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For states, no clear path on transportation

Proposed gas-tax hikes this year reflect ongoing struggle to fix infrastructure — and funding shortfalls

For a variety of reasons — more fuel-efficient vehicles on the road and stagnant gas-tax rates not keeping up with inflation, for example — these state-level revenue sources are not raising enough money to meet infrastructure needs.

The result in recent years has been a host of legislative actions and proposals: for example, raising the gas tax in Minnesota; dedicating more sales tax revenue to roads in Kansas and Nebraska; and encouraging public-private financing of transportation projects in Illinois, Indiana and Ohio.

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State motor fuel taxes in Midwest, cents per gallon (as of Jan. 1)

<table>
<thead>
<tr>
<th>State</th>
<th>Excise tax</th>
<th>Total state taxes/fees*</th>
<th>Excise tax</th>
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<tr>
<td>South Dakota</td>
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<td>24.0 cents</td>
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<td>30.9</td>
<td>32.0 cents</td>
<td>30.9</td>
<td>32.0 cents</td>
</tr>
</tbody>
</table>

* Includes sales tax on motor fuel purchases (Illinois, Indiana and Michigan), fees for underground storage tank fees (Illinois, Iowa, Nebraska and Wisconsin), environmental fees (Kansas and Michigan), and inspection fees (Indiana, Minnesota and South Dakota).

Source: American Petroleum Institute

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Economic Development

Midwest continues to struggle in capturing venture capital

States in the Midwest were part of a national upturn in venture capital activity in 2011, but the region is still failing to capture its share of investments in high-growth, innovative economic sectors and businesses.

The latest MoneyTree report — conducted by PricewaterhouseCoopers and the National Venture Capital Association — shows that venture capitalists last year invested $28.4 billion in more than 3,600 deals, a 22 percent increase in money invested and 4 percent rise in the number of deals compared to 2010.

According to the report, 2011 also marked the third-highest annual investment of venture capital money over the past 10 years. Last year’s expansion occurred across a number of industries and sectors, with clean technology and Internet companies undergoing a resurgence in investment. The software industry continued to rank as the largest investment sector, capturing $6.7 billion — a 38 percent increase over 2010. There was also a precipitous rise in the biotechnology and medical-device sectors.

In the Midwest, venture capital investment increased everywhere except Iowa, Michigan, Nebraska and Wisconsin.

Sixty-six percent of venture capital deals nationwide occurred in just five states: California, Massachusetts, New York, Texas and Illinois. (Half of all venture investments were in California.)

In addition to Illinois, the Midwest’s other two venture capital hot spots are Ohio and Michigan.

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The goal of the compact is to “streamline the process for siting transmission lines and make it easier to move electric power from where it is produced to where it is needed,” according to Crady DeGolian, director of CSG’s National Center for Interstate Compacts.

Finding ways to move this energy across state lines, for use in large markets that need the power, would have “important economic benefits,” DeGolian says.

One goal of the compact is to create a legal mechanism that can resolve siting disputes between states. While the details are still under discussion, DeGolian says, the idea is to create a resolution process that all interstate states would adhere to, thus allowing siting projects to move forward.

Under the Energy Policy Act of 2005, the Federal Energy Regulatory Commission was given authority to resolve siting disputes — but states could resolve their own on their own under a newly designed compact. (The same federal legislation explicitly allows states to enter interstate compacts on siting.)

Much work on the compact remains to be done before it can be considered by states, but the proposed agreement is likely to include several provisions that standardize the transmission-line siting process. For example, compact states would use a common application for companies wanting to build a transmission line and would establish uniform public review and comment periods.

“States would still have their own opportunity to review and move, if necessary, the route,” DeGolian says. This will be a key provision for many states, which have their own statutory requirements to follow in siting and authorizing transmission lines.

The compact drafting team includes three state legislators, representatives from two regional transmission organizations, the Federal Energy Regulatory Commission, the National Association of Regulatory Utility Commissioners, and a utility company.

Energy

Putting power in states’ hands: Compact aims to improve process for siting transmission lines

Many states in the Midwest are increasing their production of electricity, often through the development of wind energy, and power companies are looking to export that excess electricity to other states. To do this, though, additional transmission capacity is needed.

States may have the opportunity to collaborate on the siting of new electric transmission lines, the backbone of the energy infrastructure system, if a compact being developed by The Council of State Governments goes into effect.

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Led by CSG, a team of state and federal officials is currently drafting a compact to improve the process for siting interstate transmission lines; it expects to have an initial version ready for review within the next several months. The drafting team is being led by two Midwestern state legislators, Kansas Rep. Tom Sloan and North Dakota Rep. Kim Koppelman.

State officials in the Midwest and the West are particularly interested in this compact, DeGolian says, because both regions have plentiful renewable energy resources. Finding ways to move this energy across state lines, for use in large markets that need the power, would have “important economic benefits,” DeGolian says.

One goal of the new interstate compact is to create a legal mechanism that can resolve siting disputes between states. While the details are still under discussion, DeGolian says, the idea is to create a resolution process that all interstate states would adhere to, thus allowing siting projects to move forward.

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Great Lakes

Price tag to stop Asian carp with ecological barrier estimated to be in billions of dollars

With concerns high about the potential impact that an Asian carp invasion could have on the $7 billion Great Lakes fishing industry, policymakers have another dollar figure to consider — $4.3 billion, the estimated price tag of the lowest-cost alternative to physically separating the Great Lakes and Mississippi River watersheds.

Such a separation would provide a long-term, permanent solution to the problem of invasives such as Asian carp traveling between the watersheds.

But the high price tag reflects the complexity of a project that would also impact flood control, water quality and transportation in the region.

Construction of the actual ecological barriers would account for a small portion of total project costs, according to a study released in January by the Great Lakes Commission and the Great Lakes and St. Lawrence Cities Initiative. Instead, the bulk of expenses would come from having to upgrade Chicago-area wastewater treatment plants (because discharges would flow into the Great Lakes rather than the Mississippi River), transform the region’s stormwater infrastructure, and build new facilities and boat lifts to accommodate recreational and commercial traffic.

The title of the recent study, “Restoring the Natural Divide,” refers to the fact that the Chicago Area Waterway System has “unnaturally” connected the two watersheds for the last century through a network of rivers, waterways and canals.

This man-made connection allows invasive species to travel between the watersheds. In all, 19 invasive species have been identified by the Army Corps of Engineers as having the potential to move from one watershed to the other via the system and to moderately or severely impact the ecosystem that it enters.

But it is the potential Great Lakes invasion of Asian carp — which has decimated fish populations in parts of the Mississippi River system — that has led to calls for watershed separation.

For example, led by Michigan, several Great Lakes states unsuccessfully sought a ruling in federal court to close the locks in the Chicago Area Waterway System.

A Greater Lakes Commission executive director Tim Eder noted in a webinar hosted by the Great Lakes Legislative Caucus, the recent legal actions show how concerns about Asian carp have divided the region — pitting Illinois and Indiana against other states.

A watershed-separation project that stops invasive species while improving flood control, transportation and water quality could unite the Great Lakes states.

But the question for policymakers will be whether to spend billions of dollars in pursuit of these objectives.

And if so, where will the money come from?

The cheapest of the three alternatives (the “mid-system” option) identified in the recent study calls for the construction of four physical barriers in the Chicago Waterway Area System.

Meanwhile, the Army Corps of Engineers is expected in late 2015 to release the results of its study for how to prevent the spread of invasives between the watersheds. Ecological separation is only one of many alternatives under consideration.

Several state legislators have signed on to a Great Lakes Legislative Caucus letter urging the Corps to accelerate its timeline.

However, Gary O’Keefe, program manager for the Corps’ study, told caucus members on the recent webinar that expediting the study’s completion date is not feasible — even if additional funds were dedicated to the project.

“Right now, what we’re doing is collecting data,” he said. “That flows when it flows. You can’t collect data faster because you’ve poured more money into the project.”

Agriculture & Natural Resources

Nebraska bill aims to close ‘agricultural literacy’ gap in state

Nebraska Sen. Kate Sullivan says agriculture is not only her state’s largest industry, it may also be one of the least understood.

“There is a disconnect that people have about where their food comes from and the role of agriculture in their daily lives,” she notes, adding that “more children are growing up with no connection to farming and ranching.”

Concerns about this disconnect led her to introduce LB 884, a bill to create a state task force charged with seeking ways of incorporating agricultural literacy into the curriculum of Nebraska’s K-12 schools.

“The public’s response to the bill in the Agriculture Committee showed that it was an important topic,” says Sen. Tom Carlson, chair of the committee. Rather than create the task force, he says, the Legislature’s first step will be an interim study on agricultural literacy.

One concern among lawmakers like Carlson and Sullivan is that a lack of understanding about agriculture — and its importance to the economy and people’s everyday lives — erodes support for it.

According to a U.S. Farmers and Ranchers Alliance survey, 72 percent of consumers reported knowing nothing or very little about farming or ranching.

Less than 2 percent of Americans are actively involved in food production, but University of Minnesota professor Allen Levine says this alone does not explain public disinterest or misunderstanding of agriculture.

Another contributing factor, he says, has been U.S. agriculture’s success in helping provide a bountiful food system to the nation.

“Government invests in health care research because they know about illness, but few in America’s politics know about hunger,” Levine says. “If you were hungry, you would invest in food and understand the importance of agriculture.”

Agriculture, too, is connected to up to one in three jobs in some Midwestern states (see table). Yet there are skeptics about the future of jobs in this sector. An online ranking by Yahoo! on “useless” college majors put agriculture at the top, with animal science and horticulture ranking fourth and fifth, respectively.

The rankings were based in part on the fact that there are fewer farms. Indeed, the continued consolidation of the agricultural industry, along with technological advances, is resulting in a decline in the number of self-employed farmers and farm workers.

But agriculture encompasses much more than farming.

According to the Food and Agriculture Education Information System, the agriculture, food and renewable natural resource sectors of the U.S. economy from 2010-2015 will generate an estimated 54,400 annual openings; over that same time, only 29,300 students were expected to graduate from colleges of agriculture.

University of Minnesota agriculture graduates have an 83 percent placement rate within six months of graduation, averaging $36,000 a year in salary, Levine says. Iowa State and Purdue universities boast agriculture graduate placement rates of 98 percent and 86 percent, respectively.

Brief written by Carolyn Orr, CSG Midwest staff liaison to the Midwestern Legislative Conference Agriculture and Natural Resources Committee. She can be reached at carrig@csarl.us. The committee’s co-chairs are North Dakota Sen. Tim Flakoll and South Dakota Sen. Carolyn McGinn.
**Glimpse of the future? First high-speed train running in Midwest**

When passengers boarded a train in February from Chicago to Kalamazoo, Mich., they became a part of history — the first-ever high-speed rail service in the Midwest.

They may have also gotten a glimpse into a part of the region's transportation future.

For passenger rail advocates, train travel at speeds of up to 110 mph has always been an integral part of their vision for improving interstate and intercity service.

That speed can now be reached on Amtrak trains running between Kalamazoo and the northwest Indiana town of Porter, thanks to a 10-year-old plan that extended the installation of an advanced train-control safety system.

Plans in Michigan are to extend high-speed service to the state's central and eastern regions.

“This sets the stage for expansion of accelerated service from Kalamazoo to Dearborn by 2015, helping us meet the demands of the next generation of travelers,” says Kirk Steudle, director of the Michigan Department of Transportation.

Illinois is moving ahead with plans for high-speed service as well. By the end of this year, a small portion of the Chicago-St. Louis line is expected to allow speeds of up to 110 mph.

A much larger expansion of high-speed service along this corridor is expected in the years ahead. Planning studies are also under way for high-speed service between Chicago, Milwaukee and the Twin Cities.

Since 1996, nine states have been working from a plan — known as the Midwest Regional Rail Initiative — to develop a 3,000-mile high-speed rail system that offers travelers shorter travel times and more-frequent train service.

This plan, along with individual state efforts, got a major boost in 2009 with creation of the federal High-Speed Intercity Passenger Rail Program. Initially part of the American Recovery and Reinvestment Act, the program is funding rail projects and studies across the region.

State lawmakers interested in these transportation issues are encouraged to get involved with the Michigan Department of Transportation.

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**Settlement opens door for states to do more to help people stay in homes**

The long fight by states to prevent foreclosures and stabilize housing markets will be getting up to a $40 billion boost over the next three years as the result of a historic settlement with the nation’s five largest mortgage servicers.

Just as important, too, state attorney generals say, the joint state-federal settlement (the largest in U.S. history) establishes new standards and rules for the servicing industry.

“It puts a stop to many of the bad behaviors that contributed to the mortgage mess,” says Iowa Democratic Attorney General Tom Miller. He led the 16-month investigation and settlement negotiations, which stemmed from alleged improper activities by leading mortgage servicers, including the practice of “robo-signing” foreclosure documents.

The 11-state Midwest will receive an estimated $500 million in direct payments, according to an analysis of the final agreement done by The Council of State Governments. Soon after announcement of the settlement, questions were being raised about how states would and should use this money.

Plans in Wisconsin, for example, are to use much of the direct payments to help shore up its general fund. That drew criticism from some public officials who said the money should instead go toward helping distressed homeowners.

An executive summary of the agreement notes that the direct payments are designed to “repay public funds lost as a result of servicer misconduct” and “to fund housing counselors, legal aid and other similar purposes determined by state attorneys general.”

These payments are a relatively small portion of a state’s total benefits under the settlement.

The largest chunk of money will go to reducing the principal for borrowers whose homes are “underwater,” meaning the amount owed on the mortgage exceeds the value of the home. In the three Midwestern states hit hardest by the housing downturn — Illinois, Michigan and Ohio — more than 1 in 5 homes are either close to or are already underwater.

Increasing the number of loan modifications has been a top goal of many state policymakers, but it has not necessarily been a priority for mortgage servicers. In fact, housing experts say, servicers have had a financial incentive to pursue foreclosure — even if a loan modification was in the best interest of the borrower and investor.

The new settlement, the state attorneys general say, changes that dynamic by putting in place a new mix of incentives and mortgage-servicing standards.

### State Direct payment Total settlement benefit

<table>
<thead>
<tr>
<th>State</th>
<th>Direct payment</th>
<th>Total settlement benefit</th>
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</thead>
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<tr>
<td>Illinois</td>
<td>$110.8 million</td>
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<td>Indiana</td>
<td>$45.6 million</td>
<td>$145.6 million</td>
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<tr>
<td>Iowa</td>
<td>$15.3 million</td>
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<td>Nebraska</td>
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<tr>
<td>North Dakota</td>
<td>$2 million</td>
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</tr>
<tr>
<td>Ohio</td>
<td>$97.2 million</td>
<td>$335.7 million</td>
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<tr>
<td>South Dakota</td>
<td>$3 million</td>
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</tr>
<tr>
<td>Wisconsin</td>
<td>$53.6 million</td>
<td>$316.6 million</td>
</tr>
</tbody>
</table>

Source: CSG study “Mortgage Settlement Agreement Explained”

### Dollars expected to flow to Midwest states under mortgage settlement agreement

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### State responses to the foreclosure crisis: Prevent predatory practices, help distressed homeowners

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Description of strategy to stop rise in foreclosures</th>
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</thead>
<tbody>
<tr>
<td><strong>Stop predatory lending</strong></td>
<td>The first wave of legislative action in response to the nation’s foreclosure crisis was a crackdown on predatory lending practices: 1) prohibiting or banning prepayment penalties, high interest rates and fees, and balloon payments; 2) requiring that certain borrowers receive financial counseling; and 3) mandating verification that a borrower has the capacity to repay a loan.</td>
</tr>
<tr>
<td><strong>Outreach</strong></td>
<td>States have set up hot lines and foreclosure prevention networks to connect borrowers with housing counselors and legal services, as well as information on refinancing options.</td>
</tr>
<tr>
<td><strong>Mediation</strong></td>
<td>Some states also now require borrowers and mortgage servicers to take part in mediation prior to foreclosure. Uriah King, vice president of state policy for the Center for Responsible Lending, says mediation works if a state: 1) sets objective standards to determine whether loan modification, rather than foreclosure, is in the best interest of the borrower and investor; and 2) imposes penalties on noncompliant servicers.</td>
</tr>
<tr>
<td><strong>Financial assistance</strong></td>
<td>According to the National Consumer Law Center, Michigan and Minnesota are among the 10 U.S. states with the longest-standing financial-assistance programs, which generally target help for individuals at risk of foreclosure due to a temporary financial crisis. Illinois, Indiana, Michigan and Ohio also now have a “Hundred (Bill) Fund” created by the U.S. Department of Treasury and run by state housing agencies, the fund targets help to states that have high unemployment rates or have had steep declines in housing values. States use money from the fund to get homeowners up to date on a delinquent mortgage, to make partial mortgage payments, or to provide incentives for a servicer to modify a loan.</td>
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</tbody>
</table>
Over the last few years, the number of Midwestern states including health education as a requirement for high school graduation has increased — a policy move that reflects growing recognition of the link between healthy kids and academic achievement, and between public health and safer, healthier communities.

Health education can include a vast array of subject areas, ranging from instruction on nutrition and personal safety to topics such as human sexuality and disease prevention.

In all, six states in the region now require their students to take a health education class in order to graduate.

Minnesota’s new requirement took effect with the class of 2012, which had to complete one-half credit of health education. Similarly, students in South Dakota who entered the ninth grade in the 2010-11 school year will be required to complete one-half year of health education.

Indiana is the only Midwestern state that currently requires a full credit of health instruction. In Kansas and North Dakota, students are required to complete one credit of physical education, of which one-half credit may be health education.

While both Iowa and Nebraska require health instruction to be offered, Iowa does not require it for graduation, and Nebraska allows local school districts to set the requirement. In Wisconsin, a student can take a health-education class in middle school to satisfy the state’s graduation requirement.

While prescribing among the widest array of topics in its health-education curriculum, Illinois does not list health education as a graduation requirement. Students there, however, must be taught a minimum of 18 weeks (or one semester) of health education.

In most Midwestern states, legislatures can initiate special sessions, but it is an authority used sparingly.

For decades, Nebraska legislators have had the statutory authority to call themselves into special session. They never have, but last year, Sen. Annette Dubas and some of her colleagues started taking steps to make state legislative history.

They wanted a special session to address concerns about the proposed Keystone XL pipeline — and were worried that Gov. Dave Heineman would not call one, leaving issues about the siting of the pipeline undressed and constituent demands for action unmet.

“Pressure from the citizens gave him reason to call the special session,” Dubas recalls, “but the fact that there were senators who were working on it, who were talking to their colleagues, I do think that played a small part in the governor’s decision [to call it].”

Lawmakers met for 15 days in November, passed two bills to improve state oversight of Keystone XL and other oil pipelines, and adjourned in time for Thanksgiving.

The session made international news because of its focus on a pipeline to bring more oil from Canada’s oil sands to the United States, but it was also a reminder of the importance of special sessions themselves. In every Midwestern state, a governor has the authority to call a legislature into special session.

Like Nebraska, too, most legislatures in the region can call themselves into session — with Indiana, Michigan and Minnesota being the lone exceptions. (The Michigan Legislature meets year-round.)

Unlike Nebraska, most legislatures have used this authority, as recently as last year in the cases of South Dakota (to pass redistricting legislation) and Six years ago, Iowa legislators met to overturn a veto of eminent domain legislation. Three years ago, Illinois lawmakers convened a special session to deal with unresolved fiscal issues and to consider overriding budget-related gubernatorial vetoes.

The requirements for a legislature to call its own special session vary from state to state. In Illinois and Ohio, the presiding officers have the power to do so; in North Dakota, authority is vested in the bicameral Legislative Management Committee.

Nebraska law stipulates that 10 senators must petition the secretary of state to poll members of the Legislature; two-thirds of the 49-member unicameral must then agree to the request. Similarly, Iowa, Kansas and South Dakota require two-thirds of the members in both legislative chambers to agree to a special session.

Wisconsin law distinguishes between a special session, called by the governor, and an extraordinary session. The latter requires majority votes in each house or approval by the committees on organization in each chamber. A special session is narrowly defined and limited to specific topics or areas of law, according to the Wisconsin Legislative Reference Bureau. With an extraordinary session, the legislature is able to identify specific bills for consideration.

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Article written by Ilene Grossman, assistant director of the CSG Midwest office. This is a part of a regular series of articles highlighting institutional issues in state government and legislatures. Past articles are available at www.csgmidwest.org.
Kansas, Nebraska among states boosting transportation investment via sales taxes

gallon; a wholesale tax, 12.3 cents; and a variable tax, 4.1 cents.)

For every other state in the region, the gas tax rate remains constant minus legislative action. As a result, authors of the institute report say, “State gas taxes have fallen dramatically relative to the rising cost of asphalt, concrete, labor and everything else that goes into maintaining a transportation network.”

They propose a three-fold solution to the sustainablility problem: increase gas taxes, make future increases automatic (based on inflation or gas prices), and target tax credits for low-income families to offset the impact of these changes.

Proposals to raise the gas tax are, in fact, not uncommon. However, very few of these measures have gotten through state legislatures in recent years.

Entering the 2012 legislative year, Minnesota was the last state to approve an increase in the gas tax. Its tax hike was approved in 2008, in the aftermath of the deadly collapse of an interstate highway bridge. Under the bill (HF 2800), through a series of phased-in increases over four years, the state’s gas tax will eventually be increased by 8.5 cents, to a total of 28.5 cents per gallon. (Part of the increase is going to pay off state bonds.)

That puts Minnesota on the higher end of state gas-tax rates in the Midwest, which range from a low of 18.0 cents in Indiana to a high of 30.9 cents in Wisconsin. (Most states in the region also collect other state taxes and/or fees on gasoline and diesel; see the chart on page 1 for details.)

This year, Michigan, Iowa and Illinois are among the states where increases in the motor fuel tax are under consideration.

In Michigan, addressing the state’s $1.4 billion shortfall in transportation funding has become a priority of Republican Gov. Rick Snyder, who noted in a speech last fall that “for the first time ever, transportation revenues are declining.”

“Simply put, better fuel economy and higher gas prices lead to lower road revenues from the fixed fuel tax,” he said.

Several ideas have been proposed to reverse that trend and close the funding gap: for example, increasing the state’s vehicle registration tax by approximately 67 percent (HB 5300 and SB 919) and replacing Michigan’s fixed tax on motor fuels (HB 5298, HB 5299 and SB 918).

The state currently has two separate fixed rates for gasoline (19 cents per gallon) and diesel (15 cents). In their place would be a new tax based on the wholesale price of unleaded regular gasoline, with the rate set at 10.1 percent. This new variable tax would be adjusted quarterly, with controls in place in the case of wild price fluctuations. In addition, the new variable tax rate could never exceed the equivalent of a tax rate of 40 cents per gallon. Michigan last increased its gas tax in 1997.

In Iowa, it has been 23 years since the rate was raised, but that would change under bills that, as of early March, were moving through the Democratic-controlled Senate and Republican-led House.

These measures are in part a response to a state study released in late 2011 detailing the need for at least $215 million a year in additional transportation revenue.

“The critical needs of our streets and roads remain and will not go away but merely become more acute if we do nothing again this year,” says Iowa Republican Rep. David A. Tjepkes, chair of the House Transportation Committee.

“Cities and counties are currently being forced to use other financing means to meet some of their needs.”

Tjepkes says the House and Senate measures would raise the equivalent of a 10-cent increase in the gas tax.

The Senate measure (SF 2224) would do so by increasing the tax by 10 cents over the next two years. In contrast, the House measure (HSB 547) delays the tax increase by one year and would only raise it by 8 cents. It makes up the difference by raising vehicle registration fees on new-vehicle purchases, and by adding new fees for the owners of hybrid and alternative-fuel vehicles.

The tax and fee increases, Tjepkes says, are consistent with the recommendations of a governor’s commission that studied the state’s transportation funding needs in 2011.

He says the measures, like any proposed tax increase, have faced an uphill battle in the legislature. But Tjepkes notes that a significant portion of the tax increase would be paid out-of-state drivers, who account for an estimated 20 percent of the miles driven on Iowa roads.

In neighboring Illinois, a different type of gas-tax increase is being considered in 2012. Proponents of SB 3236 want to raise the tax in the Chicago area alone and dedicate the additional dollars to improving public transit in that part of the state. The same measure would also index the motor fuel tax, in the Chicago area, to inflation.

New sales pitch: Redirect sales taxes to bolster transportation funding

In most states, a sales tax is not levied on purchases of gasoline or diesel — with the three exceptions being Illinois, Indiana and Michigan. And in these three states, the sales tax on motor fuel is not dedicated solely to transportation purposes.

Legislation currently pending in Michigan (HB 4523) would change that: It calls on revenue from the sales tax on motor fuels to be redirected from the general fund for transportation purposes. (Constitutional requirements would still direct some of the revenue to still go toward local governments and schools.)

This idea of dedicating more sales tax dollars to transportation has already caught on in three other Midwestern states: In Kansas, Nebraska and Wisconsin, the legislatures have passed bills in recent years to redirect general sales-tax revenue to highway projects and other state infrastructure needs.

Kansas’ actions were taken two years ago, when the Legislature approved a 10-year, $8 billion transportation program (T-Works) and adopted a temporary 1-cent increase in the state sales tax, thus bringing the rate to 6.3 cents per dollar. In 2013, the rate is scheduled to fall back to 5.7 cents per dollar, and for ten-perths of each cent will go toward T-Works — which funds a variety of state transportation projec- tions, including roads, transit, aviation and freight rail.

In January, Republican Gov. Sam Brownback and a bipartisan group of state legislative leaders announced they were accelerating nearly $50 million in road projects in order to take advantage of low construction prices and to spur job growth. But that plan, as well as some of the additional funding from the sales tax for T-Works that begins in 2013, may be in jeopardy. In February, leadership in the Kansas House proposed diverting $351 million in order to replace revenue lost by a proposed reduction in state income taxes.

Starting in 2013, Nebraska will begin collecting a 0.25 percent sales tax for roads as a result of the Build Nebraska Act (LB 84), which was passed last year. The state’s overall sales tax rate of 5.5 percent will remain unchanged, but instead of all proceeds going to the general fund, some will be dedicated to two highway funds.

A bill (LB 1998) to repeal provisions of the Build Nebraska Act was introduced this year, due to

<table>
<thead>
<tr>
<th>State laws on use of fuel-tax revenues</th>
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<tbody>
<tr>
<td><strong>Constitutional requirement that fuel-tax revenues be used for highway and road purposes only</strong></td>
</tr>
<tr>
<td><strong>Statutory requirement that fuel-tax revenues be used for highway and road purposes only</strong></td>
</tr>
<tr>
<td><strong>Broader transportation objectives can be funded with sales tax revenue</strong></td>
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</tbody>
</table>

*The Michigan Constitution requires motor-fuel and vehicle registration taxes to be used for transportation purposes; 90% of which must be used for roads, streets and bridges.*

Source: “Transportation Governance and Finance,” a joint project of the National Conference of State Legislatures and the NKU-ASU Center for Excellence in Project Finance.
registration fees and federal aid, is used to maintain and upgrade all transportation modes in the state. There currently are no constitutional requirements that the fund be used solely for transportation purposes. However, a constitutional amendment (SJR 23) to include such a requirement was passed last year in Wisconsin with bipartisan support. It must pass again during the next biennium before being put on the ballot for voter approval.

Rise of P3s: States explore expanded use of public-private partnerships

Applying into sales taxes is one example of states looking for nontraditional methods of financing their transportation systems. But some states in the Midwest are also going a step further — looking to new partnerships with the private sector.

Indiana pioneered this approach with Major Moves, a 10-year, $10 billion transportation plan that the state helped finance through a long-term lease of the Indiana Toll Road. The legislature approved plans for the long-term lease in 2006. And last year, lawmakers passed SB 473, which authorizes public-private partnerships, or P3s, for new or expanded transportation infrastructure projects in Indiana.

Two other Midwestern states also passed bills in 2011 expanding the authority of their departments of transportation to enter into public-private partnerships: Illinois HB 1091 and Ohio HB 114.

Lee says P3s and other innovative financing approaches don’t necessarily fix a state’s transportation funding problems. If the state’s traditional user fees aren’t enough to meet infrastructure needs, Lee says, that imbalance needs to be addressed — with or without new financing mechanisms in place. However, innovative financing can extend the reach of a transportation plan, so long as a state is willing to live with what comes along with it.

“You are going to be relinquishing some of the controls you have on your facilities or toll-revenue streams,” Lee says. “And there are a lot of other potential political issues and factors that come into play, requiring some institutional knowledge in knowing that what you’re getting into is very complex and time-consuming.”

State revenue sources used for roads, bridges, rail and transit

<table>
<thead>
<tr>
<th>Revenue source</th>
<th>Midwest states using this source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel taxes</td>
<td>All (Iowa and Nebraska use a variable or indexed tax rate)</td>
</tr>
<tr>
<td>Sales tax on motor fuel</td>
<td>Illinois, Indiana and Michigan</td>
</tr>
<tr>
<td>Motor vehicle or car rental sales taxes/fees</td>
<td>Iowa, Minnesota, Nebraska, North Dakota, South Dakota and Wisconsin</td>
</tr>
<tr>
<td>Vehicle registration, license or title fees</td>
<td>All</td>
</tr>
<tr>
<td>Vehicle or truck weight fees</td>
<td>Illinois, Kansas, Minnesota, North Dakota, Ohio, South Dakota and Wisconsin</td>
</tr>
<tr>
<td>Traffic camera fees</td>
<td>Illinois, Iowa (used only at local level) and Ohio</td>
</tr>
<tr>
<td>Tolls</td>
<td>Illinois, Indiana, Kansas, Michigan and Ohio</td>
</tr>
<tr>
<td>General funds</td>
<td>Illinois, Kansas, Minnesota, North Dakota, Ohio, South Dakota and Wisconsin</td>
</tr>
<tr>
<td>Interest income</td>
<td>Illinois, Iowa, Minnesota, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin</td>
</tr>
</tbody>
</table>

Source: “Transportation Governance and Finance: a joint project of the National Conference of State Legislatures and the AASHTO Center for Excellence in Project Finance”

Are you looking for a place to share ideas in a nonpartisan environment? Join us in Cleveland for this summer’s MLC Annual Meeting, the premier event for Midwestern state lawmakers. Register by May 7 to receive a discount on your registration fee.

The MLC Annual Meeting is a conference for policymakers from around the Midwest to share ideas, talk about innovative state policy, discuss common challenges and identify solutions. Small-group discussions foster collaborative problem-solving, while larger sessions allow attendees to hear from some of the country’s top experts on issues of importance to state policymakers.

This year’s meeting will feature some of the country’s best-known political experts: Donna Brazile, Rich Galen and P.J. O’Rourke. They will shed some light on the national political scene and provide a preview of the upcoming elections.

Evening social events offer the opportunity to network with colleagues. This year’s agenda includes a reception at the Rock and Roll Hall of Fame and a family-friendly evening at The Greater Cleveland Aquarium. Young people will have the chance to visit Cedar Point Amusement Park, the roller coaster capital of the world.

Come early for a special event at the Blossom Music Center, home of the Cleveland Symphony Orchestra, or stay late for a chance to visit the Pro Football Hall of Fame.
Reps. Jerry Kelsh and Scot Kelsh
Father and son represent different North Dakota constituencies but share key policy priorities, such as education and social justice

by Kate Tormey (ktormey@lex.org)

For the Kelsh family, a tradition in politics began not long after their home state of North Dakota entered the union. It was then that the grandfather of current lawmaker Jerry Kelsh served in the North Dakota legislature. And now Jerry can count his son Scot as one of his fellow legislators, too.

Jerry was first elected to the North Dakota Senate in 1984 and served there for 18 years. After taking a break to run a business and serve as a county commissioner, he came back to the legislature — this time the House — in 2009. Scot was elected to the House in 1996 and has been there ever since.

Scot and Jerry live about 125 miles from one another, but their districts are worlds apart when it comes to demographics. Scot represents part of Fargo, the state’s largest city and home to a major university. Jerry’s district is one of the biggest and most rural in the state.

Because they represent such different districts, Scot and Jerry don’t always share the same perspective on certain issues that come before the legislature. But what they do share — and what they both cherish — is a father-son bond that helps them inside and outside the Capitol.

“The old saying is, ‘If you want a friend in politics, get a dog.’ I think if you want a friend in politics you get a dad,” Scot says.

Community service is family tradition

Jerry isn’t just Scott’s dad — he is also his caucus leader.

Jerry, leader of the House Democratic caucus, doesn’t mind if the two disagree. In fact, it goes hand-in-hand with his philosophy of running a caucus.

“We ask if you can support this or vote against that, but if you can’t, we understand,” the elder Rep. Kelsh says. “This is a pretty big state and a diverse population, and if you are elected to represent people, you better do that.”

For the most part, however, Jerry and Scot agree on issues important to their state, such as the need for quality education and fairness in labor policy. They also share a strong belief in society’s responsibility to help the less fortunate — and they attribute their philosophy to conversations held for generations.

“Scot, what is your proudest accomplishment as a legislator so far?”

“We had a resolution in 1999 that we should study the development of wind energy, and it went nowhere. The coal industry came in and said it’s horrible because it’s not efficient, it kills birds, etc.

We took a look at the wind resource map … and we found out North Dakota had the No. 1 wind resource in the country — but we had the least development of any state that had wind resources.

We had an educational effort across the state; we had a number of town meetings and invited legislators from those districts. That following session, we passed unanimously [a package of three bills that offered] some incentives to develop wind energy. It was quite a turnaround, and I am very proud of that effort. …

We have probably 1,200 megawatts on the ground in wind energy and now we’re probably third on the list of states in terms of wind energy capacity. We’ve got a long way to go, but it was a sign that you can work together across party lines and you can do things that make economic sense but are also done responsibly and in a way that protects the environment.

Q: Jerry, you served on the Education Committee for eight of your nine terms in the Senate, and quality education remains one of your top priorities as a legislator. What are you most proud of so far in your work on this issue?

A: When the state was being sued for its lack of education funding, fortunately it was in conjunction with the time when the oil money was starting to come in in bigger amounts. The legislature decided to do some things to support education. … I think our children are getting opportunities for a better education, and I do feel pretty good about that.

Q: What I am hearing is that we are giving away its impact on your state?

North Dakota is currently experiencing an oil boom, which has brought quite a bit of economic development to parts of your state. But, Scot, you say there are challenges, too.

A: It’s an economy that is growing so fast that people who have lived there for years are being hurt. Those oil jobs pay so well that people are coming from all over, and landlords are jacking up rents and are driving people who aren’t able to work in the oil fields out of their homes to make room for the people who are making big money from oil. … When you go from a $600-a-month apartment to $3,000 a month for the same apartment within a year, there are definitely some challenges. … How can you attract a teacher when you are paying them a 3 to 5 percent increase every year when you have a rental market that is jumping 400 percent every year?

What I am hearing is that we are giving away too quickly our heritage and our pristine lands to an industry that has kind of been given a free pass. People who like to hunt and enjoy nature, and have lived in North Dakota partly because of that reason, are seeing these kinds of things disappear.

Q: Jerry, what’s your take on the oil boom and its impact on your state?

A: We are fortunate, but we need to start managing how much we are going to allow this growth to continue. We aren’t able to keep up now with the infrastructure, the roads, the housing, and the amount of water it takes for the drilling process, which is tremendous. To continue at this rate, when you can’t keep up now, you are disrupting a lot of lives. They went from sleepy little towns out there to horrendous traffic.

We cannot let out-of-state people come in, reap profits, and spoil the landscape and the living conditions.
On Aug. 13, 2011, Indiana residents and guests from neighboring states experienced a terrible tragedy at the Indiana State Fair. When high winds caused outdoor stage-rigging equipment to collapse just prior to a concert that had attracted thousands of fans, seven people were killed and 58 others were injured. As you can imagine, it was a very sad and chaotic scene, and one that prompted immediate concerns and questions. The accident brought to light the dangers involved with outdoor events where large staging equipment is used and unpredictable weather conditions exist. Ongoing investigations of the Indiana State Fair stage collapse have identified a number of factors that led to the tragedy, from inadequate safety standards to an insufficient and delayed emergency evacuation response.

**Review of disaster continues**

Fines have been due to be levied by the Indiana Occupational Safety and Health Administration regarding workplace safety issues, and at least two out-of-state companies have been employed by the state to review the stage collapse and the emergency response to the disaster. In explaining its findings regarding the deaths of two stage workers who were on the equipment at the time of the collapse, the Occupational Safety and Health Administration highlighted a lack of clarity as to who was in charge and responsible for inspections. In fact, at the time of the incident, no state agency held responsibility for regulatory oversight, standardization of safety inspections, or authorization of permits for outdoor stage equipment.

It was found that at the time of the collapse, no state agency was in charge of standardizing safety inspections or of authorizing permits for outdoor stage equipment. With no single government agency holding any authority for overseeing or setting regulations for these types of stages, standards and regulations are considerably varied on the local level when they exist at all. This discrepancy highlighted pertinent safety issues that could best be addressed by streamlining regulation standards and creating statewide oversight to determine the safety and functionality of these structures. The clear need for greater safety standards prompted action this year by the Indiana General Assembly. In January I introduced legislation, SB 273, aimed at strengthening and standardizing the regulation of outdoor stage equipment. The legislation has found strong bipartisan support, with a number of co-authors from both parties. Republican state Sens. Jim Merritt, Tom Wyss, Vaneta Becker and Patricia Miller have signed on to the bill, along with my Democrat colleague Sen. Jim Arnold.

The bill was approved in the Indiana Senate in January by a vote of 45-5 and, as of February, was moving toward passage in the House. Senate Bill 273 would require that outdoor stage structures be treated, for safety regulation purposes, as other commercial buildings or structures. New rules for this regulation would be enacted by the Indiana Fire Prevention and Building Safety Commission. The state’s authority under this provision would continue until Jan. 1, 2014, to provide interim safety standards while the Indiana General Assembly considers the best permanent solution.

To that end, the bill would also establish an interim study committee to consider the two related reports expected in coming months on the August 2011 State Fair stage collapse. Membership for the study committee would include the fire marshal, the director of the Indiana Department of Homeland Security, the chairman of the Fire Prevention and Building Safety Commission, and the commissioner of the Department of Labor, as well as state legislators. That committee would be charged with making recommendations for the 2013 state legislature to consider as permanent safety regulation laws for outdoor stage structures.

**Indiana tragedy only one example**

Indiana’s recent tragedy is not the only example of why outdoor stage equipment demands the attention of state officials. The roof of the main stage at the Ottawa Bluesfest collapsed in a storm that tore through the Canadian city last July. Just three weeks later, high winds caused a lighting rig to collapse prior to an outdoor concert in Tulsa, Okla. Luckily, no one was hurt at either event, but it highlights the vulnerability of temporary stage erection, with amplifiers, riggings and other add-ons all increasing the potential for a possible collapse in the midst of storms and high winds. While regulation may be lacking on the state level, some cities around the nation already serve as exemplary models for outdoor stage safety and regulation.

In both Chicago and New York City, it is mandated that any temporary structure must pass an inspection by a building inspector. Even more stringent is Chicago’s requirement that temporary structures go through the same permitting process as permanent building structures, which requires input from architects or engineers. These strict regulations reflect serious consideration for high-level safety issues.

While we regret that this legislation comes as a response to a tragedy, the General Assembly now recognizes this as a necessary step to ensuring the safety of all those who attend outdoor events in Indiana. More important, it is a necessary first step in recognizing the need for oversight on the state level, encouraging other states to follow in our footsteps. While not every tragedy is preventable, we can establish pro-safety regulations that best address potential problems.

Indiana boasts a number of outdoor venues that host concerts and other entertainment events, attracting millions of people each year. We want to continue this strong tradition, and we hope that increased regulations and standardized inspections will renew people’s trust in these enjoyable and safe entertainment options.

Sen. Tim Lanane, a Democrat from Anderson, was first elected to the Indiana Senate in 1998 after having been appointed senator in 1997.

**Submissions welcome**

This page is designed to be a forum for legislators and constitutional officers. We accept submissions on a wide range of public policy issues and state initiatives. 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 Tom Anderson at 630.925.1922 or tanderson@csg.org.
Five reasons to attend this summer’s MLC Annual Meeting in Cleveland

Regulation is open for this summer’s Midwestern Legislative Conference Annual Meeting — the premier event for state and provincial legislators from this region. The conference, which will be held July 15-18 in Cleveland, is an opportunity for policymakers from the region’s 11 states and four Canadian provinces to exchange ideas and information on key policy issues.

To register, visit www.csgmidwest.org. Attendees who sign up by May 7 will receive a discount on their registration fees. This year’s meeting will be hosted by MLC chair Ohio Rep. Armond Budish and his colleagues in the Ohio General Assembly.

1) Explore economic reinvention

Budish’s agenda as chair of the MLC is “economic reinvention” — how our region’s states can retool their economies to thrive in the future. With that in mind, this year’s keynote address will be delivered by Charles Wheelan, whose work focuses on applying economic principles to solve real-world problems. Wheelan is the author of the highly acclaimed book “Naked Economics: Undressing the Dismal Science.”

Wheelan’s speech will be followed by a panel of experts who will explore the policy options available to states to reinvent their economies.

2) Hear from top political speakers

Attendees of this summer’s MLC Annual Meeting will have the opportunity to hear from some of the nation’s top speakers on politics, including a luncheon presentation on the 2012 elections that will feature Donna Brazile and Rich Galen.

Brazile is a Democratic political strategist, syndicated columnist and CNN political contributor who served as Al Gore’s presidential campaign manager in 2000. Galen, a Republican strategist, currently writes an online political column, Mullings, and is a regular contributor to television programs focusing on politics and elections.

Legendary political satirist P.J. O’Rourke will be another featured speaker at this year’s meeting. An Ohio native, O’Rourke has been called the “funniest writer in America” by Time magazine and The Wall Street Journal.

3) Enjoy a variety of policy sessions

The MLC Annual Meeting will offer sessions on a variety of policy topics of interest to policymakers from this region. Each of the MLC’s five policy committees (Agriculture & Natural Resources, Economic Development, Energy, Health & Human Services and Midwest-Canada Relations) will hold half-day meetings that are open to all attendees. Plenary sessions on higher education and infrastructure are also being planned.

4) Share ideas in a nonpartisan venue

The MLC Annual Meeting includes time for small-group discussions on a variety of policy issues. These roundtable sessions give policymakers the chance to talk to colleagues face-to-face about common problems in state government as well as innovative solutions.

5) Network with colleagues

Evening events at the MLC meeting give policymakers the opportunity to network with colleagues. This year, the evening program will include an event at the Rock and Roll Hall of Fame and Family Night at The Greater Cleveland Aquarium. The family-friendly will also offer a number of daytime activities for the children and adult guests of attendees.

Regulation open for CSG national conference in May

The Council of State Governments invites you to attend its 2012 National Leadership Conference, which will be held May 17-20 in La Quinta, Calif.

The conference is designed to bring the members of CSG’s committees and task forces together to exchange information, share insights and discuss innovative solutions to critical state government issues. CSG’s national committees and task forces work to address key topics in state policy, including health care, education and transportation.

Kansas Sen. Jay Emery, who is CSG’s 2012 national chair, will help preside over the meeting. Other Midwestern legislators in leadership at CSG’s national level include Illinois Rep. Roger Eddy, co-chair of the Education Policy Task Force; Minnesota Rep. Alice Hausman, co-chair of the Transportation Policy Task Force; and Kansas Sen. Vicki Schmidt, co-chair of the Health Policy Task Force.

During the conference, CSG’s National Center on Leadership will present “Living Virtually” with Amy Webb of Webbmedia Group. Webb is an author, speaker and “future thinker” who heads the Webbmedia Group, an international digital strategy firm. The company offers strategic services and workshops on social media and emerging technologies to top companies, media organizations, governments, foundations and universities worldwide.

CSG’s National Leadership Center is designed to empower leaders to accomplish more. Through the center, policymakers can participate in skill-building webinars, read articles penned by state leaders from across the country and explore leadership development resources.

The center helps coordinate the work of CSG’s national leadership program, Toll Fellows, as well as its regional leadership programs — including the Bowhay Institute for Legislative Leadership Development (BILLD) for newer legislators from the Midwest. Discounted early registration for the National Leadership Conference ends April 27, which is also the deadline for booking rooms in the conference hotel block.

For more information on the meeting, please visit www.csg.org/2012leadershipconference or call 800.800.1910.
After two years of study, the Blue Ribbon Commission on America’s Nuclear Future has issued its final recommendations for a new strategy for managing the nation’s high-level radioactive waste.

Progress on the study had been closely monitored by two CSG Midwest committees, both of which have worked to provide state officials in the region with a voice on the future direction of U.S. policy.

Blue Ribbon Commission co-chairs Lee Hamilton and Brent Scowcroft say the report provides recommendations for “a sound waste management approach that can lead to the resolution of the current impasse.” They added that the “nation’s failure to come to grips with the nuclear waste issue has already proved damaging and costly.”

In the Midwest, nuclear power accounts for 17 percent of electricity generation, with 20 nuclear power plants operating in eight states. The future of nuclear power has been clouded in part by the lack of resolution over what to do with the highly radioactive waste produced at plants in the Midwest and across the country. Ratepayers in most Midwestern states have put hundreds of millions of dollars (billions of dollars in Illinois) into a Nuclear Waste Trust Fund.

But as lawmakers told the Blue Ribbon Commission this fall at a meeting held in Minneapolis by the two CSG committees, ratepayers have gotten little in return due to a lack of progress on a long-term nuclear waste disposal solution.

The 15-member Blue Ribbon Commission — appointed by President Obama in January 2009 — is proposing a “new, consent-based approach to siting future nuclear waste management facilities,” including at least one consolidated storage facility and a new repository to replace the canceled Yucca Mountain facility in Nevada.

The commission acknowledges that a consent-based approach to siting “may seem particularly slow and open-ended” given the urgent need to solve the waste disposal problem. Siting and licensing a new repository is estimated to take 15 to 20 years, while a consolidated storage facility could, in theory, be developed in five to 10 years. The commission cautioned against taking “short-cuts,” however, predicting that doing so would “most likely lead to more delay.”

Following the report’s release, U.S. House and Senate committees held hearings on the commission’s recommendations.

The many questions and comments from House members advocating for the revival of the Yucca Mountain project prompted Hamilton to remark: “If you stand around and insist on Yucca, Yucca, Yucca, we think the result of that is an impasse, a failure to solve the problem. We’re trying to indicate a path forward.”

As a result of the testimony and formal comments from state officials, including those who took part in the CSG meeting in Minneapolis, the commission modified its recommendations to include a new item urging “prompt efforts to prepare for the eventual large-scale transport of spent nuclear fuel and high-level waste to consolidated storage and disposal facilities when such facilities become available.”


For information on CSG Midwest’s policy work in this area, please contact Lisa Janairo (ljanairo@csg.org) or Ilene Grossman (igrossman@csg.org).

CSG Midwest committees keep eye on federal plans for nuclear waste disposal

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CSG, NCSL honor new leaders from Kansas; Emler is CSG’s new national chair

The Council of State Governments and the National Conference of State Legislatures recently celebrated a rare event: The 2012 chairs of both organizations are legislators from the same state — Kansas Senate Majority Leader Jay Emler will serve as CSG’s national chair this year, and Kansas Senate President Steve Morris will be NCSL’s president. The organizations held a joint reception in January to honor Emler and Morris.

Emler previously served as chair of the Midwestern Legislative Conference. Morris has served as Kansas Senate president since 2005.

Pictured, from left to right, are CSG Executive Director David Adkins, Sen. Jay Emler, Sen. Steve Morris, and NCSL Executive Director William Pound.
Putting teachers to test: Minnesota now requires passage of skills exam

A new law in Minnesota will require individuals to pass a basic-skills test before teaching in a public school classroom.

HF 1770 received bipartisan support and was signed into law in February. According to the Minneapolis Star Tribune, previous state policy had allowed an individual who failed the test to still teach for up to three years while he or she tried to pass it. About 30 percent of prospective teachers have failed the college-level test, which measures reading, math and writing skills.

Minnesota is not the only state in the region looking to strengthen its rules for prospective teachers. In Iowa, for example, HSB 517 would require any individual seeking a teacher license to score in the top 75 percent nationally on tests of professional skills and content knowledge. Under a bill being considered in Wisconsin (AB 558), elementary school teachers would need to pass a more rigorous licensure exam that tests their knowledge of reading instruction. In addition, teacher-preparation programs would be measured based on the effectiveness of their graduates.

In its most recent evaluation of state education policies, the National Council of Teacher Quality gave every Midwestern state a grade of C or D on measures of “delivering well-prepared teachers” to schools and students.

Iowa bill seeks rise in number of employee-owned businesses

In the 1980s, federal tax incentives were credited with a steep rise in a relatively new type of business ownership, known as an employee stock option plan.

Fast-forward three decades, and Iowa may soon serve as a laboratory to test the effects of state-level assistance for these plans, under which the workers at a company take over ownership of it. In February, the Iowa House overwhelmingly passed HF 2284, which offers tax breaks as well as state financial and technical assistance to encourage the formation of employee stock option plans. According to The Des Moines Register, owners who sell a business to employees could receive a tax break of up to $500,000.

Gov. Terry Branstad touted the idea in his State of the State address, saying such plans are particularly important in rural areas, where anchor businesses are not only critical to the local economy, but have become a “way of life.”

One way to ensure a business remains in a community is for workers to own it — a benefit that Indiana Treasurer Richard Mourdock highlighted in 2007 when he launched an initiative to encourage the formation of employee stock ownership plans. Under the program, the treasurer’s office works with banks to help facilitate the necessary transactions.

In its graduate education credit hours that are compatible between schools. The bill requires all state-funded institutions to have at least 30 general-education credit hours that are compatible with one another. In addition, a new common-course numbering system will be created by the Indiana Commission for Higher Education and used by the state’s post-secondary schools. As result, students will have a better idea of which courses transfer across institutions and which do not. According to The Indianapolis Star, about 80 courses will be covered under the new uniform system.

HB 1220, meanwhile, addresses concerns about “credit creep”: college-degree programs increasing the number of credit hours that students must take. The bill requires state approval of any program requiring more than 60 hours for an associate’s degree and 120 hours for a bachelor’s.

Two decades ago, the University of Wisconsin System set out to tackle the same problem, and has since seen a drop in the average number of credit hours taken by its graduates. This trend has reduced college costs for individual students while opening up classroom space for others.