

STATE AND LOCAL UPDATE

January 30, 2019

Policy and Politics

I. Trending Topics

Issue in Focus

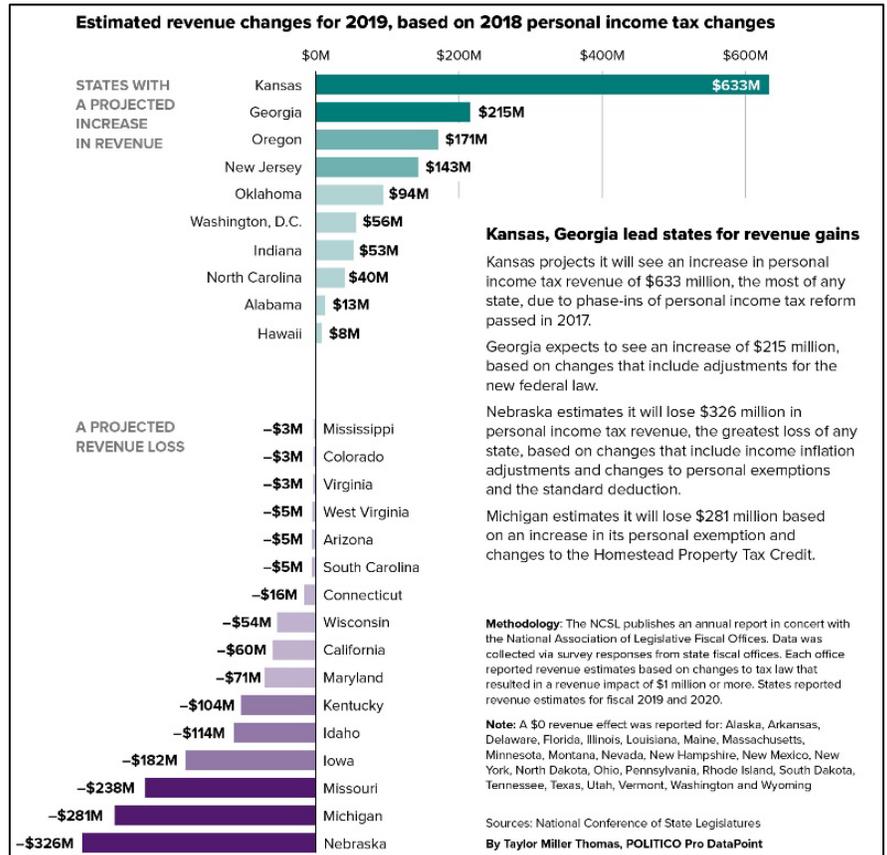
HOW TO PREVENT THE NEXT SHUTDOWN: Utah Governor Gary Herbert, the longest-serving governor currently in office, [writes](#) that giving more power to the states could help prevent government shutdowns. He notes that the “increasing frequency of federal shutdowns tells us that the problem is deeper than a disagreement over immigration or health care or the debt ceiling.”

A. BUDGETS, TAXES, & REVENUE

GOVERNORS PUSH DIVERSE TAX CUTS, HIKES: Colorado’s governor wants to cut the individual income tax rate while Washington’s governor wants to target rich residents with a capital gains tax. The governor in West Virginia, meanwhile, aims to eliminate personal property taxes on all businesses. There is no consensus among state leaders this year—except that tax issues are key. Governors across the country are pushing out tax plans in their Inaugural and State of the State Addresses this year. James Nash, a spokesperson for the National Governors Association, said major issues that state leaders aim to tackle include: technical fixes to the 2017 federal tax law, IRS reform, possible pre-emptive federal legislation on sports betting, the impact of the Wayfair decision on taxing e-commerce purchases, taxation of legal recreational marijuana in 10 states, and the IRS crackdown on state workarounds to the federal tax law’s cap on state and local income tax deductions. Some of the governors’ suggestions have strong legislative backing; others may be pipe dreams. Bloomberg Tax is out with a sampling [here](#).

STATES EXPECT \$44M LOSS IN INDIVIDUAL TAX REVENUE: [The National Conference of State Legislatures](#) projects state personal income tax changes made in 2018 will result in a net \$44 million revenue loss in 2019. Major federal changes that affected state laws include the 2017 tax law, sports gambling legalization and the remote sales tax decision in South Dakota v. Wayfair. (Graphic source: Politico)

STATES SEE SLIP IN TAX COLLECTION: Income tax collections in December were [short](#)



of expectations and prior year levels in New York, California and other states, Moody's Investors Service noted in a brief last week. The trend is not entirely surprising and underscores the uncertainty state revenue forecasters face as taxpayer behavior changes in response to the 2017 federal tax overhaul, and recent stock market volatility potentially shakes up collections tied to capital gains.

STATE TAX REVENUE MAKES BIGGEST GAINS IN SEVEN YEARS: State tax revenue [rose](#) sharply in mid-2018 for the third quarter in a row, closing out most states' budget years with the second-strongest stretch of growth since the Great Recession. At least some of the gains, though, are expected to be temporary. As of the second quarter of 2018, tax collections in 36 states were higher than before receipts plunged in the downturn, after accounting for inflation. The spike resulted in a turnaround year for many states after they had slogged through the weakest two years of [tax revenue](#) growth—outside of a recession—in at least 30 years. Starting in late 2017, the surge propelled total state tax collections to 12.2 percent above the peak recorded in 2008. The results mean that states collectively had the equivalent of 12.2 cents more in purchasing power in the second quarter of 2018 for every \$1 they collected at their recession-era peak, after adjusting for inflation and averaging across four quarters to smooth seasonal fluctuations.

NORTHEAST SUBSIDIZES FEDERAL SPENDING: A recent report by the Rockefeller Institute evaluated how all fifty states compared in terms of the tax revenue they sent to the federal government (receipts) and the levels of spending they received from the federal government (expenditures). When looking at the map, one of the most immediately evident trends is the bright red cluster in the Northeast. New York, New Jersey, Massachusetts, and Connecticut have a combined negative balance of payments (BOP) of \$87.3 billion. The Rockefeller Institute takes a closer look at factors that lead to the Northeast subsidizing federal spending in the rest of the states [here](#).

NY ESTABLISHES ONLINE SALES TAX RULES: New York has [established](#) which out-of-state sellers need to collect sales tax for orders placed by consumers within the state. And, unlike most other states that have put online sales tax rules or laws into effect, it isn't giving merchants any wiggle room as its rules are now in effect. The guidance clarifies the state's sales and use tax law, which has been in place since 1965. However, it couldn't enforce the law until June when the U.S. Supreme Court ruled in the South Dakota v. Wayfair Inc. case that, for the first time, states and local governments could require online retailers to collect sales tax even if they don't have a physical presence, or nexus, in the state or local tax jurisdiction. That case overturned the previous Supreme Court precedent that was established in the 1992 case Quill Corp. v. North Dakota.

B. HEALTHCARE & INSURANCE

NEWSOM MAKES HEALTHCARE CENTERPIECE OF 'RESISTANCE': For California under **Gov. GAVIN NEWSOM**, the [resistance](#) to **PRESIDENT DONALD TRUMP** is about health care. Much as his predecessor **JERRY BROWN** made climate change the state's big challenge to Trump, Newsom has embarked on a health agenda that includes extending care to undocumented adults and direct government negotiation of drug prices. Unlike the other potential and announced 2020 candidates pushing universal health care, Newsom isn't just talking theoretically, so there's much more at risk. If his innovations in expanding Obamacare, extending Medicaid to undocumented immigrants — itself a jab at Trump's hard-line immigration policies — and negotiating lower drug prices work, he could emerge as a hero of the Democratic Party. His policies could be templates for candidates pushing ahead on universal health care — an aspiration shared by Democrats even if they are still divided on what specific policies to pursue and how quickly to pursue them.

DEMS ROLL OUT BIG HEALTHCARE PROPOSALS: Riding the momentum from November's elections, Democratic leaders in the states are [wasting](#) no time delivering on their biggest campaign promise — to expand access to health care and make it more affordable. The first full week of state legislative sessions and swearings-in for governors saw a

flurry of proposals. In his initial actions, newly elected California **Gov. GAVIN NEWSOM** announced plans to expand Medicaid to those in the country illegally up to age 26, implement a mandate that everyone buy insurance or face a fine, and consolidate the state's prescription drug purchases in the hope that it will dramatically lower costs. Washington **Gov. JAY INSLEE** proposed a public health insurance option for people who are not covered by Medicaid or private employers and have trouble affording policies on the private market. Democrats in several states where they now control the legislature and governor's office, including New Mexico, are considering ways that people who are uninsured but make too much to qualify for Medicaid or other subsidized coverage can buy Medicaid policies.

BGR In The News

TALKING TEXAS: BGR Vice President & Texas Director Jerry Strickland joined Austin's KXAN to discuss the start of Texas Governor Greg Abbott's second term, President Donald Trump, and several other important issues affecting public policy in Texas and across the country. *(Click below to open external video player)*



REPUBLICAN GOVERNORS PRIORITIZE SNAP WORK REQUIREMENTS: Prior to the [new](#) rules implemented by the Trump administration to strengthen work requirements for the Supplemental Nutrition Assistance Program (SNAP), some Republican governor-led states had already begun implementing restrictions and eliminated the practice of submitting "geographic area waivers." Geographic area waivers involve lumping higher unemployment areas and counties with lower unemployment areas in order to meet the criteria to eliminate the work requirement. Prior to the SNAP rule change, U.S. Department of Agriculture (USDA) **SECRETARY SONNY PERDUE** advised states to review their "waiver policy choices concerning when and where to request" them; stating: "It's time to rethink the use of waivers and support movement to self-sufficiency for these individuals."

C. ECONOMY, TRADE & INFRASTRUCTURE

WHAT IF CITIES ARE NO LONGER THE LAND OF OPPORTUNITY FOR LOW-SKILLED WORKERS? For decades, workers migrated to big cities in America that [promised](#) abundant jobs and decent wages — in clerical offices in New York, at shipbuilding yards in Oakland, on auto assembly lines around Detroit. Big, dense cities offered not just better pay for lower-skilled workers; cities offered them better kinds of jobs. This is much less true today, as workers hurt by the decline in manufacturing know. Because of this, cities no longer offer low-skilled workers the economic advantages they once did, according to new analysis by the M.I.T. economist David Autor. Workers, whether with a college degree or not, could long count on earning more in denser urban areas than in rural ones. Today, that pattern holds for highly educated workers — and has in fact grown much stronger. For workers without any college education, the added wage benefits of dense cities have mostly disappeared. What’s startling about that conclusion is that many economists and policymakers have suggested that workers migrate to prosperous metros to find opportunity. We [don’t have many proven strategies](#) for how to revive communities battered by changes in the economy. But we have decades of history that show that Americans have been able to lift themselves up by leaving struggling places for thriving cities.

DOJ ISSUES OPINION THAT COULD RESTRICT ONLINE GAMBLING: The Justice Department recently [issued](#) a legal opinion that could further restrict online gambling even as some states have been moving to embrace it — a restriction long sought by GOP megadonor Sheldon Adelson, who controls one of the world’s largest casino empires. [The opinion](#) from the Justice Department’s Office of Legal Counsel, which will probably be tested in the courts, reversed an Obama-era opinion that declared that the Wire Act applied only to sports gambling. A medley of state and federal laws, including the 2006 Unlawful Internet Gambling Enforcement Act, already make most online gambling illegal. But Justice Department prosecutors will soon be able to use the Wire Act, in addition to those other laws, to bring cases against online gambling operations.

MSG LOOKS POISED TO ENTER SPORTS BETTING WORLD: Madison Square Garden hasn’t formally [announced](#) any intention to get into sports betting, but the owners of Madison Square Garden did file to trademark “MSG” in the space, The Action Network has learned. Last month, in a filing that recently appeared on the website of the U.S. Patent and Trademark Office, the company filed to trademark “MSG” for “downloadable mobile applications for sports wagering, for organizing, arranging, conducting, and participating in sports wagering tournaments, for providing information related to sports betting...” The company also filed with an intent to use MSG for “interactive peer-to-peer gambling competitions and tournaments.” While some might make the case MSG executives are just taking a precautionary measure, trademark lawyer Josh Gerben says the filing suggests otherwise. Gerben points out that the paperwork contains a signed sworn statement that the company has a “bona fide intent” to use the trademark for the stated goods and services.

D. EDUCATION & THE ENVIRONMENT

WHERE TEACHERS MAY STRIKE NEXT: The [ongoing teacher strike in Los Angeles](#) won’t be this year’s only uprising of educators pushing for higher pay, better working conditions and changes to education policy. With more than 30,000 members of the United Teachers Los Angeles union off the job since their strike began Monday, teachers from half a dozen public schools in Oakland, Calif., are [preparing for their own walkout](#) on Friday. Friday is also the deadline for teachers in Denver to reach a contract agreement with their district, and the union has scheduled a strike vote for Saturday if that doesn’t happen. Meanwhile, teachers in Chicago, Indiana and Virginia are all weighing various actions -- formal strikes, walkouts or other demonstrations -- over what they say is the underfunding of their schools. This follows a year

in which teachers across the country -- sometimes across an entire state -- went on strike or protested in Arizona, Colorado, North Carolina, Oklahoma and West Virginia.

KOCH GROUP TOUTS EDUCATION PUSH ON CURRICULUM, TECH: Officials with the powerful political network led by conservative billionaire Charles Koch said that they are [promoting](#) a state-level education strategy that they hope educators and teachers unions will support. The Koch network is launching a new group next month that will focus on 15 million kindergarten through 12th-grade students in five unnamed states, chairman Brian Hooks said. Hooks didn't give details on the policy priorities but said the initiative will focus on curriculum, technology and uniting a broad coalition that will include outreach to teachers. The announcement was made during a private retreat for wealthy donors who have committed to giving at least \$100,000 annually to the sprawling Koch network of political, policy, educational and philanthropic organizations. The Koch education effort follows a national educators uprising that began last year over teacher pay and classroom conditions and escalated to major teacher strikes that shut down schools in multiple states. Los Angeles teachers in the nation's second-largest school district recently reached a deal, and teachers in Denver have plans to strike.

What We Are Reading

IS STATE, LOCAL CYBERSECURITY MATURING FAST ENOUGH? State cybersecurity programs [continue](#) to mature with more expected to shift focus from operations to strategy in 2019, according to security experts. In a 2018 survey, the National Association of State Chief Information Officers found 98 percent of state governments have developed security awareness training for workers and contractors, 94 percent have adopted a cyber framework based on national standards, and 92 percent have established trusted information-sharing and response partnerships. That said, only 44 percent of state governments were using analytical tools, artificial intelligence or machine learning to manage cyber programs, and only 42 percent had cyber insurance, according to the report. Among local governments, 54 percent report having cyber insurance, according to a parallel Public Technology Institute survey. Cyber insurance covers governments infiltrated by internet-based attacks on information technology infrastructure. Insurers have increased their cyber expectations of late, said Alan Shark, executive director of PTI, a technology organization that works with city and county governments.

NEW INITIATIVE TO PREPARE FOR WORKFORCE NEEDS: The National Governors Association Center for Best Practices (NGA Center), FHI360, and the Fab Foundation, with support from the Siegel Family Endowment and the Gates Foundation, have [launched](#) a new project to help states begin developing policy and practice responses to prepare for the workforce needs of the future through rigorous research and dialogue with leading thinkers, researchers, and policymakers. Future Workforce Now will explore in depth the technological disruptions and global forces that are shaping the future of work, workers and workplaces; what these changes will mean for education, training, and state policy; and the most promising policy and practice responses that position states to prepare the workforce of the future. Through a series of topical roundtables, Future Workforce Now will bring together national and international experts with state policy leaders to share knowledge and expertise on the disruptive forces impacting workers and the education and training systems, and to map a path forward for state and local success. The roundtables will lead up to a State Leaders Policy Forum for Action to share the accumulated knowledge and promising solutions from the roundtables with state policy teams and engage them in framing policy and programmatic responses to address the needs of the future workforce. A toolkit will be released at the culmination of the project to guide future state action.

FIVE EDUCATION PRIORITIES FOR NEW GOVERNORS: During the 2018 campaign season, the National Governors Association Center for Best Practices Education Division closely followed candidates in [all 39 gubernatorial elections](#) in the states and territories. They reviewed thousands of statements outlining candidates' positions on education from sources such as their campaign platforms, news reports, campaign appearances and social media posts. Throughout this process, they identified five key [priorities](#) emphasized by the new class of governors that were often connected to career readiness: workforce alignment, education funding, early education, the rising cost of higher education, and teachers and leaders.

THE STATUS OF SCHOOL DISCIPLINE: In recent years, zero-tolerance legislation has [stalled](#): About seven bills expanding suspension or expulsion have been enacted in state legislatures in the last five years. In that same time frame, state legislatures have enacted at least 36 bills restricting the use of suspension or expulsion or encouraging the use of alternative school discipline strategies — demonstrating a movement away from zero tolerance and toward less-punitive strategies. Generally, these bills place limitations on the length of suspension or expulsion, disallow the use of suspension or expulsion in the early grades, require consideration of student circumstances and context and/or encourage the use of alternative strategies. Legislation in 2017 and 2018 has generally followed the trends of the last five years: placing limitations on punitive discipline, encouraging the use of alternative strategies and implementing planning and reporting requirements. In the 2017 legislative session, lawmakers proposed at least 35 bills related to suspension and expulsion and bills related to alternative school discipline strategies. Of those, 14 were enacted. In 2018, at least 11 states and the District of Columbia enacted 15 bills broadly related to suspension, expulsion or alternatives to discipline.

TEACHING ABOUT CLIMATE CHANGE: A legislative proposal in Connecticut would [mandate](#) instruction on climate change in public schools statewide, beginning in elementary school. Connecticut already has adopted science standards that call for teaching of climate change, but if the bill passes it is believed that it would be the country's first to write such a requirement into law. Some educators have questioned whether it's necessary in light of Connecticut's adoption in 2015 of the Next Generation Science Standards, which include climate change as a core aspect of science education beginning in middle school. A similar proposal was introduced in the last legislative session but ultimately failed to win approval. A total of 19 states and the District of Columbia so far have adopted the Next Generation Science Standards, which indicate what a state hopes students will know. Typically, states leave the specific curriculum and instruction up to the districts. The bill apparently would be country's first to make climate change instruction a matter of statute, according to the National Center for Science Education. In several other states, legislation has been proposed in recent years to allow or require teachers to present alternatives to widely accepted viewpoints on topics such as climate change.

CONFERENCE COULD JUMP-START CLEAN ENERGY FOCUS: New Mexico clean-energy advocates [hoped](#) to drive what they call a "green tsunami" in the next few years, now that voters have elected state lawmakers they see as more environmentally friendly. A Clean Energy Conference on Monday featured newly elected Gov. Michelle Lujan Grisham and other speakers. Camilla Feibelman, director of the Sierra Club Rio Grande Chapter, said providers of energy from traditional sources and backers of renewables, like wind and solar, need to work more closely together.

E. TECHNOLOGY & PROCUREMENT

THE TECH ECONOMY'S UNTOLD STORY: The [decisions](#) by Amazon and [Google](#) to expand into the New York area have led some pundits to claim that the nation's [high-tech economic future](#) will be shaped in dense urban areas. "Big cities won Amazon and everything else," proclaimed [Neil Irwin](#) of the New York Times. "We're living in a world where a small number of superstar companies choose to locate in a handful of superstar cities where they have the best chance of recruiting superstar employees." Yet the trends in job creation, particularly in technology, are not nearly as favorable to

the “superstars” as some urbanists imagine. If one looks at data, not press releases, a more nuanced picture emerges, with much of the fastest growth—including in tech—shifting dramatically not to the elite, dense urban centers but to more sprawling regions and the suburban periphery. As [Ali Modarres](#), Director of Urban Studies at the University of Washington at Tacoma suggests, not all tech jobs are created equal. “Second wave” tech firms like Amazon tend to be short-term employers, where young workers earn their spurs before heading elsewhere. Of course, Amazon also has its warehouses, mostly in the exurbs, where workers labor in [often Dickensian conditions](#), while Apple builds virtually everything in grim Chinese factories [plagued](#) by on-the-job suicides. Such practices contrast with those of more traditional tech firms—those involved with semiconductors, computers, network equipment, and aerospace—which rely on long-term employees. These firms, Modarres suggests, thus have different priorities when it comes to siting and corporate planning.

STATES DEBUNK MOBILE PROVIDERS’ COVERAGE CLAIMS: Cellphone companies often [boast](#) about how much of the country they cover. But with billions of federal dollars at stake to expand mobile broadband in rural America, state officials and other groups across 37 states say those claims aren’t always true. The challenge is proving the carriers wrong. In Vermont, that meant sending out a guy in a gray Toyota Prius to imitate the ubiquitous “can you hear me now?” question as he motored among small towns and dairy farms in search of a signal. Other states took similar steps, and their concerns have caught the attention of the Federal Communications Commission, which has begun investigating the accuracy of the carriers’ claims. The FCC got on to the question last year after it offered \$4.5 billion through its Mobility Fund II reverse auction, meant to advance high-speed mobile broadband service in needy rural areas over the next decade. To determine which areas would be eligible for funding, the FCC required mobile providers to submit data showing where they provide 4G LTE coverage with download speeds of 5 megabits per second. According to the carriers, several rural states, including Kansas and most of Vermont, New Hampshire and Mississippi, already had high-speed mobile broadband and didn’t need the FCC’s money. Vermont begged to differ.

AUTOMATION SET TO HIT THE HEARTLAND THE HARDEST: The midwestern counties hit hardest by previous waves of job-market turbulence will again bear the brunt of the next round of automation-fueled disruptions. As middle- and low-wage jobs in the American heartland disintegrate further, the national anger and polarization fueled by an urban-rural divide will only deepen. The next crop of vulnerable jobs — which include middle-wage occupations like trucking and administrative office work as well as lower-wage jobs like waiting tables and farming — are scattered all over the country, but the highest concentration is once again in the heartland, per a [new report](#) from the Brookings Institution.

MAYOR RALLIES SUPPORT FOR 5G LAWSUIT WITH FCC: Portland, Oregon, **MAYOR TED WHEELER** [called](#) on leaders of other cities to support an ongoing legal fight against a pair of Federal Communications Commission orders limiting what local governments can charge phone companies to install equipment that powers the next generation of wireless service. Speaking at the U.S. Conference of Mayors winter meeting in Washington, Wheeler told a roomful of his fellow mayors that the FCC’s 2018 orders strip cities of their authority over the development so-called 5G networks, which are claimed to handle signals 100 times faster than the wireless industry’s current 4G LTE standards. The 5G standard runs on closely spaced “small-cell” antennas, which require phone companies to install equipment on existing utility poles, new poles or underground. The FCC’s [first order](#), filed last August, requires cities to accept all applications from telecommunications firms to build new wireless and broadband infrastructure.

COURT RULES IN FAVOR OF FCC, ROLLS BACK LOCAL REG POWER: Local governments [may](#) feel disappointed by a recent court ruling which sided with the Federal Communications Commission’s rollback of regulations related to the deployment of 5G communications technology. The U.S. Court of Appeals for the Tenth Circuit on Jan. 10 turned down a motion to stay the FCC’s revised rules related to the rollout of

small-cell 5G technologies. The FCC's Declaratory Ruling and Third Report and Order was released in September 2018 and was challenged by a coalition of local government entities, led by San Jose, Calif. The Declaratory Ruling, which was set to take effect Jan. 14, 2018, will make it easier for telecom industries to deploy small-cell 5G equipment — often mounted on city streetlights — by easing local regulations, limiting fees and streamlining the review process.

NASPO's TOP PRIORITIES, ISSUES: The National Association of State Procurement Officers is [out](#) with two lists. The Top 10 Priorities and Top 5 Horizon Issues for State Procurement reflect current nationwide priorities as well as forward-looking issues that are likely to impact state procurement. The 2019 priority list debuts three front-runners: Agency Relations and Customer Service, Continuous Improvement Methodologies and Contract Administration. Maximizing eProcurement solutions ranked fourth and measuring procurement success ranked fifth holding steady among the top five priorities for four running years. Utilizing business intelligence tools and advanced analytics to improve decision making for state procurement has been recognized as a top horizon issue for two running years. Two new items have made their debut as the 2nd and 3rd horizon issues in 2019: Shared and Collaborative IT Services across the Enterprise and Moving from Supply Chain to Value Chain. IT procurement innovation and procuring emerging technologies continues to be front and center for states in 2019, as reflected by the IT-heavy list of horizon issues ranked collectively by CPOs for the past two years.

BGR Insight

HOW LAWMAKERS CAN TRANSLATE GROWING DIGITAL PROFICIENCY INTO GOOD GOVERNANCE: BGR Public Relations President Jeffrey Birnbaum and Engage CEO Nick Schaper [write](#) in The Washington Times: "The challenge for lawmakers is to translate their growing digital proficiency into effective governance. One impediment is the congressional budget. Constituent communication has continued to grow, but staff resources have not. Lawmakers too often rely on legacy systems meant to deal with postal mail to manage the millions of digital messages they receive each year. The result is that many constituents are neglected because lawmakers' offices don't have the time to reach out to them."

AGENCY LEADERS FOCUSING MORE ON CLOUD INVESTMENTS: A majority of state IT leaders [expect](#) their agencies to shift the bulk of their IT investment funds toward a combination of cloud computing models over the next three years, according to a new StateScoop survey. Seven in 10 state IT decision makers polled in the survey reported their agency will devote most of their IT investments toward a combination of cloud models — including government-only community clouds, commercial clouds or a hybrid approach — rather than on-site, government-run data centers over the next three years. That compares to 6 in 10 federal IT executives in a [parallel survey](#), suggesting state agencies appear better able, or more inclined, to invest in cloud computing than their federal counterparts. The investment shift reflects greater readiness by state agencies to provision and automate cloud services for various enterprise applications. The study's findings point to growing confidence that cloud computing offers the means to improve mission services despite lingering security concerns.

'HARMONIZING' FEDERAL REGS TOPS NASCIO's TOP PRIORITIES: The National Association of State Chief Information Officers [released](#) its federal advocacy priorities for 2019, with the organization's push to streamline federal regulations topping the list again. For the past two years, NASCIO has been pushing for the federal government to "harmonize" the many conflicting regulations states must comply with, and to standardize audit processes. The organization says conflicting regulations led one of its member states to receive five different outcomes from five separate audits of the

same computer system, while another state reported spending 4,000 hours responding to a single federal audit. Regulations imposed by various federal agencies often clash with each another, creating confusion for state IT offices. The IRS, FBI and Social Security Administration, for example, each hold different requirements for how states are supposed to handle unsuccessful login attempts to a secure computer system.

CIO RETENTION UNDER NEW GOVERNORS 'SURPRISING,' SAYS NASCIO DIRECTOR: This year's class of state chief information officers [may](#) enjoy an unprecedented opportunity to mature in their roles as IT leaders, the head of the National Association of State Chief Information Officers said recently. Within the past 15 years, only three state CIOs have lasted more than 10 years, said NASCIO Executive Director Doug Robinson. Most are out within roughly two years, in part because new governors almost always appoint their own cabinet-level technology officials, but at least four state CIO offices have survived the recent round of 21 gubernatorial transitions, including California's Amy Tong, Idaho's Jeffrey Weak and [Greg Zickau](#), South Dakota's [Pat Snow](#), and, most notably, Kansas' [Lee Allen](#), who survived a party switch under newly inaugurated Democratic Gov. Laura Kelly. Eleven new CIOs have been appointed so far this year, according to NASCIO. A handful of CIOs have stepped down in recent weeks in anticipation of incoming administrations — former Florida CIO Eric Larson [stepped down earlier this month](#) following the inauguration of Gov. Ron DeSantis — while several others await their new governors' decisions. A CIO is often among the last roles an incoming governor will appoint, [Robinson said last November](#). Exactly what the unusual and "[surprising](#)" retention of several CIOs could mean for state government is unclear, Robinson said, because there's very little data on longstanding CIOs. Anecdotally, though, CIOs who have been allowed to stay in their roles for many years enjoy a chance to work in a more optimized way, he said.

WHAT CIOs CAN DO TO IMPROVE CYBERSECURITY: Chief information officers should [continue](#) to expand the roles they play in their organizations' cybersecurity policies, especially as enterprise networks evolve to support new products and malware becomes more sophisticated, Linda Gerull, the chief information officer of San Francisco, said recently. "There's so much information and so much to protect," Gerull said at StateScoop's California Innovation Summit in Sacramento. One of the biggest challenges in securing government networks, Gerull continued, is balancing new applications and devices with legacy platforms that still require a lot of maintenance. The new products may have better security, but they can cause other headaches.

F. FEDERAL/STATE RELATIONS

STATES, CITIES CALLED ON FEDS TO REOPEN GOVERNMENT: Seven leading organizations representing governors, state legislatures, mayors, county officials, city officials, city and county managers and the elected leadership of every state and local government in the U.S. [wrote](#) to **PRESIDENT DONALD TRUMP** and Congress, urging an immediate end to the federal government shutdown and re-opening the federal agencies that have been closed since last year.

TRUMP SEEKS TO LIMIT STATES' POWER TO BLOCK PIPELINES: The Trump administration is [considering](#) taking steps to limit the ability of states to block interstate gas pipelines and other energy projects, according to three people familiar with the deliberations. The effort, possibly done through an executive order, is aimed chiefly at states in the Northeast U.S., where opposition to pipeline projects has helped prevent abundant shale gas in Pennsylvania and Ohio from reaching consumers in New York and other cities. While mostly targeted toward boosting limited pipeline capacity in the Northeast, the initiative could help drive permitting and construction of other energy projects, including coal export terminals. For instance, Lighthouse Resources' proposed coal export terminal in Longview, Washington, was ensnared

when the state's Department of Ecology denied a critical Clean Water Act permit, citing concerns about air quality and increased railroad traffic to serve the site.

Update from BGR's Austin Office

BGR VICE PRESIDENT & TEXAS DIRECTOR JERRY STRICKLAND OFFERS INSIGHT FROM AUSTIN: With the pomp and circumstance in the rearview mirror after a strong inaugural celebration with George Strait, **GOVERNOR GREG ABBOTT**, **LT. GOVERNOR DAN PATRICK** and **SPEAKER DENNIS BONNEN** have begun the process of tackling their main priorities for the 86th Legislative Session.

The Senate wasted no time in having their first Senate Finance Committee hearing as the budget writing committee will be tackling property tax reform at the same time they are addressing school finance reform. While the Senate Finance hearing was important, fireworks between the Lt. Gov and longtime **SENATOR KEL SELIGER** from Amarillo took the headlines. In an unusual move, Lt. Gov. Patrick stripped a sitting Senator of a committee chairmanship just days after installing them. The fireworks came after a senior staffer for Lt. Gov. Patrick told the media that if a newly appointed Chair wasn't happy with their assignment, they could be reassigned. The Senator then had a few choice words on a talk radio show, which led to Lt. Gov. Patrick stripping the Chairmanship from Senator Seliger. It's an important development because Republicans hold a strong majority with 19 seats in the Texas Senate. One defection on key legislation and votes can change everything. Senator Seliger now holds that power to hold up key votes for the Lt. Governor. Interesting start to say the least.

Meanwhile, the Texas House, which is usually prone to fireworks, was a beacon of calm movement with most of the attention centered last week around committee and chairman announcements. There will be big changes in leadership for the most powerful Texas House committees as three of those committees will have new chairs this session.

STATE REP. JOHN ZERWAS, R-Richmond, will again head the budget-planning Appropriations Committee, the House announced Wednesday. **STATE REP. CHARLIE GEREN**, R-Fort Worth, will retain his post as chairman of the House Administration Committee. Importantly, State Rep. Four Price, R-Amarillo, will head Calendars and be able to control what bills make it to the House floor for debate and votes.

DOES THE OBAMACARE CASE REPRESENT A NEW NORM FOR STATES? On the same day that the rule [took](#) effect, a federal judge [temporarily blocked](#) a Trump administration policy that limits an Obama-era requirement for employers to cover some form of birth control. The rule was challenged by a group of Democratic attorneys general from 13 states. Historically, state AGs rarely weigh in on federal health policy, and they even more rarely go up against one another in the courtroom over the issue. But it's a phenomenon that legal experts say is becoming the norm as partisanship and gridlock grow. "Health policy tends to be more polarizing in the national landscape, and states play a large role in health care," says Paul Nolette, a Marquette University political scientist and author of a book on AGs and their evolving role called *Federalism on Trial*. "Since state actors have more control, there are more opportunities to clash with the federal government" -- or in some cases, with each other. The most consequential example of this is the case currently in court that could overturn the Affordable Care Act (ACA), President Obama's signature health reform law. Republican AGs from 20 states sued to overturn the law. President Trump has said that he wants to repeal the law, so in an unusual but unsurprising move, the Trump administration refused to defend the ACA in court. Democratic state AGs then stepped in, essentially taking the federal government's legal place in this case.

II. Politics

A. GOVERNORS & STATEWIDE OFFICES

DEMOS RISK LOSING FOCUS ON STATE, LOCAL RACES: Democrats are [giddy](#) to start the presidential race but the group of party leaders who spent 2018 focusing on state and local office have an urgent request: Don't forget about us. These Democrats they are worried that the party risks overlooking important campaigns amid a presidential contest that's almost certain to gobble up the left's attention, enthusiasm, and, critically, dollars. "It is not an existential crisis, but it can very quickly become an existential crisis," said Amanda Litman, co-founder of Run for Something, a progressive start-up that encourages young men and women to run for office. Run for Something didn't even exist before Donald Trump's election in 2016 but became an important group in part because of its funding from big donors, who supplied half of its budget, according to Litman. But the group's co-founder says she already senses more reluctance from donors since the midterms and she thinks that's because interest has shifted to the presidential primary. She and others worry that fundraising won't become any easier as the relatively small community of big-time donors are regularly hounded by multiple White House candidates.

GOVERNORS STILL ODN'T REFLECT AMERICA'S DIVERSITY: The nation's governors still [don't](#) look much like the nation's population. There are no black governors — while Democrats nominated black candidates in Florida, Georgia and Maryland, all of them lost. And there are just two governors of color – **DAVID IGE** in Hawaii and newly-elected **MICHELE LUJAN GRISHAM** in New Mexico, the first Latina Democrat elected to a governorship in U.S. history. And while a record number of women were elected to Congress in 2018, there are still just nine female governors in the country: Republicans **KAY IVEY** of Alabama, **KIM REYNOLDS** of Iowa and **KRISTI NOEM** of South Dakota; and Democrats **KELLY, GRISHAM, RAIMONDO, JANET MILLS** of Maine, **GRETCHEN WHITMER** of Michigan and **KATE BROWN** of Oregon.

BLOOMBERG-FUNDED LAW SCHOOL COORDINATING PR WITH 'PROGRESSIVE' AG OFFICES: An environmental center within New York University's School of Law that was [created](#) and funded by former New York City mayor Michael Bloomberg has been executing a tightly knit public relations strategy with "progressive" state attorney general offices (OAGs), according to multiple emails obtained through open records requests. Critics of such arrangements say that media coordination between NYU's State Energy & Environmental Impact Center ([SEEIC](#)) and the OAGs raises ethical questions because of the attorney-client relationship between states and attorneys general. The SEEIC's methods generated some controversy after the Competitive Enterprise Institute, a free-market think tank based in D.C., published a lengthy [exposé](#) last August backed by reams of government documents showing that the law center was paying for their own attorneys to be placed with OAGs across the country to do extra work on energy and climate litigation.

B. STATE LEGISLATURES & MAYORS

DURING SHUTDOWN, MAYORS SHOW TRUE BIPARTISANSHIP: The U.S. Conference of Mayors (USCM) [kicked off](#) its winter meeting in Washington, D.C. offering a stark contrast to the divided elected officials on Capitol Hill, where a standoff over immigration between President Donald Trump and Congress has left the federal government partially shut down for more than a month. The local leaders convened just two blocks from the White House and emphasized their ability to work across party lines -- even on the issue that's keeping the government closed. Despite advocating against the Trump administration's immigration policies, the mayors expressed a great deal of optimism about the federal tax law signed by Trump, specifically the provision to trade capital gains tax breaks for investment in low-income communities. These "opportunity zones" aim to direct profits from Wall Street to places that have been left behind economically. Mayors are hopeful that the zones will fuel economic growth in their cities.

MAYORS LOOK TO ENGAGE WITH SENIORS: Nancy LeaMond, chief advocacy and engagement officer for AARP, [shared](#) recent survey results about older voters. The survey found 78 percent of voters 50 and older show up for every mayoral election. It also shows that 61 percent of these voters hold a favorable view of their mayor, making them one of the most unifying and least divisive elected leaders in the U.S. currently, LeaMond said. People in this age range, according to LeaMond, tend to be informed and involved when it comes to civic affairs, following local news and still reading newspapers. Top issues older people are focused on, the survey shows, include jobs and the economy, as well as initiatives that lay groundwork for them to live independently into old age and possibly with disabilities. They also tend to support investments in transportation and housing, LeaMond said. But she emphasized that older voters are not monolithic and are spread across multiple generations and include people from a range of racial and ethnic backgrounds, even though they are generally less multicultural than younger generations of American voters.

C. BALLOT INITIATIVES & POLITICS

LAWMAKERS EYE CHANGES TO BALLOT MEASURES: Ballot measures have [become](#) a popular way to enact new policies -- from minimum wage hikes and [legalized marijuana](#) to [abortion restrictions](#) and [ethics reforms](#). But voter-approved measures are meeting more pushback. Republican legislators in several states are fighting ballot measures on two fronts: As was [the case following the 2016 election](#), they are trying to overturn provisions of some laws that voters just passed in November. They are also seeking legislative changes that would make it harder for ballot measures to pass in the future. Progressives in particular have sought in recent years to push ideas through the initiative process that couldn't win approval through legislatures, such as minimum wage increases and the [creation of independent redistricting commissions](#).

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 ASKS FOR GOP SUPPORT: Lt. Gov. TATE REEVES [stood](#) before a group of Republican state senators in the upstairs room at Iron Horse Grill in downtown Jackson last week with a stack of papers. Printed on each sheet was a short pledge to support his candidacy for governor in 2019 and line for a signature, according to seven Republican senators who attended the Jan. 16 lunch. Reeves and most political observers are gearing up for him to face off against Democratic **ATTORNEY GENERAL JIM HOOD**, who has boasted of garnering support from some conservatives. At the Jackson restaurant, Reeves stressed party unity and loyalty, warning of the dangers of a Democrat becoming the next governor. He then asked each senator to sign and return the pledges before leaving the restaurant. Several senators

signed the pledge. The senators, most of whom declined on-the-record interviews with Mississippi Today because of the possibility of retaliation for breaking ranks and speaking with the press, had varying reactions to Reeves' request. Senators who signed the pledged indicated that they planned to support Reeves anyway, that the request was not out of the ordinary or refusing to do so would cause unnecessary tension with Reeves. Those who declined to sign the pledge characterized the move as off-putting.

FITCH DECLARES BID FOR ATTORNEY GENERAL: TREASURER LYNN FITCH, a Republican, [announced](#) her bid for attorney general inside the Capitol, her children and two grandsons at her side. The Holly Springs native has served as state treasurer since 2012, and began her legal career in the attorney general's office as a special assistant attorney general 34 years ago. Since then, Fitch has served as executive director of the Mississippi State Personnel Board, worked in private practice and was deputy executive director of the Mississippi Department of Employment Security. At the moment, Fitch's only challenger for the Republican nomination for AG is **REP. MARK BAKER**, a Republican lawyer from Brandon, who has served in the Legislature since 2004. He announced his bid for attorney general in May 2018.

KENTUCKY

BEVIN HIGHLIGHTS OPPORTUNITIES BETWEEN KENTUCKY, INDIA DURING TRIP: In an exclusive phone interview with The Bottom Line, **GOV. MATT BEVIN** discussed the "extraordinary opportunities" available for Kentucky with the country of India. The U.S. Chamber of Commerce selected Bevin to lead an economic development delegation to India to attend the Vibrant Gujarat Global Summit 2019. The trip seeks to strengthen ties with national and state government leaders, industry groups and individual businesses in one of the world's largest and fastest-growing economies. The delegation that traveled to India includes the U.S.-India Business Council, leaders of the Kentucky Cabinet for Economic Development, Kentucky Chamber President and CEO Dave Adkisson, as well as business and industry leaders from Kentucky and other states across the country.

BEVIN FILES FOR RE-ELECTION WITH NEW RUNNING MATE: Kentucky **GOV. MATT BEVIN** is [filing](#) for re-election with a new running mate. Bevin announced that he will run for governor in 2019 with **STATE SENATOR RALPH ALVARADO**, who is a medical doctor from Winchester, Kentucky. Many remember he was chosen to speak at the Republican National Convention by the Trump campaign.

COMER WON'T RUN FOR GOVERNOR: U.S. REPRESENTATIVE **JAMES COMER** [says](#) he will not run for Kentucky Governor against Incumbent **MATT BEVIN**. Comer released a statement, says he has been silent for the past three day due to his father suffering a massive stroke and has spent the last three nights in the hospital. Rep. Comer will remain in office representing the 1st congressional district of Kentucky and will not running against fellow Republican and Incumbent Governor Matt Bevin.

CAMERON FILES TO RUN FOR ATTORNEY GENERAL: A former University of Louisville football player and lawyer for **U.S. SENATE MAJORITY LEADER MITCH MCCONNELL** has filed to run for attorney general in Kentucky, setting up a primary with a powerful state senator. **DANIEL CAMERON** filed paperwork to seek the Republican nomination for attorney general. He is the second Republican to enter the race, joining **WHITNEY WESTERFIELD**, a former prosecutor who is now chairman of the state Senate Judiciary Committee. No Democrats have filed for the seat yet, but **FORMER STATE HOUSE SPEAKER GREG STUMBO** has said he plans to run. Democrat **ATTORNEY GENERAL ANDY BESHEAR** is not seeking re-election and is running for governor instead.

LOUISIANA

EDWARDS ROLLS OUT RE-ELECTION PITCH: Gov. JOHN BEL EDWARDS has [made](#) his re-election campaign official with the release of a three-minute ad making his case for a second term and unveiling a new campaign website less than nine months out from Election Day. The ad doesn't identify Edwards, the only Democratic governor in the Deep South, as a Democrat. Its timing coincides with the launch of Edwards' new campaign website JohnBelForLouisiana.com. Edwards, a Democrat who won what was thought to be a long-shot campaign for governor in 2015, announced shortly thereafter that he would seek a second term, so the news doesn't come as a surprise. He is currently the only state-wide Democrat holding office in Louisiana and has often sparred with Republican officeholders, including **ATTORNEY GENERAL JEFF LANDRY** and **U.S. SEN. JOHN KENNEDY**, as well as the GOP-controlled state House leadership.

EDWARDS TO FACE TAX SCRUTINY: As he [seeks](#) re-election to a second term, **GOV. JOHN BEL EDWARDS** will have a delicate dance to do on taxes, one of the chief points of criticism from his Republican challengers. When he was a candidate in 2015, the Democrat Edwards said he didn't expect to directly raise taxes to solve the state's financial problems. Instead, working with a majority-Republican Legislature, he did just that. As GOP critics seize on taxes as one of Edwards' weak points, the incumbent governor is hoping to make the case that those tax hikes steadied Louisiana's finances, ended a near-decade-long cycle of budget gaps, and established a stronger system of budgeting.

MONTANA

FOX TO RUN FOR GOVERNOR IN 2020: Montana's two-term **ATTORNEY GENERAL TIM FOX** [announced](#) his campaign for governor. Fox, a Republican from Hardin, was first elected attorney general in 2012 and again in 2016. He is term-limited from running for the office again, and seeks to replace term-limited Democratic **GOV. STEVE BULLOCK** in 2020. He enters what is expected to be a crowded Republican primary, which also includes **SECRETARY OF STATE COREY STAPLETON**.
