQUESTER FURLOUGH NOTICES SENT: Sequestration officially began on March 1. And the world did not end. The American economy didn't suddenly collapse. A Pew Research Center/*Washington Post* survey conducted just days before the federal spending cuts were scheduled to go into effect found that most Americans weren't even paying very close attention to the issue, likely due to financial crisis fatigue after all the "fiscal cliff" debate.

But the impact of the sequester was almost immediately felt by thousands of federal employees who began receiving furlough notices last week. The Federal Aviation Administration (FAA), for instance, sent out notices to most of its 47,000 air traffic controllers and other employees last Tuesday informing them the agency had approved a "save money" furlough of up to 11 work days between April 7 and Sept. 30, when its fiscal year ends.

“Please know that I sincerely regret the impact that even a single furlough day will have on you,” said FAA Administrator Michael Huerta.

But a Republican Congressman has introduced legislation to try to avoid such furloughs. U.S. Rep. Blake Farenthold’s (R-Texas) HR 950 would direct the Office of Management and Budget to report to Congress on how best to transfer funds within agencies this fiscal year to avert worker furloughs and layoffs.

“Our federal workforce needs to be operating at 100 percent,” said Farenthold, who chairs the House Oversight and Government Reform federal workforce subcommittee. “They should not be punished because the president, [Senate Majority Leader] Harry Reid and the Senate Democrats failed to do their jobs and replace the sequester.”

If enacted, OMB would have to submit its report to Congress within 30 days. (POLITICO, HUFFINGTON POST, PEW RESEARCH CENTER FOR THE PEOPLE AND THE PRESS, GOVERNMENT EXECUTIVE, LIBRARY OF CONGRESS, STATE NET)

WA HIGH COURT STRIKES DOWN SUPERMAJORITY

REQUIREMENT FOR TAX HIKES: For nearly 20 years, Washington state lawmakers have needed a two-thirds vote to pass a tax increase. That changed last month when the state Supreme Court ruled that supermajority requirement — approved by voters in the early 1990s and reapproved twice since — unconstitutional. In a 6-3 decision, the court said such a restriction could only be imposed by a constitutional amendment.

Ironically, Democrats in the state’s Legislature have been trying for years to get the supermajority requirement overturned, but now that it’s finally happened, they no longer control both chambers, having lost control of the Senate at the start of this year’s session when Democratic Sens. Rodney Tom and Tim Sheldon opted to caucus with the GOP.

Senate Democratic Leader Ed Murray doubted there would be enough votes to raise taxes this session even if his party had held on to the Senate. But Chris Vance, a former chairman of the state’s Republican Party, said it did move such an action into the realm of possibility.

“It’s still going to be very hard to get the votes to raise taxes, but it just became much easier than it was,” he said. “Before I would have said it was virtually impossible. Now it’s at least possible.” (SEATTLE TIMES, REUTERS)

MO RETURNS FIRE IN BORDER TAX WAR WITH KS: Hoping to keep pace with its tax-cutting neighbor Kansas, Missouri’s Republican-controlled Senate gave preliminary approval last week for a major overhaul of the state’s tax system. Among other things, the plan would gradually reduce the state’s income tax for individuals and businesses by three-quarters of a percentage point over five years while gradually increasing its sales tax by one-half of a percentage point over the same period.

The plan's sponsor, Sen. Will Kraus (R), said it doesn't go as far as the one Kansas passed last year, cutting income taxes without increasing sales taxes, but he hoped it would at least make his state more competitive with its neighbor.

"I'm trying to stop the bleeding. I'm trying to stop the businesses from fleeing into Kansas," he said.

He also said that unlike Kansas' plan, which has opened up a projected \$200 million hole in that state's budget for next fiscal year, his plan was "fiscally sound."

"I'm trying to stop the bleeding. I'm trying to stop the businesses from fleeing into Kansas."

Senate Minority Leader Jolie Justus (D), however, wasn't convinced of that, warning that the tax cuts could make it even harder for the state to provide funding for education and healthcare.

"What good are all these businesses going to be if we have a bunch of uneducated, unhealthy citizens?" he said.

Sen. Jason Holsman (D), meanwhile, suggested Missouri should just wait and see what happens with Kansas' tax cuts.

"It may turn out that Kansas decides it wasn't such a good fiscal policy to decimate their revenue," he said. (ASSOCIATED PRESS, NEWS TRIBUNE [JEFFERSON CITY])

BUDGETS IN BRIEF: The sequester will delay the opening of Yellowstone National Park by two weeks. The \$1.75 million that park managers have to trim from the park's \$35 million annual budget as a result of the automatic funding cuts will force the postponement of the complex and costly process of clearing the mountain passes leading to the park's entrances (REUTERS). • An exhaustive study of a key natural-gas field in **TEXAS** and other research indicates that U.S. shale-rock formations will provide a source of moderately priced natural gas through 2040. The University of Texas study, funded by the nonpartisan Alfred P. Sloan Foundation, examined 15,000 wells drilled in northern **TEXAS**, mostly over the last decade (WALL STREET JOURNAL). • Despite improving fiscal conditions in much of the country, nine states ended fiscal 2012 with tax revenues 11 percent to 21 percent lower than their high points before the recession, according to the Nelson A. Rockefeller Institute of Government. Those states are: **ARIZONA, LOUISIANA, NEW MEXICO, ALASKA, WYOMING, NEW JERSEY, FLORIDA, SOUTH CAROLINA** and **GEORGIA** (STATELINE.ORG).

— Compiled by **KOREY CLARK**

Politics & leadership

IL AVERTS STATE WORKER STRIKE: After more than 15 months of negotiations, Illinois Gov. Pat Quinn (D) and the state's largest state employee union reached a tentative contract agreement last week averting what would likely have been the biggest state worker strike in the country since collective bargaining laws were enacted in the 1960s and 1970s.

Although the full details of the agreement have not been made public, it will reportedly require state workers to pay more toward their healthcare over the next three years, saving the state \$900 million.

"At a time when the state is facing unprecedented financial challenges, this agreement is fair to both hard-working state employees and all taxpayers of Illinois," Quinn said in a statement. "I want to thank the women and men who have stayed at the table for more than a year for their commitment to reaching an agreement."

American Federation of State, County and Municipal Employees Council 31 (AFSCME) Executive Director Henry Bayer, likewise, said the union was "very pleased that we were able to reach an agreement that protects our members' standard of living, and is fair to them and all Illinois citizens, even in these very challenging economic times."

Although the union's 35,000 members still have to ratify the contracts in a statewide voting process, which is no mere formality, some were surprised the negotiations had actually gone on so long and come so close to a strike.

"The thought of a statewide work stoppage six months ago just seemed unimaginable," said Bob Bruno, director of the University of Illinois' Labor Education Program. "No one could imagine this happening with a Democratic governor elected with labor support who had actually worked out some difficult concessionary agreements in the past and has an interest in running for re-election."

The reasons for the prolonged standoff apparently have as much to do with the rocky relationship between the Quinn administration and the AFSCME as they do with the actual terms of the contract. Over the past few years, the interactions between the two have consisted largely of high-profile conflicts over facility closures, pensions and other issues. In fact they are currently battling in court over raises Quinn promised for July 2011 but canceled due to inadequate funding. (STATELINE.ORG, ASSOCIATED PRESS, PEORIA JOURNAL STAR)

UN DRUG AGENCY APPEALS FOR CHALLENGE TO POT LAWS: Last week brought a new development in the newly ignited issue of marijuana legalization, with a United Nations-based drug agency's call for the U.S. government to challenge Colorado and Washington's new recreational marijuana laws. In an annual drug

report, the International Narcotics Control Board, the independent body that monitors the implementation of United Nations drug control policy, said the state laws violate international drug treaties and that the U.S. government should act to “ensure full compliance” with those agreements.

“The entire international system is based on countries respecting the rules, and there’s a broad fabric of international treaties that are part and parcel to that,” said David Johnson, U.S. delegate to the board.

Brian Vicente, who co-authored Colorado’s pot law, said a handful of other

North American countries were now exploring legalization.

“The United States has been the main driver on this global war on drugs and they’ve seen significant shifts in their own ranks,” he said.

“You have two states revolting and they’re saying it doesn’t work in their state and their community and it sends a strong message globally.”

U.S. Attorney General Eric Holder said last month he was in the final stages of reviewing Colorado and Washington’s laws, including their international implications. (ASSOCIATED PRESS, COLUMBIAN [VANCOUVER])

GAY MARRIAGE BATTLE BEGINS IN MN: Emboldened by Minnesota voters’ simultaneous rejection of a proposed constitutional ban on same-sex unions and termination of GOP control of both houses of the Legislature in November, a pair of DFL lawmakers have introduced legislation seeking to overturn the state’s statutory ban on same-sex marriage.

“This is a day that Minnesotans should be very proud of,” said Sen. Scott Dibble (DFL), co-sponsor of the bill (HB 1054/SB 925), along with Rep. Karen Clark (DFL).

But opponents of that effort say it is out of sync with the values of Minnesotans, particularly those in rural areas who voted solidly in favor of the constitutional ban.

“It’s a huge mistake to believe the lie that the results of the November election was a mandate to legalize gay marriage,” said John Helmberger, chairman of Minnesota for Marriage.

The brewing battle will place the state at the center of the shifting national debate on the issue following the first-ever election wins for same-sex marriage in Maine, Maryland and Minnesota in November. The National Organization for Marriage has pledged \$500,000 to defeat any Republican legislator in Minnesota who votes to legalize same-sex marriage, while 200 of the nation’s largest corporations have

“The United States has been the main driver on this global war on drugs and they’ve seen significant shifts in their own ranks.”

“It’s a huge mistake to believe the lie that the results of the November election was a mandate to legalize gay marriage.”

publicly indicated their support for such unions. (MINNEAPOLIS STAR-TRIBUNE, STATE NET)

POLITICS IN BRIEF: Two Democrat-controlled **COLORADO** Senate committees approved seven bills last Monday that would impose stricter gun controls. All seven bills were expected to be debated Friday by the full Senate, which Democrats control by a 20-15 margin (DENVER POST, STATE NET). • **MAINE** state Rep. Diane Russell (D) proposed an emergency, after-the-deadline bill that would cut off lawmakers' pay if the battle over the state budget results in a government shutdown. Her "Act to Ensure That the Governor and Legislators Share the Sacrifice with Civil Servants in the Event of a Government Shutdown" was inspired by an online petition she started on the website SignOn.org calling for pay cuts for members of Congress and the president if federal employees pay was cut, which went viral (BANGOR DAILY NEWS). • Seventeen legislators attended public policy conferences in Maui last November hosted by the **CALIFORNIA** Independent Voter Project, a nonprofit group led in part by former Democratic legislator Steve Peace and backed by various business and labor interests, and the Pacific Policy Research Foundation, another nonprofit led in part by former Republican Assemblyman Tom Bordonaro Jr. The lawmakers accepted up to \$2,860 in accommodations, but state law places no restriction on travel gifts to a legislator, as long as it is for a governmental or policy purpose (SACRAMENTO BEE).

— Compiled by KOREY CLARK

Governors

SNYDER WILL NAME DETROIT EMERGENCY MANAGER: Saying Detroit is in a "fiscal crisis," Michigan Gov. Rick Snyder (R) announced he will appoint an emergency manager to oversee the troubled city's finances.

"There is probably no city that is more financially challenged in the entire United States," Snyder said in announcing his decision. Citing the findings of an independent review team, he called Detroit's financial situation "dire," noting it had taken in 30 percent less revenue in 2011-2012 than it had estimated it would, forcing it to borrow hundreds of millions of dollars just to meet daily expenses. Between 2005 and 2011, he said, the city had borrowed over \$600 million. Overall, the city has an operating deficit of approximately \$327 million and long-term debt obligations of around \$14 billion.

Although an appointed manager's specific duties have yet to be laid out, he or she would ultimately have the authority to make significant changes in the city's operations, including cutting city spending, altering union contracts, merging or eliminating city departments and possibly even recommending bankruptcy proceedings.

Although many in the private sector lauded the decision, it was met with anger by most city leaders. The city council voted 7-1 last Wednesday to appeal Snyder's decision. Council members said Detroit has a plan of its own to deal with its debt load and that Snyder's plan was essentially a state takeover of the city.

Mayor Dave Bing was a notable exception, arguing that the council needed to "stop the drama and infighting" and accept that "whether we like it or not, an emergency financial manager is coming to Detroit."

The council's appeal is scheduled for Tuesday the 12th in Lansing. (DETROIT FREE PRESS, BLOOMBERG BUSINESSWEEK, NEW YORK TIMES)

INSLEE CLIMATE CHANGE MEASURE

MOVES ON: The Washington House Committee on Environment endorsed HB 1915, Gov. Jay Inslee's (D) legislation calling for the state to hire consultants to advise state leaders on how to combat climate change. Inslee testified in favor of the bill, saying Washington has the right combination of entrepreneurial, technological and innovative expertise to become a world leader in clean energy. Lawmakers approved the bill, moving it to the House Appropriations Subcommittee on General Government. An amended version of the bill (SB 5802) is also moving through the Senate, where lawmakers removed a reference to the Evergreen State's vulnerability to climate change. (STATE NET, SEATTLE TIMES, TACOMA NEWS TRIBUNE)

GOVS PROTEST LOSS OF OLYMPIC WRESTLING: Iowa Gov. Terry Branstad (R), joined by a bipartisan group of 33 fellow governors, sent a letter to the International Olympic Committee asking it to reconsider its decision to drop wrestling as an Olympic sport by the 2020 Games. The letter delivered to Olympic Committee Executive Board President Dr. Jacques Rogge noted that wrestling was an original Olympic sport and urged the IOC to respect "Olympic traditions" by keeping it in the modern lineup. He also called on the committee to be more transparent with how it makes similar decisions in the future. (SPORTS ILLUSTRATED, DES MOINES REGISTER)

BRANSTAD ISSUES ALTERNATIVE TO MEDICAID EXPANSION: Iowa Gov. Branstad was thinking about more than wrestling last week: he also unveiled an alternative to expanding Medicaid in the Hawkeye State. Under federal health care reform, states are given the option of expanding their Medicaid eligibility to cover people living at up to 138 percent of the federal poverty line. In Iowa, that would add about 150,000 new enrollees into the system.

The week in session

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

States in Special Session: CA "a"

States Currently Prefiling or Drafting for 2013: LA

States Adjourned in 2013: VA

Letters indicate special/extraordinary sessions

— Compiled By FELICA CARILLO
(session information current as of 3/6/2013)
Source: State Net database

But Branstad opposes the expansion. Last week, he instead proposed replacing the state's current health care program for poor adults — IowaCare — with a new one called the Healthy Iowa Plan that would cover only about 89,000 of those currently uninsured Iowans. IowaCare currently covers around 67,000 people. Enrollees would pay a small premium and get care at specific clinics, which he said would be paid to keep people healthy rather than just to treat them when they are sick. Branstad also claimed the federal government would pick up about 60 percent of the tab.

Democrats quickly voiced skepticism, noting the federal government has agreed to pay 100 percent of the expansion cost for three years, and then 90 percent from that point on.

“His plan would cost us \$50 million more and cover half as many people,” Senate Majority Leader Michael Gronstal (D) told the *Des Moines Register*. “It’s fiscally unsound.”

Branstad also angered some Dems by comparing the uninsured to wedding guests at an open bar, saying everyone had to “have some skin in the game.”

The governor said he has already pitched the idea to federal officials, who must ultimately approve or reject it. (DES MOINES REGISTER, STATE NET, IOWA CITY PRESS CITIZEN)

EXECUTIVE ORDERS: OKLAHOMA Gov. Mary Fallin (R) issues EO 2013-8, which creates the Governor’s Blue Ribbon Panel for Developmental Disabilities, tasked with developing a comprehensive plan to support Sooner State residents with such disabilities (STATE NET). • **VIRGINIA** Gov. Robert McDonnell (R) issues EO 2013-60, which creates the Virginia Commission on Military Installations and Defense Activities, tasked with, among several things, evaluating data and studies in order to develop recommendations and plans regarding preventing closure or realignment of federal military and national security installations and facilities and relocating other such facilities to the Old Dominion (STATE NET).

GOVERNORS IN BRIEF: DELAWARE Gov. Jack Markell (D) has proposed requiring background checks for most private firearms sales. The measure would include several exemptions, including for guns sold between immediate family members, antique weapons and guns bought by law enforcement agencies. The measure is part of a package of bills the governor proposed in the wake of the mass shooting at Sandy Hook Elementary school in Newtown, Connecticut last December (NEWS JOURNAL [WILMINGTON]). • **NEW YORK** Gov. Andrew Cuomo (D) denied an Associated Press report that claimed he was set to approve renewed hydraulic fracturing, or fracking, in the Empire State until being talked out of it by his former brother-in-law, Robert Kennedy, Jr. Cuomo said he still has no timetable for making a decision on fracking and that claims he does are “just not accurate” (ALBANY TIMES UNION).

— Compiled by RICH EHISEN

Hot issues

B **USINESS:** The **NEW YORK** Assembly endorses AB 38, legislation that would raise the Empire State minimum wage from \$7.25 to \$9 per hour. The bill moves to the Senate (STATE NET, ROCHESTER DEMOCRAT & CHRONICLE). • The **NEW MEXICO** Senate approves SB 416, which would raise the Land of Enchantment's minimum wage from \$7.50 to \$8.50 per hour. It moves to the House (SANTA FE NEW MEXICAN). • The **ARKANSAS** House approves HB 1369, which would require pawn shops and pawn brokers to electronically upload records of their transactions to a database accessible to law enforcement agencies. It moves to the Senate (ARKANSAS NEWS [LITTLE ROCK]). • The **UTAH** House Committee on Business and Labor rejects HB 132, which would have barred workers from discriminating against workers based on their height or weight (STATE NET, SALT LAKE TRIBUNE). • The **MISSISSIPPI** House approves SB 2183, which would legalize home beer brewing in the Magnolia State. The measure, which would allow for brewing up to 100 gallons a year for a single person and 200 gallons in homes with households with two or more people, moves to Gov. Phil Bryant (R) for review (BILOXI SUN HERALD). • The **OREGON** House approves HB 2443, which would allow wine buyers to bring reusable containers up to two gallons and fill them directly from kegs at stores, taverns and restaurants. The measure moves to the Senate (PORTLAND OREGONIAN).

CRIME & PUNISHMENT: The **NEW MEXICO** House approves HB 87, legislation that would bar convicted drunken drivers with ignition interlocks from buying alcohol. It is now in the Senate (STATE NET, SANTA FE NEW MEXICAN). • The **NORTH CAROLINA** Senate approves SB 122, which would require those convicted of human trafficking to register with local sheriffs as registered sex offenders. It moves to the House (STATE NET, WINSTON-SALEM JOURNAL). • The **MARYLAND** Senate approves SB 276, legislation that would make the Old Line State the 18th to abolish capital punishment. It moves to the House (STATE NET, WASHINGTON POST). • The **HAWAII** Senate approves SB 1109, which requires hospital emergency rooms to provide sexual assault victims with access to emergency contraception. It is now in the House (STATE NET, ASSOCIATED PRESS). • Still in **HAWAII**, the Senate approves SB 472, which would decriminalize possession of one ounce or less of marijuana. It moves to the House (HAWAII REPORTER [HONOLULU]). • The **WASHINGTON** House approves HB 1404, which would prevent minors needing medical attention for alcohol poisoning from being prosecuted under minor-in-possession charges. The bill, which would grant the same protection to minors helping alcohol-poisoning victims, moves to the Senate (SEATTLE TIMES).

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EDUCATION: The **SOUTH DAKOTA** House gives final approval to HB 1087, which would allow school districts the option of arming teachers, staff or other volunteers to defend against shooters and other attacks. It moves to Gov. Dennis Daugaard (R) for review (RAPID CITY JOURNAL). • The **GEORGIA** House approves HB 123, which would allow parents and teachers at poorly performing schools to petition a local school board to make management and operations changes. It moves to the Senate (ATHENS BANNER-HERALD). • The **KENTUCKY** Senate approves SB 176, which would allow parents or teachers at consistently underachieving schools to petition the local board of education to turn those schools into charters. It moves to the House (LEXINGTON COURIER-JOURNAL). • The **IDAHO** House approves HB 221, which would allow charter schools to be authorized by private or public colleges and non-profit corporations. It moves to the Senate (STATE NET, SPOKESMAN-REVIEW [SPOKANE]). • The **MISSISSIPPI** House approves SB 2633, which would guarantee Magnolia State students the right to talk about faith in class and to organize religious clubs. It moves to Gov. Phil Bryant (R) for review (BILOXI SUN HERALD). • The **UTAH** House rejects SB 39, which would have required the state school board to develop and offer to parents optional online sex education training (SALT LAKE TRIBUNE). • The **WASHINGTON** Senate approves SB 5328, which would give Evergreen State K-12 schools A-F letter grades, and SB 5242, which would give principals veto power over teacher placements at their schools. Both measures move to the House (SEATTLE TIMES).

ENERGY: The **NEW YORK** Assembly approves AB 5424-A, a bill that would impose a two-year moratorium on the natural gas and oil drilling method of hydraulic fracturing, or fracking. It is now in the Senate (STATE NET, BLOOMBERG).

ENVIRONMENT: The **ALASKA** House endorses HB 77, which among several things would give state officials the power to issue general water use permits rather than just project-specific permits. The measure moves to the Senate (JUNEAU EMPIRE). • The **KENTUCKY** Senate approves HB 60, which would allow Bluegrass State hunters to go after coyotes at night and to use spotlights or night-vision equipment to make them easier to spot. It moves to Gov. Steve Beshear (D) for review (LEXINGTON COURIER-JOURNAL). • The **MICHIGAN** Senate

Upcoming elections

(3/8/2013 - 3/29/2013)

03/12/2013

Alabama Special Runoff
Senate District 35

California Special Primary
Senate Districts 32 and 40

Mississippi Special Election
House District 36

South Carolina Special Election
House District 17

03/19/2013

New Hampshire Special Election
House Hillsborough District 9
(Manchester Ward 2)

South Carolina Special Primary
US Senate (CD 1)

03/26/2013

Alabama Special Primary Runoff
House District 11

approves SB 78, which would bar the state Department of Natural Resources from considering biological diversity when designating sections of state forest land. It moves to the House (LANSING STATE JOURNAL).

• The **WASHINGTON** Senate approves SB 5081, which would amend an Evergreen State law banning the sale or possession of shark fins that exempted those obtained before July 22, 2011. The bill moves to the House (STATE NET, PORTLAND OREGONIAN).

Upcoming stories

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

- **Gun control**
- **Fracking**
- **Health care reform**

HEALTH & SCIENCE: The **MINNESOTA** House approves HF 5, which would create a state-managed online health benefits exchange. The measure, which contains an amendment that would bar insurers from selling abortion coverage through the exchange, moves to the Senate (MINNEAPOLIS STAR-TRIBUNE). • The **MICHIGAN** Senate gives final approval to SB 61 and SB 62, which together would allow Blue Cross Blue Shield of Michigan to transition into a nonprofit mutual insurer. The bills go to Gov. Rick Snyder (R), who is expected to sign them into law (MLIVE.COM). • The **OREGON** Senate approves SB 483, a bill that would allow patients, providers or health care facilities to initiate confidential negotiations, mediation and reporting of medical errors to state officials. The bill, which is intended to reduce medical malpractice lawsuits, moves to the House (PORTLAND OREGONIAN). • The **KENTUCKY** House approves SB 43, which would allow Bluegrass State nurse practitioners to prescribe certain drugs without a collaborative agreement with a physician. It returns to the Senate (LEXINGTON COURIER-JOURNAL). • **NORTH CAROLINA** Gov. Pat McCrory (R) signs SB 4, which bars the Tar Heel State from creating its own health benefits exchange or from expanding Medicaid eligibility under the Affordable Care Act (WINSTON-SALEM JOURNAL, NORTH CAROLINA GOVERNOR'S OFFICE). • The **CALIFORNIA** Assembly approves AB 1X-1, a bill that will, among several things, expand Medicaid eligibility in the Golden State to childless adults living at up to 138 percent of the federal poverty line. The Senate adopts its own version of the bill, SB 1X-1. The two measures now move to the opposing chambers (STATE NET).

IMMIGRATION: A three-judge panel of the 9th U.S. Circuit Court of Appeals upholds a ruling that prevents police in **ARIZONA** from enforcing a section of the state's 2010 immigration enforcement law (SB 1070) that prohibited people from blocking traffic when they seek or offer day labor services on streets (ARIZONA CAPITOL TIMES [PHOENIX]).

SOCIAL POLICY: The **ARKANSAS** House and Senate override a veto by Gov. Mike Beebe (D) of SB 134, legislation that bars abortions after the 12th week

of pregnancy if a fetal heartbeat has been detected, with exceptions for cases of rape, incest, or where the mother's life is in danger or where the fetus has disorders that would cause the baby to die soon after birth. The override comes a week after lawmakers overrode Beebe's veto of HB 1037, which bars most abortions after 20 weeks (ARKANSAS NEWS

[LITTLE ROCK]). • A federal judge overturns an **IDAHO** law barring abortions after the 20th week of pregnancy. U.S. District Judge B. Lynn Winmill said the law was unconstitutional. State officials are weighing an appeal (LOS ANGELES TIMES).

In case you missed it

Passionate partisanship is doing nothing to move the White House and Congress toward a solution that avoids sequestration's worst case scenarios.

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

http://www.statenet.com/capitol_journal/03-04-2013/html#sncl_spotlight.

POTPOURRI: The **HAWAII** Senate approves SB 465, which establishes a civil violation against anyone taking photos, videos or other unauthorized recordings of celebrities and other public officials while they are on their private property. The measure moves now to the House (HAWAII REPORTER [HONOLULU]). • The **ILLINOIS** House approves HB 1247, a bill that would bar drivers from talking on a hand-held cell phone while behind the wheel. It moves to the Senate (STATE NET, CHICAGO TRIBUNE). • The **UTAH** House approves HB 76, which would allow residents to openly carry weapons without having a permit. It moves to the Senate (DESERET NEWS [SALT LAKE CITY]). • The **UTAH** Senate approves SB 80, which would allow mentally ill people who have been deemed rehabilitated by a medical professional to petition to have their gun ownership rights restored. It moves to the House (SALT LAKE TRIBUNE).

— Compiled by **RICH EHISEN**

Once around the statehouse lightly

O R CHEWING GUM: We're all getting hip to the fact that texting while driving is an incredibly bad idea. But to Nevada Assemblyman Harvey Mumford, texting while pushing your Hush Puppies isn't much better. As the *Los Angeles Times* reports, Mumford has introduced a bill that would bar folks in the Silver State from texting while walking. First time offenders would get off with a warning, but repeat violators could face fines up to \$250. Mumford acknowledges there isn't much hard data to show the connection between thumbing out missives

on your cell phone and tragic walking accidents, but he's seen enough distracted hoofers himself to be sure it's a problem in search of a solution. He's not the first to have this thought: last year, Ft. Lee, New Jersey banned folks from texting while crossing the street. No word if the law requires them to also look both ways first.

A TWEET TOO FAR: Speaking of ill-timed missives, the *Appleton Post-Crescent* reports that Wisconsin Democratic Party spokesman Graeme Zielinski has been shown the door. It seems the party powers that be grew weary of Zielinski's penchant for uber-confrontational tweets. The final straw came last week when Zielinski compared Gov. Scott Walker to notorious Milwaukee serial killer and cannibal Jeffrey Dahmer. After three years of similar hyperbole — including Zielinski once tweeting that Walker was using campaign funds to defend a colleague accused of “boy rape” — Party Chairman Mike Tate had seen enough. While some supporters opined that Zielinski's was only carrying out Dems' own strategy, it wasn't enough to save his job...or to stop the Party from docking him \$1,000 in pay.

FOUND ON ROAD DEAD: We've all seen some poor deer, elk or other critter wasting away on the side of the road, a victim of an unfortunate encounter with a car or truck. But if Montana Rep. Steve Lavin has his way, that scene will soon play out less and less in the Treasure State. As *Bloomberg* reports, he has introduced legislation to allow residents who whack wildlife with their vehicle to take said creature home. While the thought of munching down on roadkill doesn't appeal to everyone, being able to move Bambi from the roadside to the grille is a boon to food banks and homes where need outstrips supply. Montana would be far from the first state to allow folks to take car-smacked critters home: states from Georgia to California allow it in at least some form. The topper is West Virginia, which this year holds its 21st annual “Roadkill Cook-off.”

HONESTY IS THE BEST POLICY: California Assemblyman Dan Logue is nothing if not straightforward. Logue, who is termed out next year, has opened a campaign account to explore a run for state treasurer. But as the *Sacramento Bee* reports, he has no intention of actually seeking that position, saying it would be “the last thing I do.” So what is the money for? Logue says he is worried that the Dems'

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: 830

Number of Intros last week: 7,843

Number of Enacted/Adopted last week: 1,190

Number of 2013 Prefiles to date: 20,932

Number of 2013 Intros to date: 87,486

Number of 2013 Session Enacted/Adopted overall to date: 6,483

Number of bills currently in State Net Database: 133,420

— Compiled By FELICIA CARILLO
(measures current as of 3/6/2013)
Source: State Net database

new legislative supermajority will result in a worsening of the Golden State's already-dubious business climate. So, he reasons, the bucks will help support pro-business candidates in future elections. In case you are wondering, the practice is not only legal, Logue is far from the only one doing it. Several Dems in fact, including Senate pro Tem Darrell Steinberg and Assembly Speaker John A. Perez, have opened their own accounts to raise money for a run at the lieutenant governor's office...in 2018.

— By *RICH EHISEN*

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State Net ISSN: 1521-8449

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