Big deals, big incentives

Competition to land new businesses, and jobs that come with them, have put spotlight on states’ economic policies

by Laura Tomaka (ltomaka@csg.org)

In September, Amazon announced its search for a second North American corporate headquarters, known as HQ2.

The scale and scope of the project — the e-commerce giant is expected to invest more than $5 billion in the facility and employ up to 50,000 high-paid workers — captured not only headlines, but the attention of state and local officials.

A very public competition has ensued, and at least one Midwestern state, Illinois, is right in the middle of it.


Earlier this year, he was part of an effort to reform and reinstate a long-standing Illinois incentives program known as EDGE, which is among the programs that the state could use in its pursuit.

“For every Amazon, there’s a lot more 40- or 50-person manufacturers looking to move to Illinois or to grow their business [here], and we want them to succeed,” Zalewski says. “EDGE is designed ... to help both the big fries and the small fries.”

The role of state incentives (tax credits, tax exemptions, grants, low-interest loans, etc.) has gotten increased attention in the Midwest during the latter part of 2017.

In September, around the same time Illinois began making its Amazon pitch, Wisconsin was closing the deal on what lawmakers say is the biggest economic development project in that state’s history.

“Foxconn will bring an entirely new industry to Wisconsin and to North America,” Rep. Adam Neylon says. “This is a dawn of a new era in manufacturing. And it’s frankly something that is needed for our economy.”

He and other Wisconsin legislators met in special session in August to craft a $3 billion incentive package for Foxconn, which, in turn, has promised to make a $10 billion investment in a new manufacturing facility and create 13,000 jobs, with average annual salaries of more than $50,000.

Liquid crystal displays (for electronic devices) will be made at the Wisconsin plant, and Neylon views Foxconn’s presence as a building block for making his state a high-tech manufacturing hub.

“We hope that it will actually be a brain gain for Wisconsin,” he says. “We are going to need the skilled workforce from outside of Wisconsin as well because we simply won’t have the workforce supply to reach [Foxconn’s] full capacity” (Funding for workforce development is part of the incentive package.)

Building on economic strengths

The Midwest and its 11 states have some built-in strengths that make them attractive to many large businesses — for example, relatively cheap land, strong workforces, quality schools, plentiful water resources and connected transportation systems.

Specific government policies such as taxes and incentives also can make a difference in site selection (see sidebar on page 7 for detail). As a result, state lawmakers often get involved in trying to attract a corporate headquarters such as Amazon’s or a big manufacturing company such as Foxconn’s, and the incentives that legislators create are not without controversy.

Wisconsin’s economic package for Foxconn was the largest in the state’s history, and led to questions about whether the planned new manufacturing facility was worth the $3 billion. A Legislative Fiscal Bureau analysis showed that it would take at least 20 years for the state to realize a return on its investment. However, a separate analysis by Ernst and Young showed different returns when accounting for various spin-off economic activities.

“There is a projected $4.26 billion in new purchases to the supply chain with Foxconn moving in, with at least one-third having to be spent in Wisconsin,” Neylon says.

“People who are judging these deals based only on an equalizing in government revenues are looking at it in the wrong way,” he adds. “They are looking at how it will benefit government, and not how it will benefit the supply chain, the infrastructure and [create] good jobs.”
Policies aim to better address mental health, substance abuse issues in prison populations


State corrections officials told the task force that 85 percent to 90 percent of inmates had a chemical dependency, 60 percent had mental health issues, and 11 percent were severely mentally ill.

“It was clear we needed to address these individuals’ underlying issues, not just the criminal behavior,” O’Neill says.

She also learned that the majority of prison admissions — 64 percent in 2016 — were people whose parole or probation was revoked due to technical violations such as missing a meeting or failing a drug test, as opposed to individuals who had committed new crimes.

This year, O’Neill sponsored legislation that requires parole and probation agents to consider community-based alternatives to incarceration for nonviolent drug offenders who violate the conditions of their probation or parole.

Under the new law, before revoking an offender’s probation or parole for a technical violation, agents of their probation or parole.

The enacting legislation (HF 470) also funded a two-year pilot program that will provide grants to agencies that supervise offenders on probation, parole or supervised release and that help facilitate access to community treatment options.

Ohio lawmakers in 2015 began requiring the state Department of Rehabilitation and Correction to operate a community-based substance abuse treatment program for inmates serving time for nonviolent, low-level drug offenses. Under the program, inmates with fewer than 12 months left in their sentence may be transferred to serve the remainder of their time in a halfway house, reentry facility, or residential center where they can receive substance abuse treatment.

Additionally, Ohio’s new state budget doubled spending on addiction-recovery services in prisons and shifted the administration of those services from the Department of Rehabilitation and Correction to the Ohio Department of Mental Health & Addiction Services.

“There’s wide recognition, both for drug addiction and for mental health issues, that we can always use more resources on the front end, during incarceration and post-release,” Ohio Sen. John Eklund says.

Eklund notes, too, that his state’s criminal justice policy should reflect the impacts that behavioral health issues and the state’s current opioid crisis are having. “As the nature of the population that touches the criminal justice system changes, then the system must change as well.”

During a session in November at The CSG Justice Center’s 50-State Summit on Public Safety, experts discussed policies to address behavioral health and substance abuse disorders in state correctional populations. Dr. Fred Osher, director of health systems and services policy at The CSG Justice Center, recommended that states focus on:

• improving the assessment and identification of behavioral health needs in correctional systems;
• ensuring that individuals have access to comprehensive and effective health care services, both during and after incarceration; and
• strengthening collaboration between behavioral health and corrections practitioners at the state and local levels.

Brief written by Katelyn Tye, CSG Midwest staff liaison to the Midwestern Legislative Conference Criminal Justice and Public Safety Committee. She can be reached at kjay@csg.org. The committee’s co-chairs are Illinois Sen. Mattie Hunter and Ohio Rep. Nathan Manning; its vice chair is Nebraska Sen. Laura Ebke.

Health & Human Services

States move to enable direct primary care as a new approach to health care services

A trip to the doctor, and treatment, without a co-pay?

It’s possible under “direct primary care,” a model whose growing popularity can be traced by the number of states (23) with “enabling” laws to clarify that direct primary care is an acceptable health care model and not to be confused with health insurance coverage or a health plan under federal law.

So far, Indiana, Kansas, Michigan and Nebraska are the only Midwestern states with such laws, all having passed legislation since 2015, when Kansas’ HB 2225 and Michigan’s SB 1033 (passed in the 2014 session, signed in 2015) were signed into law.

In direct primary care practices, patients pay a monthly fee for a set of services, which can include lab work and, in some practices, even house calls. Direct primary care is also typically paired with a high-deductible insurance plan to cover hospitalization and access to specialists.

“You’re sort of repurposing traditional insurance to be what we used to call ‘major medical,’” says Jay Keece, executive director of the Direct Primary Care Coalition.

“If you take primary care out and pay for it directly … then the whole process becomes much more efficient.”

The coalition is pushing Congress to pass the Primary Care Enhancement Act, which would define direct primary care as a service, not insurance, and allow people with health savings accounts to use them to pay the monthly fee.

A changing health care model was the impetus for Indiana’s enabling law (SB 303, signed into law in April), says Sen. Ed Charbonneau, one of the measure’s main authors.

“When this issue came up, the concern was that this was legal and had nothing to do with insurance — that it was just a business model. We just wanted to make sure that it was OK,” he says.

Nebraska legislators passed LB 817 in March 2016. Sen. Merv Riepe, who introduced the bill and authored a FirstPerson article about it for the February 2016 edition of Stateline Midwest, says “it’s probably early” to know how the law is affecting primary care delivery.

“I think it’ll play out over two, three years,” he says.

Brief written by Jon Davis, staff liaison to the Midwestern Legislative Conference Health & Human Services Committee. He can be reached atjdavis@csg.org. The committee’s co-chairs are Illinois Rep. Robyn Gabel and Kansas Rep. Susan Con捐赠on; its vice chair is Nebraska Sen. Sue Crawford.
Midwest-Canada Relations

Farm groups warn that end of NAFTA would lead to big losses in agricultural sector

What’s at stake for the Midwest’s food and agriculture sectors when it comes to the future of the North American Free Trade Agreement?

A whole lot of jobs and economic activity, according to a letter signed in November by nearly 170 agriculture organizations and companies and sent to all 50 U.S. governors.

“Withdrawal from the accord would have adverse impacts,” the letter states before detailing why, as well as the economic consequences in various sectors.

For instance, Canada and Mexico account for 40 percent of the value of U.S. pork exports (seven of the 10 leading states for pork production are in the Midwest) and 27 percent of U.S. beef exports (five of the 10 states with the most cattle are in the Midwest).

Without NAFTA in place, these products would be subject to a tariff, and Mexico, in particular, would likely start looking for cheaper sources of meat.

Professor Dermot J. Hayes, the Pioneer Chair in Agribusiness at Iowa State University, believes an end to NAFTA would be especially harmful in Corn Belt states such as Iowa.

In the Midwest, for example, most states have agricultural trade surpluses with Mexico. In Hayes’ home state of Iowa, that surplus was more than $1.5 billion in 2016 (see table). These numbers would likely change, however, with a withdrawal from NAFTA and a shift to “most favored nation” status.

Exports from Iowa and other states to Mexico would be subject to a 20 percent duty. As a result, products such as corn, pork, soybeans and beef would lose their competitive advantage, Hayes says.

Losses in production and profits would then spill over to other sectors — for example, reduced commodity sales would make farmers less likely to buy new equipment and machinery.

“Agricultural sectors often face downturns, but these rarely happen at the same time,” Hayes says. He worries that such a scenario might occur with a U.S. withdrawal from NAFTA.

The November letter to the nation’s governors includes a diverse group of signatories, from the American Farm Bureau Federation and the National Pork Producers Council, to the Hop Growers of America and the Grain and Feed Association of Illinois.

It notes that in 2015, the United States held a 65 percent market share for agriculture products in North America.

The letter also cites findings from a study by the economic consulting firm ImpactECON: specifically, a loss of 50,000 U.S. jobs in the food and agriculture industries and a drop of $13 billion in GDP in the farm sector if the three nations move away from NAFTA and replace it with “most favored nation” tariff rates.

Meanwhile, the mere uncertainty of whether NAFTA will be successfully renegotiated is hurting the agriculture sector, Hayes says.

“When it was announced (in November) that the ministers would not be attending the next round of NAFTA discussions, all of the commodity markets fell,” he adds. This will likely affect farm prices in 2018, since futures markets determine pricing for the next year.

North Dakota revises loan program amid teacher shortage

At the peak of North Dakota’s oil boom, some schools in the western part of the state not only were employing teachers, but begun housing them as well — in duplexes, triplexes or mobile housing units, Sen. David Rust recalls.

This school-as-landlord idea has been one of the more dramatic actions taken in recent years to address the shortage of teachers.

More recently, housing costs have subsided in Tioga, known as the “Oil Capital of North Dakota. “

“Now you have people who don’t want to go to rural areas, say any place with under 30,000 people, that means you’re talking about a large majority of our state,” notes Rust, a former school superintendent in Tioga, known as the “Oil Capital of North Dakota.”

But will they consider going with some more financial incentives?

North Dakota lawmakers hope so, and it’s the reason they tweaked an existing loan-forgiveness program earlier this year. Under SB 2037, an individual now can receive as much as $26,000 in assistance if he or she teaches: 1) in a rural area and 2) in a position of “critical need.” (Smaller amounts of assistance are available for people who meet one of these criteria.)

The state is providing $2.1 million for this program.

In addition to loan forgiveness, a recent North Dakota task force on teacher recruitment and retention offered other policy ideas — expanding the use of bonuses for individuals who teach in high-need areas, compensating student teachers, and, creating a pool of “traveling teachers” that would be hired to work in rural parts of the state for a limited amount of time.

Other ideas, Rust says, include an expansion of teacher scholarships and more flexibility in local labor agreements so that instructors in higher-demand subject areas can get higher pay.

North Dakota is not alone in seeking solutions to a shortage of teachers. It’s a problem in many other Midwestern states as well, where the policy responses have included changes in teacher licensing systems and higher pay.

Agricultural trade in Midwest under NAFTA (2016)

<table>
<thead>
<tr>
<th>State</th>
<th>Ag exports to Canada</th>
<th>Total bilateral ag trade to Canada</th>
<th>Ag exports to Mexico</th>
<th>Total bilateral ag trade to Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>$1.4 billion</td>
<td>$3.1 billion</td>
<td>$823 million</td>
<td>$3.7 billion</td>
</tr>
<tr>
<td>Indiana</td>
<td>$431 million</td>
<td>$962 million</td>
<td>$164 million</td>
<td>$466 million</td>
</tr>
<tr>
<td>Iowa</td>
<td>$839 million</td>
<td>$1.4 billion</td>
<td>$1.7 billion</td>
<td>$1.7 billion*</td>
</tr>
<tr>
<td>Kansas</td>
<td>$307 million</td>
<td>$539 million</td>
<td>$1.0 billion</td>
<td>$1.0 billion*</td>
</tr>
<tr>
<td>Michigan</td>
<td>$1.0 million</td>
<td>$2.0 billion</td>
<td>$599 million</td>
<td>$533 million</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$725 million</td>
<td>$1.3 billion</td>
<td>$589 million</td>
<td>$711 million</td>
</tr>
<tr>
<td>Nebraska</td>
<td>$301 million</td>
<td>$527 million</td>
<td>$1.2 billion</td>
<td>$1.2 billion*</td>
</tr>
<tr>
<td>North Dakota</td>
<td>$491 million</td>
<td>$779 million</td>
<td>$106 million</td>
<td>$214 million</td>
</tr>
<tr>
<td>Ohio</td>
<td>$1.4 billion</td>
<td>$2.4 billion</td>
<td>$324 million</td>
<td>$557 million</td>
</tr>
<tr>
<td>South Dakota</td>
<td>$197 million</td>
<td>$265 million</td>
<td>$220 million</td>
<td>$220 million*</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>$1.3 billion</td>
<td>$2.0 billion</td>
<td>$321 million</td>
<td>$391 million</td>
</tr>
</tbody>
</table>

* The amount of agricultural imports from Mexico into the state was small and did not change the rounded, total bilateral trade figures.

Sources: Agriculture and Agri-Food Canada and Mexico’s Trade and NAFTA Office (with data from U.S. Census Bureau).

Mean annual wage of secondary school teachers (May 2016)*

<table>
<thead>
<tr>
<th>State</th>
<th>Mean annual wage of secondary school teachers (May 2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Dakota</td>
<td>$49,400</td>
</tr>
<tr>
<td>South Dakota</td>
<td>$44,410</td>
</tr>
<tr>
<td>Nebraska</td>
<td>$49,800</td>
</tr>
<tr>
<td>Kansas</td>
<td>$51,710</td>
</tr>
<tr>
<td>Ohio</td>
<td>$54,710</td>
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<tr>
<td>Michigan</td>
<td>$54,360</td>
</tr>
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<td>Minnesota</td>
<td>$56,780</td>
</tr>
<tr>
<td>Wyoming</td>
<td>$64,310</td>
</tr>
<tr>
<td>Colorado</td>
<td>$64,470</td>
</tr>
</tbody>
</table>

Lower than U.S. mean wage for secondary school teachers ($61,420)

Higher than U.S. mean annual wage

* Excludes special education and career/tech teachers

Source: U.S. Bureau of Labor Statistics

Last year, for example, South Dakota legislators raised the state’s sales tax in order to increase average teacher salaries. That led to an 8.8 percent increase in pay between 2016 and 2017.
Is there any life left for 20-year-old CHIP?

The federal Children’s Health Insurance Program (CHIP) has, by all accounts, been successful at providing health insurance coverage to children whose families exceed basic Medicaid eligibility but can’t access insurance coverage through work.

As of 2015, CHIP covered 8.4 million children via Medicaid, a completely separate state-run program or some combination of those two approaches. But the 20-year-old program, administered by the states with funding help from the federal government, must be periodically renewed by the U.S. Congress, which failed to act before authorization expired on Sept. 30. That left states to their own devices, along with whatever federal dollars they still had on hand. The program’s fate still remained uncertain as of early December.

Like Medicaid, the federal government pays a percentage of each state’s total spending on CHIP. However, to provide an incentive to get children covered, states get an “enhanced federal matching rate” that is 15 percentage points higher than the traditional Medicaid rate — 71 percent of costs vs. 56 percent for Medicaid. Under the U.S. Affordable Care Act, the federal matching rate was bumped to an average of 93 percent between Oct. 1, 2015, and Sept. 30, 2019.

### # of children in Midwest covered by CHIP (2015 or 2016)

<table>
<thead>
<tr>
<th>State</th>
<th>Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>325,990</td>
</tr>
<tr>
<td>Indiana</td>
<td>114,927</td>
</tr>
<tr>
<td>Iowa</td>
<td>84,989</td>
</tr>
<tr>
<td>Kansas</td>
<td>79,319</td>
</tr>
<tr>
<td>Michigan</td>
<td>82,093</td>
</tr>
<tr>
<td>Minnesota</td>
<td>3,876</td>
</tr>
<tr>
<td>Nebraska</td>
<td>55,041</td>
</tr>
<tr>
<td>North Dakota</td>
<td>4,955</td>
</tr>
<tr>
<td>Ohio</td>
<td>223,583</td>
</tr>
<tr>
<td>South Dakota</td>
<td>18,107</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>171,552</td>
</tr>
</tbody>
</table>

Source: Kaiser Family Foundation

### When would Midwest states exhaust CHIP funds without federal reauthorization?

- By end of January 2018
- February-March 2018
- April 2018 or later
- Not reported

Note: For some states, redistribution of funds could temporarily extend funding beyond the projected exhaustion date. This survey of states was conducted in summer 2017, with updated projections in November. States with an asterisk did not provide a November update.

Source: Kaiser Family Foundation

### Telemedicine, school-based clinics being used to improve students’ access to care in underserved areas

In the rural southern Indiana school district that Rep. Terry Goodin not only represents in the state Capitol but also leads as its superintendent, there is no pharmacy or hospital. The district, too, has no full-time school nurse.

“We have a lot of students without access to a local doctor or health care,” he adds, “and sick children can’t learn.”

But because of last year’s passage of HB 1263, a new model of delivering care to young people has been opened — school-based clinics that connect students with a health provider via telecommunication technologies.

Along with establishing new standards for telemedicine, that 2016 state law allows prescriptions to be dispensed remotely and for physician-patient relationships to be established without an in-office visit.

For many students in Goodin’s school district (the majority of them qualify for reduced-price or free lunches), the opening of an on-site health care facility was not simply a matter of convenience. It has been the difference between having medical care or none at all.

Today, his local school district partners with the Marian University College of Osteopathic Medicine, whose fourth-year medical students serve as school nurses in the on-site school clinic — all day, every day.

The district also partners with the only doctor in a nearby community to provide telehealth services at the school-based clinic, which is equipped with a laptop and digital cameras, along with medical devices such as a stethoscope, otoscope and dermascope that plug into the computer.

Students can visit the clinic for a quick diagnosis. If the medical student/school nurse determines that the student needs to see a doctor, a virtual telehealth visit is set up. Parents are contacted, too, to see if they want to join in. Under the doctor’s orders, the medical student/school nurse uses a web-connected camera to examine the young person’s eyes, ears, throat and skin. A special stethoscope is used to hear heart and lung sounds.

The doctor determines if the student can stay at school, should go home or needs to set up an additional appointment with the doctor. If a student needs medication, the physician can call in a prescription to the family’s preferred pharmacy.

“The whole goal is to help those kids who really don’t have access to a physician be able to receive that care right at school,” Goodin says.

‘Making the school a resource’

Across the country, the number of School Based Health Care Centers is on the rise, from a total of 1,135 in 1998-99 to 2,315 in 2013-14, according to a census of these facilities done by the nonprofit School-Based Health Alliance. Most of these centers are located on school property, but some are mobile health clinics, rely solely on telehealth, or link services to a school system itself.

According to the School-Based Health Alliance, 71 percent of costs vs. 56 percent for Medicaid.

The academic benefits are significant, too — research has shown that on-site health centers improve school performance and student attendance.

The center in Crothersville, as well as in some other schools in Indiana, is unique in part because of the level of involvement by the local district. The school system itself manages the program. In contrast, a vast majority of the nation’s School Based Health Care Centers have some kind of outside sponsor, such as a hospital, a community health center or local health department.

### Illinois, Michigan help fund centers

To this point, direct fiscal support from states to these types of school-based health centers has been limited.

According to the School-Based Health Alliance, two Midwest states — Illinois ($1.3 million) and Michigan ($3.5 million) — were among the 16 states nationwide providing general-fund dollars to School Based Health Centers as of 2014. (Indiana’s support was coming via a federal block grant.)

The state-funded centers in Michigan are strategically placed in medically underserved communities and provide students with primary and mental health services. According to the Illinois Department of Healthcare and Family Services, its state-funded centers provide routine medical and physical exams, immunizations, testing and treatment for sexually transmitted diseases, pregnancy testing, gynecological exams, and mental health services or referrals. All students must have parental permission to receive services.

Article written by Carolyn Orr, CSG Midwest staff liaison to the Midwestern Legislative Conference Agriculture & Natural Resources Committee. She can be reached at corr@sal.us.
Illinois among first states to pass bills in wake of #MeToo movement

by Tim Anderson (tanderson@csg.org)

In late October, an open letter detailing “#MeToo” stories in Illinois government became part of the larger national story about sexual misconduct, discrimination and harassment. “Ask any woman who has lobbied the halls of the Capitol, staffed Council Chambers, or slugged through brutal hours on the campaign trail,” the letter begins. “Misogyny is alive and well in this industry.”

It then recounts specific stories of unwanted sexual advances, crude jokes, and inappropriate texts and comments. “Illinois deserves responsible stewards of power. Let’s demand better,” concludes the letter, signed by more than 300 legislators, lobbyists, staffs and policymakers.

It didn’t take long for the General Assembly to respond.

Because of the timing of the letter, the national #MeToo movement and a fall veto session, Illinois became one of the first states to pass legislation in the wake of the heightened awareness about sexual discrimination and harassment.

“We took some preliminary and basic steps,” Illinois Sen. Karen McConnaughay says. SB 402 specifically prohibits the sexual harassment of legislators and lobbyists; requires state agencies to adopt harassment policies; and mandates that all state officials, employees and lobbyists complete yearly, in-person training.

During that same veto session, legislators also passed resolutions (HR 867 and SR 1076) setting up separate House and Senate task forces. They will develop recommendations by the end of next year for further legislative action.

“I know that the women in our Statehouse are going to push very hard to make changes that make a real difference,” says McConnaughay, who is serving on the Senate task force and also is part of a newly formed, bipartisan Women’s Caucus in the state’s upper chamber.

As McConnaughay notes, the situation in Illinois is not unique — reports of sexual harassment and other misconduct have recently been reported in multiple U.S. statehouses and led to the resignations of state legislators.

The House and Senate task forces, too, are not limited to looking at state government. They will review the consequences of discrimination and harassment in Illinois’ public and private sectors.

“What we’ve seen from the recent [high-profile] stories involving movie moguls and media stars is the prevalence of people in positions of power, or perceived power, harassing others and engaging in what I would call predatory behavior,” she says.

“What makes it so relevant in government is that the people who make laws are seen as being in a position of power.”

Her hope is that the work of these task forces leads to a clear delineation (set in policy or law) of what sexual harassment is and how it should be handled. What exactly should be considered predatory conduct, for example, or inappropriate behavior in the workplace?

McConnaughay also says some specific reforms are needed in how ethics complaints, including claims of sexual harassment and discrimination, are handled within her state’s legislature.

For example, the position of legislative inspector general — which investigates ethics complaints against members of the Illinois General Assembly as well as legislative staff — sat vacant for three years.

“That appointment power should not be in the hands of the General Assembly,” McConnaughay believes. “It needs to be an individual who is independently selected.”

Further, she suggests changes in the makeup of the Legislative Ethics Commission, currently an eight-member group of lawmakers that rules on ethics complaints brought to it by the inspector general.

“For transparency and accountability, I think we need to get laypeople on there as well,” says McConnaughay, who serves on the commission.

The entire process of hearsay and investigating harassment complaints needs to be overhauled, she adds, to encourage victims to come forward.

QUESTION: Do any Midwestern states have an automatic admissions policy for qualifying students to attend their public universities?

As of February 2017, nine states, including two in the Midwest, had some kind of automatic admissions policy in place, according to the Education Commission of the States Commission of the States. These policies guarantee that an in-state student will be admitted to a public university if he or she meets certain academic criteria.

South Dakota joined that list of states this fall, when the state Department of Education announced a new “proactive admissions initiative.” To be eligible, high school students must meet one of two benchmarks: 1) perform at a certain level on the state-administered assessment of math and English skills, or 2) have an ACT composite score of 18 or higher.

Meeting one of these criteria guarantees “general acceptance” into South Dakota’s six public universities and four technical institutes (some specific college majors may have more-stringent admissions standards). All qualifying high school seniors in the state will receive an acceptance letter. This proactive admissions initiative (a partnership of the South Dakota Department of Education, Board of Regents and Board of Technical Education) has two central objectives: first, ensure students are aware of their postsecondary opportunities; and two, retain more of the state’s homegrown talent.

The Education Commission of the States lists Iowa and Kansas as also having automatic admissions policies for in-state students.

Guaranteed entry in Iowa is based on four factors: a student’s composite ACT score, high school class ranking, grade-point average, and the number of courses taken in core subject areas. Those four indicators are calculated into the Regent Admission Index; any student with an index score of 245 or more can attend one of Iowa’s three public universities.

In Kansas, students are guaranteed admission if they graduate with a GPA of 2.0 and meet one of these three criteria: 1) have an ACT composite score of 21 or higher; 2) have an SAT score of 980 or higher on math and critical reading; or 3) rank in the top third of their high school graduating class. These standards apply to five of the six public universities in Kansas. “Assured admission” into the University of Kansas, however, requires a grade-point average of at least 3.0 (it must be 3.25 or higher for any student with an ACT score below 24).

Texas has perhaps the most well-known automatic admissions policy. The result of legislation passed in 1997, this policy requires the state’s public universities and colleges to accept students who finished in the top 10 percent of their high school graduating class. The lone exception to this rule applies to the University of Texas-Austin, which instead must automatically admit enough students to fill 75 percent of available in-state resident spaces. As a result of this modification to the state law, only applicants who finish in the top 7 percent of their graduating class will be guaranteed admission to UT-Austin in 2018.

As of February 2017, nine states, including two in the Midwest, had some kind of automatic admissions policy in place, according to the Education Commission of the States Commission of the States. These policies guarantee that an in-state student will be admitted to a public university if he or she meets certain academic criteria. South Dakota joined that list of states this fall, when the state Department of Education announced a new “proactive admissions initiative.” To be eligible, high school students must meet one of two benchmarks: 1) perform at a certain level on the state-administered assessment of math and English skills, or 2) have an ACT composite score of 18 or higher. Meeting one of these criteria guarantees “general acceptance” into South Dakota’s six public universities and four technical institutes (some specific college majors may have more-stringent admissions standards). All qualifying high school seniors in the state will receive an acceptance letter. This proactive admissions initiative (a partnership of the South Dakota Department of Education, Board of Regents and Board of Technical Education) has two central objectives: first, ensure students are aware of their postsecondary opportunities; and two, retain more of the state’s homegrown talent. The Education Commission of the States lists Iowa and Kansas as also having automatic admissions policies for in-state students. Guaranteed entry in Iowa is based on four factors: a student’s composite ACT score, high school class ranking, grade-point average, and the number of courses taken in core subject areas. Those four indicators are calculated into the Regent Admission Index; any student with an index score of 245 or more can attend one of Iowa’s three public universities. In Kansas, students are guaranteed admission if they graduate with a GPA of 2.0 and meet one of these three criteria: 1) have an ACT composite score of 21 or higher; 2) have an SAT score of 980 or higher on math and critical reading; or 3) rank in the top third of their high school graduating class. These standards apply to five of the six public universities in Kansas. “Assured admission” into the University of Kansas, however, requires a grade-point average of at least 3.0 (it must be 3.25 or higher for any student with an ACT score below 24). Texas has perhaps the most well-known automatic admissions policy. The result of legislation passed in 1997, this policy requires the state’s public universities and colleges to accept students who finished in the top 10 percent of their high school graduating class. The lone exception to this rule applies to the University of Texas-Austin, which instead must automatically admit enough students to fill 75 percent of available in-state resident spaces. As a result of this modification to the state law, only applicants who finish in the top 7 percent of their graduating class will be guaranteed admission to UT-Austin in 2018.
States turn to new, revised tax incentives to compete for businesses and jobs

Neylon, chair of the Assembly Committee on Jobs and the Economy, says Foxconn initially became interested in Wisconsin because of its water resources, workforce and past use of incentives.

"But a lot of other states have similar type incentives and workforces," Neylon says, "so what we did was take it a step further by putting together a package of refundable tax credits."

Making the credits "refundable" means Foxconn can receive tax refunds (once its tax liability reaches zero). These credits will be awarded over time, for both building the plant and creating new jobs.

"That number of $3 billion is basically a cap of what is possible for them to receive from Wisconsin; it is not necessarily the amount that they will receive," Neylon says. "That will be based on performance."

For example, under AB 1, only jobs that pay at least $30,000 are eligible to receive tax credits, and the average annual salary at the plant must be $53,900. The incentive agreement also requires Foxconn to meet employment targets: 5,200 jobs by 2022, 10,400 by 2027, and 13,000 by 2032. Foxconn’s owner will be personally responsible for paying 25 percent of the penalty if the company fails to meet these job numbers. According to Neylon, this inclusion of performance standards and clawback provisions was essential to garnering support inside the Legislature.

"The concept of the large incentive package for a big fish is nothing new," says Chris Magill, who works at consulting firm Ice Miller, which assists the public and private sectors with site selection and growth strategies.

The difference in the Amazon case, he says, is the manner in which the company gave everybody the opportunity to compete by submitting a bid.

"That type of activity is going to bring the entire incentives game to the forefront," Magill says. Amazon reports having received 238 proposals from jurisdictions in nearly every state in the nation, as well as north and south of the U.S. border.

The fact that Illinois is a legitimate contender amid all of these proposals, Rep. Zalewski says, "helps solidify our reputation as an incubator for tech jobs."

Illinois has suggested 10 Chicago-area locations as potential sites, and though the announced proposal to land Amazon did not include detail on the incentives, they are likely in the multibillion-dollar range. Part of the package will likely involve Illinois’ reworked EDGE tax credit, which is the primary tool that the state can use to attract a business such as Amazon.

Before passage of HB 162 in September, however, EDGE had been allowed to expire, a reflection of concerns among lawmakers about the program and its efficacy. For example, was there enough evidence of job creation and growth from the tax credits? Was there enough transparency about how tax dollars were being used?

The EDGE tax credit began in 2001 and, before expiring in April, had awarded more than $1.4 billion worth of tax credits through 859 agreements with businesses. According to the Illinois Department of Development and Economic Opportunity, over the program’s initial 15 years, EDGE tax credits helped create approximately 37,000 jobs.

Some lawmakers, though, questioned whether the evidence of job creation/growth was so clear.

Still, this year’s HB 162, which revived EDGE while making changes to the program, received bipartisan support.

Under the law, businesses receive a corporate income tax credit of either 50 percent of the additional income tax withholdings from new employees, plus 10 percent of training costs for those workers, or 100 percent of the value of the EDGE tax credit.

Examples of state incentive programs in Midwest to attract new businesses, expand existing ones

- **ILLINOIS’ HIGH IMPACT BUSINESS PROGRAM** — Provides incentives for new, large-scale projects that involve at least $12 million in capital investments and the creation of at least 500 full-time jobs (the threshold for existing business is a $50 million investment and retention of 1,500 jobs). Qualifying businesses may receive investment tax credits, a sales tax exemption on building materials and/or utilities, and a sales tax exemption on purchases of personal property used in the manufacturing process or in the operation of a pollution control facility.

- **INDIANA’S ECONOMIC DEVELOPMENT FOR A GROWING ECONOMY PAYROLL TAX CREDIT** — Provides a refundable corporate income tax credit of up to 100 percent of the expected increase in total payroll generated from new job creation. New investments and net new jobs are a requirement for receiving the credit. The exact tax rate is determined in each agreement between the state and business. It is phased in over 10 years and based on the agreed-upon increase in employment.

- **IOWA’S HIGH QUALITY JOB CREATION PROGRAM** — Provides loans, forgivable loans, tax credits, tax exemptions and/or refunds to help businesses offset the costs of locating, expanding or upgrading facilities. Award amounts are based on a project’s level of need, the percentage of created or retained jobs defined as “high quality”, and economic impact.

To qualify, businesses must meet a certain wage threshold (the average wage in the county or region) and provide a certain level of medical benefits to employees.

- **KANSAS’ HIGH PERFORMANCE INCENTIVE PROGRAM** — Provides an income tax credit of 10 percent for eligible capital investments that exceed $50,000 ($1 million in the state’s five metropolitan counties). A company can receive credits for up to 16 years; the program also includes a wage requirement and a workforce training tax credit.

- **MICHIGAN’S BUSINESS DEVELOPMENT PROGRAM** — Provides grants, loans or other assistance to businesses that create at least 50 new jobs (25 new jobs for high-tech companies or firms located in a rural county). Among the preferences in this program is one for businesses that choose to locate or expand in Michigan over another state. Other factors that the state considers include the level of capital investment, wage levels and links to Michigan’s existing supply chain.

- **MINNESOTA’S JOB CREATION FUND** — Provides financial incentives of $1 million ($2 million, in some cases, for larger projects) to new or expanding businesses that create at least 36 full-time jobs and invest at least $500,000 in property improvements. To be eligible, a firm must pay its employees at least $12.85 in hourly wages and benefits (this prevailing-wage requirement is adjusted annually).

- **NEBRASKA’S EMPLOYMENT AND INVESTMENT GROWTH ACT FUND** — Provides incentives for companies that hire at least 30 new employees and invest at least $3 million. The income tax credits are equal to 5 percent of the project’s increased payroll for five years and 10 percent of the project’s investment; the state also includes a refund of the sales taxes paid on purchases for the project. Companies investing $10 million and creating 100 new jobs may also receive a 15-year exemption from the personal property tax.

- **NORTH DAKOTA’S NEW OR EXPANDING BUSINESS INCOME TAX EXEMPTION** — Provides an income tax exemption for up to five years to two types of new or expanding businesses: 1) a tourism-based business that is a destination attraction, and 2) a “primary sector business” — one that adds value to a product, process or service that generates new wealth in the state.

- **OHIO’S JOB CREATION TAX CREDIT** — Provides a refundable tax credit to companies that create at least 10 jobs within three years with a minimum annual payroll of $66,000 and pay at least 15 percent of the federal minimum wage. The credit is based on the additional state income taxes that result from new jobs created by the business investment.

This credit can be applied to the company’s commercial activity tax, insurance premium tax, state corporate franchise tax or personal income tax obligation.

- **SOUTH DAKOTA’S REVOLVING ECONOMIC DEVELOPMENT FUND** — Provides low-interest loans to start-up firms, expanding or relocating businesses, and local economic development corporations. Loans of up to 45 percent of the project’s costs are available and are offered at a fixed interest rate (currently 2 percent); before applying, companies must secure interim financing for construction and matching funds for permanent financing, as well as provide a minimum equity contribution of 10 percent.

- **WISCONSIN’S ENTERPRISE ZONE JOBS TAX CREDIT** — Provides refundable tax credits in state-designated enterprise zones. Qualifying businesses include those that relocate operations from other states, expand their workforce or make capital investments. The amount of the incentives can be based on 1) the project’s job creation, up to 7 percent of annual wages; 2) job training, up to 100 percent of costs; 3) capital investments, up to 10 percent of all expenditures; or 4) the project’s economic impact, up to 1 percent of the purchases made from in-state supply chain vendors.
percent of the additional income tax withholding from new employees (whichever is less).

To help more Illinois businesses vie for the tax credits, lawmakers lowered the minimum capital investment to qualify — from $5 million to $2.5 million. And there is no such investment requirement for companies with fewer than 100 employees.

In addition, higher levels of incentives will go to businesses that locate or expand in low-income areas of Illinois (the 50 percent income tax capture increases to 75 percent).

“It’s a better incentive,” Zalewski says, “and I think it’ll end up bringing more jobs to the state as we rebound from these last few years of difficult budget situations.”

HB 162 also includes language to address concerns about transparency. For example, details of the deal must be made public within 10 days.

One other hope is that the program allows the state to take a different approach to attracting and retaining businesses. Rather than responding to demands as they come, Illinois will have a strong mix of incentives already in place. This “proactive mindset,” Magill says, is becoming more common in states across the country.

“In the past, incentives were much more of a reactive thing, meaning that the company would come to the state and say, ‘I want to come here or I want to go there, what can you do for me?’” he says. “And then the states would react.”

Still, decisions on incentives (how much? who should get them?) sometimes have to be made on a case-by-case basis.

Peter Evangelakis, an economist with the economic modeling organization REMI, suggests that lawmakers take as broad a view as possible when deciding whether incentives are worth the investment.

“If there’s a big influx of new, relatively high-paying workers, that’s going to be a relatively large increase in the tax base, and so the [state] should probably be more willing to give relatively higher incentives,” Evangelakis says.

Furthermore, he says, it’s important to look at factors beyond an increase in the tax base. Will there be a bump in construction activity, for instance, or improvements in the local infrastructure? Will the business provide workforce training to area residents?

### Annual survey of corporate executives highlights factors behind selection of business sites

Because of their large scale and huge economic impact, the Foxconn manufacturing facility and Amazon’s new corporate headquarters are not typical economic development projects. However, they do highlight the intense competition among states and localities for businesses that can bring in new jobs. Every year, Area Development magazine surveys corporate executives about the factors that influence business-location decisions. Government taxes, exemptions and incentives make the list of top-10 factors but, according to survey respondents, aren’t necessarily as important as other considerations such as labor force and location.

#### Top-10 factors in site selection

1. **Highway accessibility** — “Very important” or “important” to 94.4 percent of survey respondents
2. **Availability of skilled labor** — “Very important” or “important” to 89.8 percent of survey respondents
3. **Labor costs** — “Very important” or “important” to 89.6 percent of survey respondents
4. **Occupancy/construction costs** — “Very important” or “important” to 86.0 percent of survey respondents
5. **State and local incentives** — “Very important” or “important” to 84.0 percent of survey respondents
6. **Corporate tax rate** — “Very important” or “important” to 82.3 percent of survey respondents
7. **Tax exemption** — “Very important” or “important” to 79.7 percent of survey respondents
8. **Energy availability and costs** — “Very important” or “important” to 78.5 percent of survey respondents
9. **Proximity to major markets** — “Very important” or “important” to 78.1 percent of survey respondents
10. **Quality of life** — “Very important” or “important” to 76.4 percent of survey respondents
Wisconsin Assembly Minority Leader Gordon Hintz

Five-term legislator, now leader, looks to balance cooperation, contrast as he leads his caucus into 2018 session, election

by Jon Davis (jdavis@wisc.org)

Legislative life has moved quickly for Rep. Gordon Hintz, who was elected to Wisconsin’s Assembly in 2006 and chosen as minority leader by his caucus in 2017.

His path to the Legislature took a bit longer, but can be traced back to his childhood in Oshkosh, Wis., and growing up the son of university professors. “My dad taught public administration and my mom served on the city of Oshkosh Zoning Board of Appeals, so the dinner table was a place where I listened to a lot of stories about the role of government and the minute details of policy and administration, and politics and policy overlapped to some extent,” Hintz says.

That led to involvement with student council and a study of political science at Hamline University in St. Paul, Minn. Which led to working on Paul Wellstone’s 1996 U.S. Senate campaign, then working for former U.S. Sen. Herb Kohl and former U.S. Rep. Jay W. Johnson as a legislative staff assistant in Washington, D.C. Hintz also served as a research assistant for Gov. Tommy Thompson’s Commission on State and Local Partnerships for the 21st Century (the 1999-2000 “Kettl Commission”) and worked as a management assistant and budget analyst for Long Beach, Calif.

He was also runner-up in the 2003 U.S. Air Guitar National Championships, shredding as “Krye Tuff,” and was featured in the documentary “Air Guitar Nation” (making him one of the rare Midwestern legislators with a film credit on IMDB.com).

In a recent interview with Stateline Midwest, he reflected on his path to the Legislature and leadership, and on priorities for 2018. Here are excerpts from the interview.

Q: What got you interested in politics? Was there an “ah-ha” moment that prompted you to run for office?

A: It was more around 2003 when I was looking for a change and I was finding myself increasingly frustrated with government at all levels. At the time, there was a lot of negative attention and concern about foreign policy and the Iraq War; but for me, it was also about my hometown of Oshkosh, and increasingly seeing what I thought was a state government that was not supportive as a partner for local governments. I felt sort of called into action, that I should put myself up and put myself forward. While I hadn’t thought about it [at the time], it made sense to do it because of a lot of the things that I had done up to that point.

Q: What prompted your decision to become minority leader?

A: I think in my case, I’m in the middle of my caucus both in terms of my age (43), and in terms of my service (11 years).

There are, I think, 15 people who have been there as long or longer than me, and 20 people who have come in in the last five or six years. Age-wise, I’m about in the middle, so I think given my experience we needed some juice to kind of put us in a position to be successful going forward, I responded to my members that we needed to rally around a leader and move it in a new direction.

Q: How do you ensure that your caucus’s voice is heard?

A: I’m a big believer that a lot of the nuts and bolts — and a lot of the argument and bringing attention to things — has to be done at the committee level, meaning if you can get a hearing on a bill or a hearing on an issue, you can get attention on it and get in-putable input from people. Hopefully we then get more organic, Wisconsin-based solutions from lawmakers that take their responsibilities seriously. A lot of our role was to highlight issues that weren’t being addressed and that weren’t seeming to be a priority.

Q: What prompted your decision to become minority leader?

A: I think as both minority leader and representative for your district, what are your priorities for 2018?

There are issues that I think we can get done that have bipartisan support: closing what we call the “dark store” tax loophole, where national retailers have been getting their taxes lowered, which shifts the costs to residential property tax payers and small-business owners. There’s bipartisan support for that in both houses; both houses have had hearings. I think that’s a real priority.

There is a bipartisan bill to decriminalize marijuana, [as criminalization] has human costs and also is driving up costs in our criminal justice system. I think we need to focus on that issue more. Student loan debt is something that Democrats have been talking a lot about in Wisconsin. Gov. [Scott] Walker has mentioned it, but hasn’t supported any of our initiatives to allow people to refinance their student loans like people do their houses or cars.

A lot of it is contrast with the policies that exist now — the state is going to give $3 billion to a foreign company instead of providing even a quarter of that over time to expand rural broadband or to incentivize entrepreneurship and start-ups, an area where Wisconsin is a little bit behind. So, a lot of ideas take time and you have to be able to sort of balance what things you think are public policy you can get done. Certainly [I will] work with Speaker [Robin Vos] to encourage getting things on the calendar that I think we can get done.

I think criminal justice reform is another area where we’ve been doing the status quo while other states have been more active in reducing recidivism and lowering costs. It’s a challenge that Wisconsin is going to have to deal with, the expense numbers and [talk] of potentially having to build another prison.

Q: With 2018 being an election year, what is your role as minority leader in leading the line between politicking and legislating?

A: I think it’s about having clear communication, and so far, the relationship with the speaker has been good. We have lunch with both Speaker Vos and Majority Leader [Jim] Steineke, and keeping those channels open, both when we engage and when we’re trying to get things we think are priorities. I think it’s important to express [our thoughts on] some bills which we think we can actually get passed, and that they’re priorities; to keep them on the radar and make sure they’re moving through the process.

It’s always a fine line, but I think the public would be surprised at how functional the relationship is and how members interact personally.

“It’s always a fine line, but I think the public would be surprised at how functional the relationship is and how members interact personally.”

Bio-sketch of Rep. Hintz

- Elected in 2006; selected as Assembly minority leader in 2017
- Has a bachelor’s degree from Hamline University, and an MBA from the University of Wisconsin-Madison
- Taught American government at UW-Oshkosh
- Lives in Oshkosh with his wife, Liz, and their infant daughter, Beatrix
Wineries, local foods ripen in Kansas

Legislators watch, ponder zoning legislation as Kansas viticulture makes a comeback thanks in part to the ‘farm-to-table’ movement

by Kansas Sen. Carolyn McGinn (Carolyn.McGinn@senate.ks.gov)

Have you ever thought about or been to wine country in the states or abroad? If so, when thinking about one of those locations, did Kansas ever come to mind? I would guess probably not. But did you know Kansas once was one of the top wine-producing states in the country — that is, before Carry Nation wielded her hatchet on the bar of the Eaton Hotel in Wichita, Kan., in 1908? As far back as the 19th century, Kansas was a significant grape-growing state. Its latitude, sunny growing season and soils provided favorable conditions for growing grapes. By the 1870s, Kansas and its neighbor, Missouri, constituted one of the largest grape growing and wine-making regions in the United States. Unfortunately for those early wine producers, Kansas was the first state in the union to pass a constitutional amendment prohibiting all manufacture and sale of “intoxicating liquors” in 1881. With national prohibition following in 1920, the grape and wine industry in Kansas and Missouri was destroyed.

Even after the repeal of prohibition, strong liquor laws in Kansas prevented the reemergence of the industry until the Kansas Farm Winery Statute was passed in 1985. Provisions had to be made in the Act for a “farm winery” license. You could be a manufacturer, which meant you could make wine, but it was not tied to using Kansas grapes.

Creation of the “farm winery” license encouraged Kansas grape growing because you had to use 60 percent Kansas-grown grapes. Further, federal law states you must use 75 percent juice from Kansas to state on the label “Kansas Wine.” The combination of that requirement, and the privilege of having a tasting room at the farm so the winery could sell direct to consumers, encouraged the expansion of Kansas farm wineries.

You do not have to look further than this example to see the profound effect politics and policy has on agriculture and public perception. Today, I am proud to be a grape grower in Kansas and to be a part of the comeback of this rich tradition. As a fifth-generation family farm, our business continues to think about ways to respond to changing consumer preferences and opportunities.

In addition to planting grape vines, our farm has reintroduced chickens, hair sheep and dwarf Nigerian goats in recent years, and we have recently constructed a cool house to prolong the growing season for herbs and garden vegetables. (While not directly related to agriculture, we have also renovated our old farmhouse and offer it as a guest house for those who want to see a farm up close or who just need a quiet country getaway.)

Today, farmers are making decisions to invest large amounts of capital to expand or diversify their operations. We are seeing a great deal of farmers sustain themselves as a small farm through diversifying and offering consumer choices such as locally grown foods, organic products and of recent years, agri-tourism.

Everything from "U-pick it" programs to corn mazes and pumpkin patches. However, with success come challenges.

As urban folks flock to the farm, complaints rise about rural road erosion and about music past the normal sundown hours for quaint farm weddings, for example, and have created debate and discussion about urban and rural zoning issues. Should roads to the venue be a factor to consider? Absolutely! Many rural roads are developed for the amount of traffic and weight of a vehicle predicted to travel there per day. Many residents who purchase property in rural areas probably did not make their purchase with urban or suburban rush hour traffic in mind.

Being good neighbors has always been important for the farm community, and that shouldn’t change despite diversification.

Pressing matters for legislators?

Metropolitan zoning boards require farms in urban areas to get conditional-use permits and provide a formulated square footage of concrete parking and a license for each event. Most small farms are not only helping to tell that story, but are bringing more urban families to the country to experience it firsthand.

We can never stop telling the story of agriculture, for when we do, there will be policies and politics that change the course of its history for years to come.

Kansas Sen. Carolyn McGinn, a Republican from Sedgwick, serves as chair of the Ways & Means Committee and its Agriculture & Natural Resources Subcommittee. She is also her chamber’s appointee to the Midwest Interstate Passenger Rail Commission.

Submission welcome

This page is designed to be a forum for legislators and constitutional officers. The opinions expressed on this page do not reflect those of the Council of State Governments or the Midwestern Legislative Conference. Responses to any First Person article are welcome, as are pieces written on other topics. For more information, contact Tim Anderson at 630.925.1922 or tanderson@csg.org.

Bonded wineries in the Midwest, 2012 to 2017*

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* Bonded wineries are licensed by the federal Alcohol and Tobacco Tax & Trade Bureau and responsible for all production activities taking place on their premises.

Source: Wine Business Monthly
T he leadership of the Great Lakes Legislative Caucus (GLLC) changed in December when Wisconsin Rep. Cory Mason stepped down as chair and was succeeded by Sen. Darwin Booher of Michigan, who had been serving as vice chair since 2013.

Sen. Booher is the fourth legislator to lead the GLLC since its founding in 2003. Mason had served as GLLC chair since 2015; his term was set to expire at the end of 2018. In October, however, Mason was elected mayor of Racine, Wis. Shortly after his inauguration, Mason announced his intention to resign his Assembly seat in January.

As a past chair of the caucus, Mason will remain a member of the GLLC’s Executive Committee until he leaves the Assembly. In announcing the transition in leadership during the caucus’s quarterly web meeting on Dec. 1, Booher commended Mason for his years of service to the caucus as chair and as a member of the Executive Committee.

“If we have only just begun to tap our full potential as a binational, nonpartisan forum for Great Lakes legislators; for legislators who not only want to learn about the problems that affect our Great Lakes but who are committed to working together to solve those problems. Under GLLC rules, the position of vice chair will remain vacant until the caucus’s next meeting, which is scheduled for Sept. 21-22 in Erie, Pa. The GLLC’s Executive Committee will decide in early 2018 whether to hold a special election to fill the vacancy for the remainder of the term, which runs through the end of 2018.

“It has been such an honor to get to know so many wonderful legislators from the eight U.S. states and two Canadian provinces that call the Great Lakes home,” Mason said in a letter announcing his resignation.

“I am so proud of the work this organization has done to keep things non-, bi-, or even multipartisan. The lakes need that kind of advocacy if we are to successfully protect them for posterity.

“I will continue my advocacy for the Great Lakes, now as a mayor. It is my sincere hope that I will meet you again on the water’s edge somewhere toward a strong future as the only binational, nonpartisan, bi-national caucus.”

Sen. Darwin Booher installed as new leader of Great Lakes Legislative Caucus

Michigan lawmaker will serve as chair, replacing retiring Wisconsin Rep. Cory Mason

Great Lakes Legislative Caucus

Members of Great Lakes Legislative Caucus Executive Committee

- Illinois Rep. Robyn Gabel
- Indiana Sen. Ed Charbonneau
- Michigan Sen. Darwin Booher, chair
- Michigan Rep. David Maturen
- Minnesota Sen. Ann Rest, past chair
- New York Assemblyman Peter Lawrence
- Ohio Rep. Dan Ramos
- Ontario Speaker Dave Levac
- Pennsylvania Rep. Curt Sonney
- Wisconsin Rep. Cory Mason, past chair
- Wisconsin Rep. Nick Milroy

Correction
In the November issue of Stateline Midwest, a list of women in legislative leadership positions should have listed Joan Heckaman as North Dakota Senate minority leader.
Midwest states look to next steps after CSG Justice Center’s public safety summit

Up to 20 forums will continue state-level conversations in early 2018

The Council of State Governments’ Justice Center, in partnership with the Association of State Correctional Administrators, hosted a two-day public safety “summit” of lawmakers, corrections, law enforcement and behavioral health officials in Washington, D.C., on Nov. 13-14, 2017.

A final report from the summit — summarizing data presented during the meeting, research findings, case studies, and steps to take toward reducing correctional populations and recidivism — is due in January or February, says Robert Busweiler, the CSG Justice Center’s public affairs manager.

State teams received a workbook highlighting national and state-specific analyses on crime data including recidivism and arrest rates (these will be posted online soon at csgjusticecenter.org).

They also were encouraged to request follow-up visits with experts from the CSG Justice Center or the Crime and Justice Institute, during which experts will review information presented at the summit to a much larger cross-section of policymakers, practitioners and advocates in that state.

These forums are designed to help policymakers understand their state’s particular challenges within regional and national contexts, including case studies of strategies and/or policies used by state and local governments across the country.

Up to 20 states may be selected for such a follow-up visit in the first quarter of 2018. States must commit to hosting a 90-minute to two-hour meeting of between 25 and 50 people from all branches of government — including bipartisan representation from the Legislature — and state and local “stakeholders” to review and discuss crime, corrections and behavioral health trends.

Winning states must also agree to hold two or three follow-up meetings with either the CSG Justice Center or Crime and Justice Institute to discuss next steps, and designate a state coordinator who will be the main point of contact.

Selected states will also be able to request additional technical assistance funded by the U.S. Department of Justice’s Bureau of Justice Assistance, which will select participating states and decide whether they’ll work with the CSG Justice Center or the Crime and Justice Institute.

Several Midwestern states are among those who have requested these forums, Busweiler says.


CSG’s New York City-based Justice Center offers in-depth research tailored to individual states or counties seeking to improve their justice systems. The Justice Center has 130 employees and offices in Washington, D.C., Bethesda, Md., Austin, Texas, and Seattle.


The Institute works with state, local and national organizations — including police agencies and court and correctional systems — offering system, policy and data analysis, risk and need assessments, professional training, and implementation assistance.

Leaders of nonpartisan legislative staff share ideas for improving work done for Midwest’s lawmakers

CSG Midwest’s Midwestern Legislative Service Agency and Research Directors Group met this fall and discussed topics such as technology use, agency modernization and transition planning. Gloria Cotton (at right) of inQUEST Consulting led a session on inter-generational management. Also pictured are Joanne Peppert, revisor of statutes for the Nebraska Legislature; Jason Hancock, director of the South Dakota Legislative Research Council; Jim Smith, director of the North Dakota Legislative Research Council; Steve Pasvols of Thomson Reuters; and Jim Kelly, deputy-director of research and drafting services for the Ohio General Assembly.
South Dakota eyes plan to tie legislator pay to household income

Nearly two decades have passed since the last increase in the salaries of South Dakota’s part-time legislators, and a new plan to raise them would ultimately require voter approval, the Siouxfalls Argus Leader reports.

In November, the Legislature’s Executive Board advanced a resolution that would change the state Constitution so that legislative pay is tied to the median household income in South Dakota. Approval by the full House and Senate, as well as the state’s voters, is still required. Under the proposal, legislators would earn a yearly salary equal to one-fifth of median household income. That likely would equal about $10,000 a year; a legislator’s current yearly salary is $6,000. According to the South Dakota Legislative Research Council, two other states, Alabama and Massachusetts, tie legislator salaries to median household income.

Last year, Minnesota voters (via a legislatively referred constitutional amendment) created an independent, citizen-run board to set legislative pay.

In the Midwest, these salaries are most commonly set by legislatures themselves. But other exceptions include Nebraska, where legislative pay is constitutionally set at $1,000 a month, and Indiana, where a statutory formula ties the pay of legislators to that of trial court judges.

Illinois providing tax credits to help students attend private schools

Illinois will soon be accepting applications from individuals and businesses that want to participate in the state’s newly created Invest in Kids program.

Established this year as part of a larger school finance bill (SB 1947), the program will provide a tax credit for contributions made to Scholarship Granting Organizations. These organizations, in turn, will provide financial assistance for lower- and middle-income students to attend a non-public school in the state.

Up to $75 million in credits can be issued every year under Invest in Kids; an individual taxpayer will receive a credit equal to 75 percent of their contribution. The program takes effect in tax year 2018.

Tax credits will be awarded on a first-come, first-served basis in a geographically proportionate manner based on enrollment in Illinois’ non-public schools.

Indiana, Iowa and Kansas are among the U.S. states that already have similar tax-credit programs in place, according to the nonprofit group EdChoice. Up to $12 million in credits are available every year in Iowa, $12.5 million in Indiana, and $10 million in Kansas.

Fears of oil spill in Great Lakes lead to new deal, safeguards

Concerns about twin, 64-year-old pipelines located under the Straits of Mackinac (which connect Lakes Michigan and Huron) led to a new agreement in late November between the state of Michigan and Enbridge.

In announcing the deal, Gov. Rick Snyder said “business as usual by Enbridge is not acceptable.” According to the Detroit Free Press, the state has been frustrated about a “lack of forthrightness” regarding the safety of these pipelines, which are known as “Line 5” and carry up to 540,000 barrels of light crude oil and natural gas liquids every day. Under the agreement, Enbridge must:

- install a new pipe in a portion of Line 5 that runs beneath the St. Clair River;
- study the feasibility of replacing the 645-mile Line 5 with a pipeline that would be built in a tunnel below the Straits of Mackinac;
- take various measures to minimize the chances of an oil spill, including a shutdown of Line 5 operations during adverse weather conditions.

In recent years, the safe transport of energy resources (via pipeline, truck, rail or barge) has received more public attention across the Great Lakes basin, in part because of a rise in this activity due to production in North Dakota’s Bakken oil fields and Alberta’s oil sands.

Wisconsin is latest Midwest state to give OK to industrial hemp

Wisconsin legislators have ended a decades-long prohibition on the cultivation of industrial hemp with the hope of opening new economic opportunities for the state’s farmers.

Gov. Scott Walker signed SB 119 in November after it received unanimous support in the state House and Assembly.

As part of the new law, the state’s Department of Agriculture, Trade and Consumer Protection will create a pilot program to study the growth, cultivation and marketing of industrial hemp. (Under current federal law, only pilot programs are allowed.) Lawmakers gave the state agency 90 days to develop a system for licensing growers and setting fees.

In the 2014 farm bill, the U.S. Congress gave state departments of agriculture and post-secondary research institutions the authority to cultivate industrial hemp for research purposes.

State legislators (including Illinois, Indiana, Michigan, Minnesota and Nebraska in the Midwest) then began passing measures to establish pilot programs and/or licensing rules.

North Dakota’s statute dates back to 2007 and was the first of its kind in the country. That state is now entering its third year of a pilot program; 70 acres of hemp were planted in 2016 and more than 3,000 acres in 2017.