

**STATE AND LOCAL UPDATE**April 4, 2019

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**Policy and Politics****I. Trending Topics****Issue in Focus**

**GOVERNORS ARE PAYING MORE ATTENTION TO TECH THAN EVER BEFORE:** Until a few years ago, work related to technology in state government was mostly [limited](#) to back-office information technology shops. But emerging technologies are now taking center stage as governors see the role they can play in supporting the economy and recognize the necessity of digital connectivity in creating a resilient workforce. [At least 18 governors](#) mentioned substantial investments to rural broadband in their state of the state addresses, according to a Brookings Institution report. Even in 2013, just six governors mentioned the topic.

**A. BUDGETS, TAXES, & REVENUE**

**OPPORTUNITY ZONES SPUR NEW STATE TAX INCENTIVES:** Governors [helped](#) the U.S. Treasury Department choose nearly 9,000 economically distressed "opportunity zones" where people can get a tax break for investing in certain businesses and properties. But the 2017 federal tax law that created the zones doesn't allow governors or state lawmakers to steer investors' money into certain projects. They're trying to influence the market anyway. This year 17 state legislatures have considered opportunity zone bills, including proposals for additional tax breaks to lure investors or encourage certain projects, such as affordable housing or solar energy development, [according to Novogradac & Co. LLC](#), an accounting and consulting firm that is keeping track. The federal government is expected to announce a second round of proposed opportunity zone regulations any day now, which would give many investors confidence to start striking deals.

**SALT, STOCK DROP LEAVES STATES WITH FIRST TAX DECLINE SINCE 2016:** The main tax revenue for U.S. states [declined](#) by an average of almost 2 percent during the last three months of 2018 from the same quarter a year earlier, according to preliminary data from the [Urban Institute](#), marking the first drop since the second quarter of 2016. Personal income tax revenue declined 9.4 percent, in part because collections were artificially boosted a year earlier when residents paid their taxes early before limits of state and local tax deductions took effect. Wild swings in the stock market throughout the fourth quarter likely also contributed to the drop, according to Lucy Dadayan, a senior research associate at the Urban Institute. The steeper-than-expected drop threatens to leave some states facing budget shortfalls in the current fiscal year, which ends in June for most governments.

**MOST STATES' SPORTS BETTING REVENUE MISSES ESTIMATES:** Tax revenue has [fallen](#) far short of projections in four of the six states where gambling on sporting events started last year, according to an Associated Press analysis. The reasons vary by state, from slower-than-expected rollouts and the unavailability in some places of mobile betting, to an all-too-predictable Super Bowl, in which the Patriots beat the Los Angeles Rams 13-3, covering the 2½-point spread.

**TRENDS IN TRANSPORTATION, INFRASTRUCTURE BUDGETS:** This year, governors have [made](#) several significant recommendations related to transportation and infrastructure. At least seven governors this year, including four in the Great Lakes region, proposed new increases in state gas taxes to help meet transportation and infrastructure demands. If the seven proposals pass, it would raise to 33 the number of states that have increased motor fuel taxes since 2013. In addition to raising fuel taxes, other proposals include new bond sales, added tolling, new electric and hybrid vehicle fees,

increasing motor vehicle sales taxes, and increasing vehicle registration fees. Also related to infrastructure, at least 11 states included the expansion of broadband internet, particularly to increase access in underserved communities.

**CUOMO, LAWMAKERS AGREE TO \$175.5 BILLION BUDGET:** Gov. **ANDREW CUOMO** [announced](#) that a \$175.5 billion budget has been agreed to that increases education spending by \$1 billion, permanently caps property tax increases and creates a new funding stream for mass transit in New York City that will include tolls for entering Manhattan. The agreement also includes a plan to end cash bail requirements for misdemeanors and non-violent felonies. And lawmakers have agreed to create a commission that will have the binding authority to implement the public financing of political campaigns.

**\$10 BILLION TO MAKE MANHATTAN BIGGER:** New York City could be getting bigger. **MAYOR BILL DE BLASIO** [announced](#) plans to spend \$10 billion to “climate-proof” lower Manhattan by expanding the coastline by two blocks into the East River from the Brooklyn Bridge to the Battery. “There’s nothing been done like this in the history of New York City, but it is needed,” de Blasio said. [The new shoreline would rise as high as 20 feet](#) in some places and “act as a flood barrier” while also absorbing water, officials said. Now all de Blasio needs is the \$10 billion. He wants the feds to put up the money, saying he hopes Democrats take the White House and loosen the purse strings.

**NYC TO IMPLEMENT CONGESTION PRICING:** After years of hesitation, New York is [poised](#) to become the first city in the United States to introduce congestion pricing, which would put new electronic tolls in place for drivers entering the busiest stretches of Manhattan. Though state leaders have not ironed out details, they had reached consensus that the plan was necessary to help pay for much-needed repairs to the city’s beleaguered subway system. The proceeds from congestion pricing are expected to enable the Metropolitan Transportation Authority, which operates the city’s public transit network, to raise billions of dollars in bonds to modernize the antiquated subway. Such a windfall overwhelmed lingering concerns about various aspects of the plan, including the cost to commuters in the boroughs and suburbs outside Manhattan who rely on cars. Other American cities are [exploring](#) variations of congestion pricing, including Los Angeles, San Francisco and Seattle. The idea dates back decades, with supporters often pointing to an array of health, safety and environmental benefits, including reducing air pollution and pedestrian injuries, and alleviating the stranglehold on gridlocked city streets.

**OHIO JOINS STATES IN RAISING GAS TAX:** Ohio **Gov. MIKE DEWINE** is [pushing](#) for an 18-cent-per-gallon increase in the state’s gas tax after he said he discovered a \$1 billion infrastructure spending hole that transportation officials say was masked for more than a decade by borrowing. The proposal is running into objections from some state lawmakers and sparking debate over how much the state should spend on new transportation projects and how much of that should be borne by taxpayers. Governors in more than half a dozen states [are considering boosting gas taxes](#). They follow more than two dozen [states that have done so since 2013](#), as rising construction costs and greater fuel efficiency erode revenue generated from the taxes. Ohio’s current 28-cent-per-gallon tax is lower than every surrounding state but Kentucky, where the rate is 26 cents a gallon.

**STATES IMPROVED TAX INCENTIVE EVALUATIONS:** Research by Pew [shows](#) that states should create processes to regularly study tax incentives, produce high-quality evaluations that draw clear conclusions, and use the findings to inform policy decisions. In 2018, states continued to make progress in each of these three areas.

**TAX INCENTIVE REVIEW IN DC OFFERS INSIGHTS:** The District of Columbia has [joined](#) a host of states that provide policymakers with detailed analyses on the history and effectiveness of their economic development tax incentives. The District’s Office of the Chief Financial Officer published the first comprehensive [assessment](#) of these programs late last year. Like many states, the District examines its tax incentives, other tax credits, exemptions, and deductions—collectively

known as tax expenditures—on a rotating schedule. [Previous studies](#) looked at tax expenditures in policy areas such as housing, the environment, public safety, and transportation. As in other high-quality evaluations, the report released in November includes insights on the design, administration, and impact of the tax incentives. The authors make a series of recommendations on practices to ensure that incentives are effective and accomplish what they are meant to accomplish. The analysis showed that the city committed \$57 million to economic development tax expenditures in fiscal year 2017. The largest share, \$45 million, went to the Qualified High Technology Company (QHTC) program, which offers incentive packages to high-tech companies locating in the District. The assessment found the QHTC program to be poorly designed and complex to administer, and that it was difficult to assess its effectiveness.

**STATE SENATE MOVES TO KEEP CALL CENTERS IN NEW YORK:** State guaranteed loans, grants, tax benefits and contracts would be [off limits](#) to companies that move their call centers out of New York under legislation approved by the state Senate. The proposal, which is designed to put companies “on notice,” also enables the state to claw back tax benefits and incentives from companies who move jobs out of the state.

**BIPARTISAN GROUP OF GOVERNORS RESIST GREAT LAKES CUTS:** Governors of five states [oppose](#) **PRESIDENT DONALD TRUMP’S** call for a 90 percent spending cut for a Great Lakes cleanup program. The president’s 2020 budget offers \$30 million for the Great Lakes Restoration Initiative, which gets \$300 million most years. It removes toxic pollution, prevents algae blooms and species invasions, and restores wildlife habitat. The governors said the cut would cost jobs, hurt tourism and jeopardize public health. They urged Trump and **VICE PRESIDENT MIKE PENCE**, a former Indiana governor, to fully fund the program. Issuing the statement were Democratic **GOVS. GRETCHEN WHITMER** of Michigan, **TONY EVERS** of Wisconsin, **TOM WOLF** of Pennsylvania and **J.B. PRITZKER** of Illinois, along with Republican **GOV. MIKE DEWINE** of Ohio.

## **B. HEALTHCARE & INSURANCE**

**TRACKING FEDERAL FUNDING TO COMBAT THE OPIOID CRISIS:** Over the past six months, BPC [conducted](#) a detailed analysis of federal appropriations and identified 57 federal programs that, either entirely or significantly, fund efforts to curb the epidemic. In total, the federal government included nearly \$11 billion for these programs in its FY2017 and FY2018 discretionary appropriations bills. This includes a 124 percent increase between FY2017 (\$3.3 billion) and FY2018 (\$7.4 billion). These programs span the continuum of care, including prevention, treatment, and recovery. In addition, funds are directed to research, criminal justice, public health surveillance, and supply reduction efforts. Between FY2017 and FY2018, funding specifically targeted to opioid use disorder treatment and recovery increased by \$1.5 billion (from \$599 million to \$2.12 billion). Over three quarters (77 percent) of the appropriations to opioid programs are administered by the Department of Health and Human Services (HHS). The report also examines how federal opioid investments are spent across five geographically diverse states: Arizona, Louisiana, New Hampshire, Ohio, and Tennessee. The average drug overdose death rate in the five case study states was nearly one and half times (144 percent) higher than the national average in 2017. Each state case study takes an in-depth look at how these states are allocating the two largest federal opioid grants, the State Targeted Response and State Opioid Response grants. BPC’s analysis also incorporates county-level maps of federal funding and drug overdose deaths from 2015 to 2017 for each of the selected states.

**REPUBLICAN AGs URGE COURT TO UPHOLD OBAMACARE:** Two Republican state attorneys general on Monday [urged](#) a federal appeals court to uphold the Obamacare federal healthcare law, saying that striking it down would be disruptive for patients, doctors, insurers and employers. The attorneys general of Ohio and Montana submitted “friend of the court” briefs to the 5th U.S. Circuit Court of Appeals, which is expected to review a December ruling by U.S. District Judge Reed O’Connor in Fort Worth, Texas, striking down the Affordable Care Act, popularly known as Obamacare.

**NY SUES FAMILY BEHIND OXYCONTIN:** New York is [suing](#) the billionaire family behind the company that created OxyContin, joining a growing list of state and local governments seeking to hold not only the firm but its owners accountable for the nation's opioid crisis. The state, which averages nine opioid-related deaths per day, on Thursday expanded an existing lawsuit against pill maker Purdue Pharma to add members of its controlling Sackler family as defendants. Five other companies that produce opioid painkillers and four drug distributors, which buy medications in bulk and sell them to pharmacies, were also added as defendants. While other states and localities have filed similar suits, New York is taking some novel approaches, such as seeking to bar the companies from marketing and distributing painkillers in New York unless they abide by strict safeguards. The suit claims drug manufacturers collaborated to falsely deny the serious risks of opioid addiction, and it accuses drug distributors of skirting systems meant to limit orders for painkillers. Distributors even helped pharmacies game the system to evade the caps, the lawsuit alleges.

**MEDICAID WORK REQUIREMENTS BLOCKED:** A U.S. District Court [judge](#) in Washington, D.C., [blocked work requirements in Arkansas and Kentucky's Medicaid expansion programs Wednesday](#), a day after Montana's Legislature [advanced a bill](#) to continue the state's expansion program with the [addition of work requirements](#). The Montana Legislature must decide this session how it wants to extend the program that covers 96,000 Montanans who earn up to 138 percent of the federal poverty level. Those limits will be \$17,236 for an individual and \$29,435 for a family of three in April. In 2015, lawmakers from both sides of the aisle joined to expand Medicaid in Montana, but only with an expiration date of this summer to provide a chance to review the program. All Democrats in the Legislature support expansion. Their party had a bill to continue the program much in its current form, a proposal that was defeated Tuesday night as the GOP-carried bill advanced. Republicans hold a majority in the Legislature.

**EDWARDS BACKPEDALS MEDICAID WORK REQUIREMENTS:** Though **Gov. JOHN BEL EDWARDS** previously [said](#) Louisiana would seek to impose work requirements on certain adult Medicaid recipients, his administration isn't pursuing such a mandate, backpedaling on an idea struck down in other states by a federal judge. The Democratic governor announced in January 2018 that his administration was "actively working" on the concept, which has been pushed by Republicans who criticize Edwards for adding 500,000 people to government-financed health insurance through Medicaid expansion. Medicaid work-requirement legislation stalled last year in the majority-GOP Legislature, but the Edwards administration suggested talks would continue. A year later, the governor is taking a different approach, announcing a pilot program Monday to offer free skills training to about 50 Medicaid expansion recipients, to help them get higher-wage jobs.

**STATE EMPLOYEE HEALTH PLANS USE MEDICARE'S HAMMER ON BILLS:** States. They're just as [perplexed](#) as the rest of us over the ever-rising cost of health care premiums. Now some states are moving to control costs of state employee health plans. And it's triggering alarm from the hospital industry. The strategy: Use Medicare reimbursement rates to recalibrate how they pay hospitals. If the gamble pays off, more private-sector employers could start doing the same thing.

**NJ SWITCHING TO STATE-BASED HEALTH-CARE EXCHANGE:** New Jersey's government will [move](#) to create its own state-based health care exchange before next fall's enrollment period rather than continuing to rely on the federal government and its online marketplace, Healthcare.gov. **Gov. PHIL MURPHY** announced his administration's plans saying he has already sent a notice of intent letter to the federal government and the Department of Banking and Insurance about the state's plans to have its own exchange up and running by the fall 2020 enrollment period.

**BGR In The News**

**TALKING RUSSIA:** BGR Group Principal Lester Munson [joined](#) CGTN's Elaine Reyes to discuss what is likely to occur now that the Mueller investigation has come to a close.



**TRUMP GIVES GREENLIGHT TO MAJOR MEDICAID CHANGES:** In a stark [departure](#) from past administrations, the Trump administration is allowing states to enact new Medicaid rules that will curtail benefits and reduce, rather than expand, the number of people eligible for the federal-state health program for the poor. New work requirements have received most of the attention. This year, the administration has granted permission to Arizona and Ohio to impose work requirements of 80 hours a month for most able-bodied adults. Since 2017, at least 15 states have either applied for or received permission to impose work requirements. But the changes go far beyond forcing Medicaid recipients to get jobs. Armed with federal waivers allowing them to deviate from the normal Medicaid rules, states also have forced beneficiaries to pay premiums; “locked out” recipients who miss deadlines; stopped providing rides for medical appointments and eliminated retroactive coverage of new enrollees’ medical bills. Ten states have received or asked for permission to impose premiums. And nine have or are seeking waivers to lock out beneficiaries for not paying premiums on time.

**C. ECONOMY, TRADE & INFRASTRUCTURE**

**STATES, CITIES PUSH BACK ON CASHLESS STORES:** Earlier this month, New Jersey [passed](#) legislation banning many kinds of cashless stores, joining Massachusetts, which has a 1978 law prohibiting discrimination against customers opting to use cash, and Philadelphia, which adopted a similar law in February. San Francisco has proposed a [ban](#) on stores like Amazon Go and Nestle-owned Blue Bottle, which has stopped accepting cash as a test at some of its coffee shops. Ritchie Torres of the New York City Council is leading efforts to ban cashless retail there, and lawmakers in Chicago and Washington, D.C. have considered similar proposals in recent years. Proponents of cashless stores tout various benefits. Electronic payments save employees the time it takes to collect, store and transport cash. Theft is less likely. Customers typically move faster through checkout lines because they don’t need to count out their cash and wait for change.

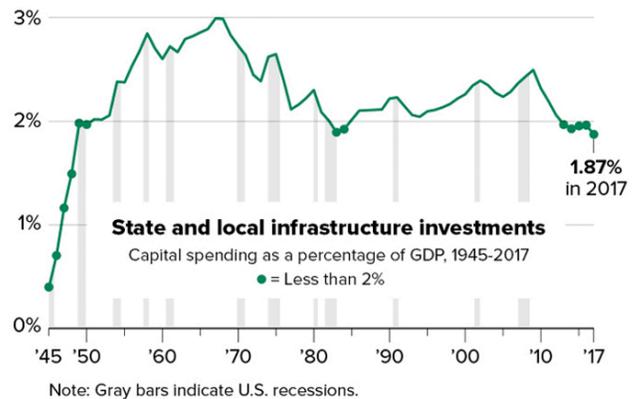
**MOMENTUM GROWS TO FIX MARIJUANA BANKING:** Because the drug is still illegal under federal law, any bank that [handles](#) marijuana money [can be charged with money laundering](#). This forces the industry to deal with large amounts of

cash, making the businesses targets for violent crime and making it difficult for states to track and collect the tax revenue they're owed. But, there appears to be more momentum than ever before for addressing this issue. This month, [the SAFE Banking Act](#) was introduced in Congress. It would prevent federal banking regulators from punishing banks for working with legal cannabis businesses.

**MULTISTATE PRIVATE-SECTOR RETIREMENT PACT GETTING ATTENTION:** With state-sponsored private-sector retirement programs [underway](#) in 10 states, and another 20 legislative proposals expected in 2019, the stage is being set for a collaborative model to get many more states in the game. The basic idea is for interested states to be able to tap into programs already built rather than starting from scratch. The concept takes a page from 529 college savings plans and Achieving a Better Life Experience plans for people with disabilities, from which states have learned that they can achieve efficiency and economies of scale by sharing such programs.

**MORE THAN HALF OF IMPORTS FOR TWENTY-FOUR STATES COME FROM JUST THREE COUNTRIES:** Data released by the U.S. Census Bureau and Department of Commerce show the breakdown of U.S. imports by state — many states import a majority of their goods from China, Canada and Mexico. The Section 301 tariffs on Chinese imports now affect about half of all imports of goods from China to the United States. In 2018, China accounted for 21 percent of all U.S. goods imports.

**STATE INFRASTRUCTURE SPENDING FALLS TO LOWEST LEVELS SINCE 1948:** State and local infrastructure spending fell to 1.87% of GDP in 2017, the lowest point since 1948. Since 1951, when capital spending first surpassed 2% of GDP, infrastructure investments have stayed above that level for all but seven years. Spending dropped below 2% in 1983 and 1984, and for the past five years.



Source: Politico Pro

**JUDGE COULD HAND \$2 BILLION UTILITY FIGHT TO MISSISSIPPI REGULATOR:** Days after [deciding](#) to go forward with a trial over whether a [Mississippi utility overbilled its customers](#), the judge on Tuesday ordered fresh arguments on whether he has the authority to hear the case. U.S. District Judge Carlton Reeves canceled the third day of the trial, set for Tuesday, and instead instructed lawyers for Attorney General Jim Hood and Entergy Mississippi to submit new briefs on whether he should hear the trial or refer the dispute to a federal or state utility regulator. The move clouds a blockbuster confrontation between Hood, a Democrat who is running for governor, and Entergy over a \$2 billion lawsuit first filed in 2008. Hood argues that Entergy, a unit of New Orleans-based Entergy Corp., defrauded customers by not buying less expensive power from outside companies. He also says Entergy Mississippi should be forced to repay the money, plus interest, to its 447,000 customers in western Mississippi. The state said Entergy blocked less expensive power plants owned by others, seeking to put them out of business.

**CONCERNS SURROUND CHINESE TRANSIT CARS IN U.S. CITIES:** A state-owned Chinese company is [building](#) rail cars for some of America's biggest cities, prompting cybersecurity concerns. The increasing role of the China Railway Rolling Stock Corp. (CRRC) has prompted a bipartisan group of U.S. senators to introduce legislation that would prevent transit agencies from using federal funding for rail-car contracts with companies that are owned, controlled or subsidized by China. By significantly underbidding other companies, CRRC has won rail-car contracts in Boston, Chicago, Los Angeles and Philadelphia. In 2017, the Chinese company reportedly lost out on a bid with the New York City subway to the

Japanese company Kawasaki Heavy. Now, CRRC has eyes on a contract with the New York Metropolitan Transportation Authority again and may soon bid to design and build rail cars for Washington, D.C.'s metro system.

**UTAH TO ALLOW AUTONOMOUS VEHICLES ON PUBLIC ROADS:** A bill that would allow fully-autonomous vehicles to operate on Utah roadways is [headed](#) to the desk of Utah **GOV. GARY HERBERT**. [House Bill 101](#), which was unanimously approved by the state legislature earlier this month, establishes policy for reporting accidents involving AVs and preempts local laws that would prohibit AVs. The bill also includes language to allow AVs without a human driver present to eventually function as part of a transportation network managed by ride-hailing companies like Uber or Lyft. Additionally, the bill states that data collected by the vehicle is private, belonging to the vehicle's owner. However, data may be shared for purposes of improving motor vehicle safety, security, or traffic management, as long as the identity of the owner, passenger, or human driver is not disclosed.

## D. EDUCATION & THE ENVIRONMENT

**TURNING FRIENDLY TO TEACHERS:** Schoolteacher [raises](#) of \$5,000 are on the table in Texas — a proposed pay hike that ranks among the biggest in the U.S. since a wave of teacher unrest began last year. But protests aren't why the money is suddenly available. Texas hasn't even had a teacher strike. But as in other GOP strongholds this spring, lawmakers who have spent years clashing with public schools by slashing budgets, ratcheting up testing and cheerleading private schools are blinking in the face of election pressure as much as picket lines. Rattled by a dreadful midterm election for Republicans — and looking ahead to 2020 — conservative-leaning states including Georgia, Oklahoma and South Carolina are pouring new money into schools. And to ensure it doesn't go unnoticed, Republicans are making a show of a renewed commitment to public classrooms, courting voters turned off by years of cost-cutting that catered to the party's base. Nowhere is this political whiplash more on display than in Texas, where just two years ago conservatives pushed heavily for private school vouchers and restrictions on which bathrooms transgender students could use. That was followed last November by Republicans losing 14 seats in the Statehouse, their worst election in a generation.

**CITIES, STATES EXPAND STANDARD OF FREE PUBLIC EDUCATION:** A century ago, a grass-roots drive [revolutionized](#) public education for American children. The high-school movement took hold in communities across the land, spreading the idea that the basic education that society provided needed to run from first grade through four full years of high school. Modernizing workplaces demanded workers with a high-school education, so cities, towns and states decided to provide them. High schools proliferated. The number of students enrolled in public high schools rose almost ninefold in the first three decades of the 20th century. The American economy benefited for decades more. Today, a similar movement is taking shape. And once again, it's gathering steam not in the nation's capital, where ideas more often go to die these days. Rather, this is a case study in how innovative ideas are taking shape in cities and states across the country. In this new educational revolution, the standard public education is being transformed beyond the long-prevailing pattern of kindergarten through 12th grade. Steadily, that standard is being expanded into prekindergarten through two years of community college, where many young Americans learn modern job skills. That is the package more cities and states are guaranteeing their children.

**HASLAM, MARKELL SEE PATH FORWARD ON EDUCATION ISSUES:** Can a Republican and a Democrat see eye-to-eye on education? Former **GOVS. BILL HASLAM** of Tennessee and **JACK MARKELL** found that yes, they can, during a wide-ranging one-on-one discussion [titled](#) "Education Across the Aisle." The governors, who were brought together by the Collaborative for Student Success, covered five topics of critical importance in American education: college and career readiness, standards, testing, the current state of education and the Every Student Succeeds Act.

**ABBOTT CALLS FOR UNIVERSITIES TO RE-EVALUATE PROCESSES:** Gov. GREG ABBOTT is [urging](#) Texas universities to re-evaluate their admissions processes in the wake of a federal investigation that led to bribery charges against a coach at the University of Texas at Austin. Federal authorities revealed that UT's head coach for men's tennis, Michael Center, allegedly took a \$100,000 bribe in 2015 to help a student get admitted to UT-Austin by adding him as a recruit to the team. The student did not play competitive tennis, according to court documents.

### BGR Client Highlight

**OFII CONVENES ROUNDTABLE WITH GOVERNORS BRYANT (MS) AND LAMONT (CT):** BGR client OFII, the Organization for International Investment, convened roundtables on March 27 with Governor Ned Lamont (D-CT) and on April 2 with Governor Phil Bryant (R-MS) and senior government affairs executives from U.S. subsidiaries of international companies. OFII represents nearly 210 of the world's largest international companies in the United States and advocates for policies that help keep the U.S. competitive on the world stage. Working with BGR, OFII is engaging governors from across the country and setting up similar roundtables to present the case for increasing international investment and boosting the United States' competitive edge abroad.



**WHAT DARLING-HAMMOND'S APPOINTMENT MEANS FOR EDUCATION:** When **BARACK OBAMA** was first assembling his White House Cabinet in late 2008, one of his top candidates for education secretary was **LINDA DARLING-HAMMOND**, the Stanford University professor [leading](#) his education transition team. Her selection would have been a rebuke to the leading school reformers of the time -- charter school supporters who fought the teachers unions to advance policies like merit pay based on students' test scores. Darling-Hammond [opposed merit pay](#), had [a union-friendly focus](#) on education funding, and was seen by charter school advocates as a threat to their movement. The pro-charter political action committee Democrats for Education Reform (DFER) worked to prevent Obama from picking her, deploying what The Nation described as "[a highly coordinated media campaign](#)." In the end, the president-elect chose DFER's preferred candidate -- Arne Duncan, the leader of Chicago's public school system. But a decade later, the Democratic

Party is increasingly [turning against DFER-style reforms](#) like charter schools and merit pay, and Darling-Hammond is getting another opportunity to directly shape education policy -- in the nation's most populous state. California **Gov. GAVIN NEWSOM**, a Democrat, [nominated](#) Darling-Hammond in February to lead the State Board of Education. Education experts say her tenure will be closely scrutinized in policy circles and could end up influencing school systems across the country.

**NEW YORK BANS SINGLE-USE PLASTIC BAGS:** Single-use plastic bags will be [banned](#) in New York State as of March 2020 under a deal reached as part of the state's \$175.5 billion budget. The announcement from legislative leaders on the 2019-20 spending plan came in the early hours of March 31. The deal was struck between **Gov. ANDREW CUOMO** and Senate and Assembly majority leaders. The legislation, part of the Transportation, Economic Development and Environmental Conservation budget bill, passed in the Assembly 100 to 42, and Senate 39 to 22, according to unofficial vote tallies. It will now go to Cuomo for approval. New York is the second state, after California, to ban single-use plastic bags. The ban includes bags provided at the checkout of grocery stores, convenience stores, retailers, and superstores such as Walmart. It does not affect bags used for restaurant carryout orders, those used to package things like raw meat or produce, or provided by pharmacies to carry prescription drugs.

**RED PLUS BLUE MAKES GREEN ECONOMICS:** Roughly half of the nation's governors pro-actively [included](#) energy and/or its alter-ego, climate change, in their recent "State of the State" addresses. Perhaps more surprising is that Republican governors were just as likely as Democratic governors to raise energy and/or climate issues. One clear take-away: the transformation of the energy sector is now a top-tier political issue in a growing number of states. The new economic competitiveness of natural gas and renewables, combined with heightened concerns about climate change, have vaulted energy issues into a prominence not seen for decades.

### What We Are Reading

**HEALTHCARE HAS LONG DOMINATED FEDERAL SPENDING CHOICES:** States get [roughly](#) a third of their revenue from the federal government—funding that pays for health care, schools, roads, public safety, and other programs. Federal grants to states are about [42 percent higher](#) than they were when the Great Recession began in 2008, after adjusting for inflation. However, federal support has varied significantly by program, with grants for health care rising 73 percent in real terms from 2008 to 2018, while other areas saw a decrease or nominal increase.

**DO CORPORATE TAX INCENTIVES WORK?** Typically, there's little transparency and accountability [after](#) a corporate tax deal is announced. [20 states](#) still don't regularly assess their corporate giveaways at all, and few cities have established systems to routinely track these incentives. Without a system for reviewing tax incentives, it's difficult for most states to even say whether the giveaways achieved what they were supposed to. That, in some cases, has led to [governments giving away money](#) without getting the job growth that had been promised. Evaluating incentives can prevent that from happening.

**STATES PONDER MOVING UNIVERSITY TECH DEPARTMENTS DOWNTOWN:** States, [particularly](#) those in heartland locations like Illinois, simply can't settle for getting less than the maximum economic value out of their key state university assets. These schools' main campuses may not be going anywhere, but states that figure out how to realign their university assets in a more geographically strategic way will put themselves at an advantage over the competition.

**BLOOMBERG'S ARMY OF CLIMATE ATTORNEYS:** If a wealthy businessman [paid](#) the salary and benefits of a local police officer whose chief function was to harass the businessman's rivals, the community would be appalled –and justifiably so. The police are the enforcement arm of the statement to keep the public safe. That's is a lot of power. Accordingly, our system provides for standards and parameters on how that power is yielded, or at least it how it should be. Such safeguards have been abandoned with the staffing of state Attorneys Generals' offices in nine [states](#) and the District of Columbia with lawyers effectively [paid by](#) former New York City Mayor Michael Bloomberg to go after oil companies. This is equivalent to using a public office to advance individual goals.

**NEVADA TO JOIN U.S. CLIMATE ALLIANCE: GOVERNOR STEVE SISOLAK** [says](#) Nevada will reduce the state's carbon emissions by joining the U.S. Climate Alliance. [The announcement was](#) made during a Conversation Lobby Day press conference in Carson City. The Carbon Reduction Plan allows Nevada to implement the standards of the Paris Climate Agreement, which the United States pulled out of in June of 2017 under the direction of the Trump administration.

## E. TECHNOLOGY & PROCUREMENT

**PUSHING FORWARD WITH CYBER LAWS:** Businesses, their customers and their shareholders prefer certainty over hype, even if that certainty varies from state to state. Companies at least have an understanding of what's [expected](#) of them through a blueprint of cybersecurity policies that have been vetted and enforced by others. Moving forward, state leaders must continue to push the boundaries with their own cybersecurity laws and must work together to share best practices. Meanwhile, federal agencies would do well to see beyond the confines of their organization to promote more standardized versions of national cybersecurity regulations and guidelines.

**T-MOBILE-SPRINT MERGER FACES POSSIBLE LAWSUIT BY STATES:** States investigating T-Mobile US Inc.'s planned acquisition of Sprint Corp. are [considering](#) a lawsuit to block the deal on antitrust grounds and may act even if the Justice Department approves it, according to two people familiar with the matter. State attorneys general haven't made a final decision about the merger but are keeping all options open as they investigate whether the \$26.5 billion deal harms competition and would lead to higher prices for consumers, said the people, who asked not to be named because the probe is confidential. The states' antitrust investigation could represent a major hurdle to T-Mobile and Sprint's plan to combine to take on industry leaders AT&T Inc. and Verizon Communications Inc. State enforcers have the power to go to court to block the tie-up even if federal officials at the Justice Department's antitrust division and the Federal Communications Commission approve it. Sprint fell as much as 1.6 percent on the news in after-hours trading, while T-Mobile was down nearly 1 percent.

**INDUSTRY URGERS ACTION OPPOSING TRACKING SOFTWARE:** A coalition of 14 trade associations and professional organizations [issued](#) an open letter to state officials around the country Monday, urging them to oppose bills that would [require government contractors](#) to install invasive monitoring software that critics say would create severe data security and privacy risks. The letter is the latest push against bills that have appeared in at least 30 states following an aggressive lobbying effort bankrolled by TransparentBusiness, a little-known software firm that publishes tracking software that it claims stops contractors from over-billing their clients. Under the measures — which contain some slight differences but all appear to be adapted from the same template — contractors doing at least \$100,000 of work for state governments would be forced to buy software that takes screenshots of the user's computer at least once every three minutes and store those images for at least seven years. Most versions of the legislation also call for constant logging of keystrokes and mouse movements. But the groups behind the new letter, which include organizations representing accountants, engineers and technology professionals, argue that the bills' claimed goals of improving contractor accountability and government transparency would do so at the expense of exposing workers' and citizens' personal

information and raising the costs of doing business. The coalition also includes ALEC Action, the advocacy arm of the American Legislative Exchange Council, a conservative policy group known for distributing model legislation to states.

### BGR Insight

**DO BUDGET DEFICITS MATTER IN 2020?** BGR Founding Partner Ed Rogers [writes](#) in the Washington Post: “Our annual deficit produced under President Trump’s watch with robust economic growth is about the same today that it was during the period of anemic growth under President Barack Obama...Shouldn’t robust economic growth and nearly full employment lessen the government’s need to pay benefits and provide social services? Spending is out of control, and nobody is really talking about it.”

**UTAH JUST BECAME A LEADER IN DIGITAL PRIVACY:** On March 12, Utah legislators [voted](#) unanimously to pass landmark legislation in support of a [new privacy law](#) that will protect private electronic data stored with third parties like Google or Facebook from free-range government access. The bill stipulates that law enforcement will be required to obtain a warrant before accessing “certain electronic information or data.” (Unlike consumer privacy laws, the bill does not give individuals the ability to see the information that companies collect on them, and doesn’t regulate how personal data is used internally.) The bipartisan bill is expected to go to Governor Gary Herbert’s desk for final approval next week. If he signs the bill, Utah will be the first state in the nation to lawfully protect the electronic information that individuals entrust to third parties.

**COMMUNICATION BREAKDOWN COULD IMPERIL 5G ROLLOUT:** The ultrahigh-speed cellular networks [known](#) as 5G, which are expected to roll out in major cities next year, could let a surgeon in Boston make an incision on a patient in Des Moines via robot, with virtually no delay in commands. Traffic sensors could ease congestion—and locate parking spaces. And a mobile phone could download the final season of Game of Thrones in the blink of an eye. But before any of that can happen in New York, the city will have to speed up the process of granting access to light and traffic poles, which will be crucial parts of the 5G infrastructure in the areas of greatest demand. That, at least, is the complaint several telecommunications companies have been making in recent weeks, as they wait for the city to help them lay the new network’s groundwork.

## F. FEDERAL/STATE RELATIONS

**STATE AGs CALL OUT CONGRESS ON ROBOCALLS:** Attorneys general from every state, Puerto Rico and the District of Columbia [signed](#) on to an appeal urging Congress to pass legislation cracking down on robocalls and spoofing techniques that trick consumers into answering by making calls appear to come from local numbers. “The State AGs are on the front lines of enforcing do-not-call laws and helping consumers who are harassed and scammed by unwanted telemarketing calls and robocalls,” reads [the letter](#), sent to the [Senate Committee on Commerce, Science & Transportation](#). “Robocalls and telemarketing calls are currently the number one source of consumer complaints at many of our offices, as well as at both the FCC and the FTC.” The [proposed legislation](#), titled the “Telephone Robocall Abuse Criminal Enforcement and Deterrence (TRACED) Act,” would require phone providers to use authentication technology that would determine whether a call is legitimate before patching it through to a user’s phone. That technology—the Secure Telephone Identity Revisited and Signature-based Handling of Asserted Information Using Tokens, or [STIR/SHAKEN](#)—would have to be implemented within 18 months of the bill’s passage. Dozens of attorneys general had [previously appealed](#) directly to the FCC, asking the agency to “aggressively implement” STIR/SHAKEN.

**LAMONT SEEKS HELP WITH PRIORITIES IN DC:** During a quick trip to the nation's capital, **Gov. NED LAMONT** met with foreign businessmen, spoke to **TRANSPORTATION SECRETARY ELAINE CHAO** about tolls, and explored expansion of the use of offshore wind energy in Connecticut. On Wednesday, Lamont attended a gathering hosted by the Organization for International Investment, a group that looks out for the interests of foreign companies doing business in the United States. The governor also met with Chao on Wednesday over the issue of tolls, which has bedeviled him back home. Another part of the discussion related to the 20 percent in transportation matching funds Connecticut must supply.

### Update from BGR's Austin Office

**INSIGHT FROM BGR VICE PRESIDENT, TEXAS DIRECTOR JERRY STRICKLAND:** It's been a busy few days in Austin as the Texas House met through the night and after the stroke of midnight to pass HB1 – the Budget. But expect more late nights to come. We are well past the halfway point of Texas's biennial legislative session with about 80% of the actual work still left to do.

In what was a departure from previous floor debate on the budget, new **SPEAKER DENNIS BONNEN** presided over through 307 pre-filed amendments. But just after midnight, a procedural move saw lawmakers withdrawing their amendments and moving them to the conferenceable section of the budget known as Article XI so they could be hashed out in final negotiations with the House and Senate budget conference committee. The \$251 billion budget passed unanimously with much of the tone of the proceeding attributed to Speaker Bonnen working behind the scenes prior to floor debate to address the more controversial issues. While mostly civil, some amendments sparked fireworks, including expanded Medicaid coverage for post-partem women from 3 months to one year.

HB 500 is the vehicle for leftover expenses not covered in the current budget cycle. That bill was considered the same day and passed with \$9 billion in supplemental funding to cover Hurricane Harvey and Health & Human Services costs. Of the \$9 billion, \$4.3 billion will be taken from the Economic Stabilization Fund (referred to as the "Rainy Day Fund"), \$2.7 from general revenue and \$2.3 billion in federal funds to pay for the expenses. HB 500 includes: \$4.4 billion for unfunded Medicaid costs; nearly \$2 billion to school districts, state agencies and universities for costs associated with Hurricane Harvey; about \$1.3 billion to shore up a system that pays out teacher pensions, contingent on pension reform bill passage; almost \$11 million for the Santa Fe Independent School District, which experienced a mass shooting last year; and \$2 million for state mental hospital improvements, which includes funding to plan the construction of new hospitals in the Panhandle and the Dallas area. HB 1 and HB 500 now head to the Senate. Priority item Property Tax Reform is also on the move. The House Committee on Ways & Means passed **CHAIRMAN DUSTIN BURROWS'** sweeping property tax reform legislation along a party-line vote. HB 3, the House's answer to school finance/property tax reform was debated by the full House on Wednesday. The bill puts \$6.3 billion in new money and \$2.7 into property tax reform and is seen as a comprehensive approach to addressing the problems faced by Texas's public schools.

#### **What's Next?**

The pace and urgency of the final two months of the 86th Legislative Session will be brisk. With signature legislation clearing committee and floor hurdles, attention will continue to be spread through the other thousands of pieces of legislation. BGR Group continues working with its clients to address critical funding and process concerns contained in those measures and maintains a regular presence at the Texas Capitol to advocate with and on behalf of our clients with footprints in the Lone Star state.

*Before joining BGR Group, Jerry Strickland served as Governor Greg Abbott's appointee to lead the Texas Office of State-Federal Relations, where he was the Governor's lead advisor on federal affairs. In this role, he provided advocacy, counsel*

and direction to the Governor, members of the Texas Congressional delegation, relevant Congressional committees and the White House. He can be reached directly at [jstrickland@bgrdc.com](mailto:jstrickland@bgrdc.com).

## II. Politics

### A. GOVERNORS & STATEWIDE OFFICES

**HILL SWORN IN AS WYOMING'S 38<sup>TH</sup> ATTORNEY GENERAL:** Wyoming's newly [appointed](#) attorney general, **BRIDGET HILL**, is known for a few things around Cheyenne. As a career public lawyer, Hill knows how to speak succinctly and directly, a trait that has helped mold a reputation for brevity around the capital. She has a sense of humor, a fact that quickly became apparent when an audience of career attorneys laughed at the jibes she made when being formally sworn in as the state's 38th attorney general Friday afternoon. She cares deeply about her family, as made evident by the more than a dozen members of the Hill clan who made the drive out to see her on the biggest day of her career.

**GRIMES STRIPPED OF KY BOARD OF ELECTIONS AUTHORITY:** Legislation [removing](#) the secretary of state's power over the State Board of Elections was signed into law by Kentucky **GOV. MATT BEVIN** — on the same day the board met. Secretary of State Alison Lundergan Grimes did not attend the meeting at the state Capitol. The seat at the center of the table where Grimes customarily sat was empty.

### B. STATE LEGISLATURES & MAYORS

**LIGHTFOOT ELECTED CHICAGO MAYOR:** **LORI LIGHTFOOT** [won a resounding victory](#) Tuesday night to become both the [first](#) African-American woman and openly gay person elected mayor of Chicago, dealing a stinging defeat to a political establishment that has reigned over City Hall for decades. After waging a campaign focused on upending the vaunted Chicago political machine, Lightfoot dismantled one of its major cogs by dispatching Cook County Board President Toni Preckwinkle, whose candidacy had been hobbled in part by an anti-incumbent mood among voters and an ongoing federal corruption investigation at City Hall.

**COUNCILMAN CALLS FOR BALTIMORE MAYOR TO RESIGN:** At least one Baltimore City Council member is [calling](#) for **MAYOR CATHERINE PUGH** to resign as a scandal intensifies over allegations of "self-dealing" arrangements to sell her children's book series. **COUNCILMAN ZEKE COHEN** says Pugh has "lost the moral mandate to govern and the public's trust." Maryland **COMPTROLLER PETER FRANCHOT** has also urged her to resign. Cohen, Franchot and Pugh are Democrats. Cohen notes that Pugh accepted over \$100,000 from Kaiser Permanente for her "Healthy Holly" children's books while the company was seeking a contract to provide health benefits to city employees.

**WHERE DOES THE MINORITY HAVE OUTSIZED POWER?** In Massachusetts and Oregon, Democrats [hold](#) supermajority control of both legislative chambers. In each state, minority Republicans have been given greater deference or authority than their sheer numbers would command. But neither state can be described as a bipartisan paradise as a result. Oregon and Massachusetts illustrate two perennial realities of legislative life. The first is that minorities still count, even if their numbers are meager, when there is disagreement within majority ranks. And the second is that regardless of what the rulebooks say, what really matters is how leaders choose to manage the process.

**IN 3 STATES, 2/3 OF RACES WERE UNCONTESTED:** In some states, one political party [dominates](#) even without a lift from gerrymandering. The most extreme examples are Hawaii, Massachusetts and Rhode Island, all of which have legislatures controlled by Democrats. Their control is so complete that in about two-thirds of legislative races in each

state last fall, voters had just one ballot option: the Democratic candidate. The percentage of races lacking major party opposition was 71 percent in Massachusetts, followed by Hawaii at nearly 69 percent and Rhode Island at 68 percent, according to a [mathematical analysis by The Associated Press](#). Most of the unopposed candidates in each state were Democrats.

## C. BALLOT INITIATIVES & POLITICS

**WISCONSIN SUPREME COURT RACE TOO CLOSE TO CALL:** The Wisconsin Supreme Court [race](#) that liberals needed to win to have a shot at taking majority control of the court next year appeared headed for a recount. Still, the conservative candidate declared victory overnight while holding a narrow lead following Tuesday's election. A conservative win would increase their majority to 5-2 and ensure their control over the court, which they've held since 2008, for years to come. It would be a particularly stinging defeat for liberals, who were confident and riding a wave of wins in 2018, including picking up a Supreme Court seat and ousting Republican **Gov. Scott Walker**. Conservative **Brian Hagedorn**, who was Walker's chief legal counsel for five years, led liberal-backed **Lisa Neubauer** by 5,911 votes out of 1.2 million cast, based on unofficial results. That is a difference of about 0.49 percentage point, close enough for Neubauer to request a recount but she would have to pay for it. Hagedorn declared victory early Wednesday morning.

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## Campaign News

**NOTE:** Only three states will hold gubernatorial elections in 2019: Kentucky, Louisiana, and Mississippi. BGR's 2019 *Campaign News* section will primarily include stories from those states. Please let us know if there are specific states or races you are interested in monitoring as well.

**KEY ELECTIONS FROM ACROSS THE COUNTRY:** The left-leaning *Daily Kos* is out with a [calendar](#) of this year's top races. A version of this calendar with more details about specific election procedures for each race as well as the population for each jurisdiction, can be found [here](#).

### MISSISSIPPI

**REEVES DECLINES AS FOSTER, WALLER FACE OFF IN DEBATE:** Mississippi **Lt. Gov. Tate Reeves** [declined](#) an invitation to participate in Republican gubernatorial candidate debate at Mississippi State University that will feature the other two GOP candidates expected to appear on the ballot. The College Republicans organization at Mississippi State University on Saturday announced it will host a Republican primary debate in conjunction with the MSU Department of Political Science and Public Administration. The debate took place at 6:30 p.m. on April 2 on the MSU campus in Lee Hall's Bettersworth Auditorium.

**HOSEMANN DOUBLES DOWN: SECRETARY OF STATE DELBERT HOSEMANN** is [making](#) a change to his political career. He is not running again to serve in his current position, instead he has decided to run for Lieutenant Governor. Hosemann announced his run to a group of supporters at the KLLM Transport headquarters in early January 2019. "I want to be a part of leaving a better educated, healthier, and more prosperous Mississippi to our children and grandchildren," Hosemann said. "The next Lieutenant Governor will have a significant impact on your future and our future." Those same

priorities seem to still be fueling his campaign for Lt. Governor as he spoke with Y'all Politics on what he hopes to accomplish if elected.

**THE FIRST GOP ATTORNEY GENERAL SINCE 1878?** The 2019 Mississippi Republican primary for attorney general will [pit](#) three veteran GOP politicians against each other for the right to become Mississippi's first GOP attorney general since **GEORGE EMRICK HARRIS** in 1878. The Republican winner will face Democrat candidate **U.S. ARMY COL. JENNIFER RILEY COLLINS (RET.)**, a decorated military intelligence officer and civil rights attorney. Collins is the only African American candidate in the race. She is a highly credible candidate. The three Republican candidates come to the GOP primary from varied personal and political paths. Incumbent **STATE TREASURER LYNN FITCH**, a Holly Springs native who has held the treasurer's post since 2011, has won two contested statewide GOP primaries and two contested statewide general elections. None of her opponents can say that. **STATE REP. MARK BAKER** of Brandon, the first Republican to announce his intentions to seek the AG's office in the 2019 primary, entered the fray in May 2018 – well ahead of either Fitch or Taggart. The final GOP candidate to announce his 2019 candidacy for the GOP nomination for the attorney general's post is Madison attorney **ANDY TAGGART**.

**HOOD DELIVERS \$40 MILLION TO STATE FUNDS FROM BP: ATTORNEY GENERAL JIM HOOD** [recently](#) delivered \$40 million, representing the second of 16 payments from BP, to two state funds from settlement monies owed after the 2010 Deepwater Horizon disaster. General Hood reached the settlement with BP in 2015, forcing the oil company to pay \$750 million for economic damages resulting from the catastrophe. The state received \$150 million from BP in 2016, and payments of \$40 million will continue each year, with the last payment being in 2033. Starting with this payment, 25% of each future payment will be deposited into the State BP Settlement Fund, and the remaining 75% will be deposited into the Gulf Coast Restoration Fund.

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## KENTUCKY

**GOVERNOR'S RACE TO TURN UGLY:** Democrat **ADAM EDELEN** appears [poised](#) to benefit from a new super PAC, started by a supporter of his race for Kentucky governor. The group's debut is a sign that the primary contest — which features **ATTORNEY GENERAL ANDY BESHEAR** and **HOUSE MINORITY LEADER ROCKY ADKINS** — could turn ugly, as super PACs are known to use negative ads to promote their candidates.

**IVANKA TRUMP, BEVIN VISIT TOYOTA PLANT:** Ivanka Trump, daughter of and adviser to President Donald Trump, [returned](#) to central Kentucky to tour the Toyota plant in Georgetown Thursday morning. The senior adviser remains vocal about workforce development efforts. She said she was motivated to visit the plant because of efforts to encourage companies to properly train workers. Ivanka Trump toured the facility with Toyota leaders and **GOVERNOR MATT BEVIN**. The tour featured details about the company's training program and allowed time for Trump and Bevin to meet with workers and students and take some pictures.

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## LOUISIANA

**WHERE RISPONE, ABRAHAM DIFFER:** Republican gubernatorial candidates **EDDIE RISPONE** and **REP. RALPH ABRAHAM** may both think incumbent **GOV. JOHN BEL EDWARDS** needs to be out of office, but that doesn't mean they [agree](#) on everything. Rispone, the founder of ISC Constructors, took a more conservative approach to answering questions, particularly on Medicaid expansion and teacher pay increases, than Abraham at an event organized in Baton Rouge by the Republican Governors Association on March 18. It was one of the first joint public appearances by the two Republican

candidates for governor since they entered the race in late 2018. Both men, who sat at opposite sides of a long table, are hoping to defeat Edwards, a Democrat, in his bid for a second term this fall. All three candidates will run against each other in a primary election Oct. 12.