Tax talk in state capitals

Restructuring plans include expanding sales tax base, raising severance tax, cutting income taxes and adding tax brackets

by Tim Anderson (tanderson@csg.org)

S en. Beau McCoy calls it a once-in-a-generation opportunity for himself and other Nebraska policymakers: the chance to pare over the state’s entire tax structure, and reform and modernize it. But as he has already found after introducing an overhaul this year, there are reasons why major shifts in tax policy sometimes occur only every few decades.

“The more we, or at least I, spend on this, the more you realize how difficult it is for states to make big changes to their tax structures,” he says. “There are so many moving parts.”

In Nebraska, for instance, the proposal he introduced earlier this year called for a “revenue neutral” tax swap: abolish or dramatically reduce income taxes in exchange for the elimination of some of the state’s $5 billion in sales tax exemptions.

Many of those exemptions — which McCoy says now include everything from bull semen to energy and fuel costs — first became part of state law in the late 1960s, when lawmakers instituted a sales and income tax.

This year, it didn’t take long for various groups in Nebraska to point out the negative economic consequences of removing those exemptions, particularly changes that would impact business-to-business sales.

In response, the tax legislation in Nebraska was put on hold and instead replaced with a study bill, but McCoy isn’t losing hope that significant changes will eventually be made.

“Right now, we’re losing young people and we’re losing retirees,” he says about the need for a tax restructuring. “That is a bad combination, and the time to address it is now.”

Since the start of this year, several tax-reform proposals have been introduced in the 11 Midwestern states, a sign of improved budget conditions and of the belief among many lawmakers that their current tax systems are antiquated, uncompetitive or both.

“If we were starting a tax system from scratch, we would not build one that is so heavily reliant on personal income taxes,” says Timothy Keen, director of the Ohio Office of Budget and Management. “That’s where Ohio is at the biggest competitive disadvantage.”

In response, Republican Gov. John Kasich has proposed an across-the-board cut of 20 percent in income tax rates (which already have been cut 21 percent over the past decade), a major tax reduction for the state’s small businesses, and a drop in the sales tax rate from 5.5 percent to 5 percent.

Part, but not all, of that lost revenue would be made up by increasing Ohio’s severance tax and expanding the state’s sales tax to include services, Ohio, like most states (with South Dakota being a notable exception; see table on page 6), currently taxes goods but leaves many services untouched.

“Our view is to shift a little bit away from income taxation to consumption taxes,”

### State tax collections in the Midwest by source, 2011

**Source: U.S. Census Bureau and Federation of Tax Administrators**

<table>
<thead>
<tr>
<th>State</th>
<th>Property</th>
<th>Sales</th>
<th>Selective sales</th>
<th>Individual income</th>
<th>Corporate income</th>
<th>Other</th>
<th>Largest “other” tax source</th>
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<tr>
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<tr>
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<td>39.4%</td>
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<td>4.1%</td>
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<td>South Dakota</td>
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* Includes taxes on motor fuel, alcohol, amusement, gaming, cigarettes and insurance
** Tax not levied at federal level
**Economic Development**

**Wisconsin lawmakers look to close state job-skills gap with multi-pronged training bill**

**Ev**en as many indicators signal that state economies are on the rebound, one important and persistent labor market trend continues— the skills gap between the needs of employers and the qualifications of job seekers. Wisconsin lawmakers believe a measure passed earlier this year will help close that gap in their state.

“[H] will provide Wisconsin’s workforce, both employees and employers, with access to job training resources which will prepare workers not only for jobs today, but for the jobs of tomorrow,” says Republican Rep. Kathy Bernier, who sponsored the bill. Known as Wisconsin Fast Forward, AB 14 includes the following provisions:

- The allocation of $15 million in worker-training grants over the biennium to train new and incumbent workers. The matching grants will be awarded to both public and private organizations, such as technical colleges, regional workforce investment boards and economic development organizations, and businesses.
- The creation of the Office of Skills Development, which will administer the grants. The office will work with the state’s Economic Development Corporation, the Technical College System, economic development agencies and businesses to ensure that the grant money targets emerging skills needs at the state’s workforce.
- The development of a Labor Market Information System that will track job openings and link unemployed workers to openings they are qualified to fill or to training they can complete to become qualified.
- “We will now better be able to coordinate employee and employer needs in getting folks the proper training to compete for good, high-paying jobs that already exist in our state,” Bernier says.
- Her bill received overwhelming bipartisan legislative approval.

As in many other Midwestern states, Wisconsin continues to have a relatively high unemployment rate (currently about 7 percent), but at the same time, businesses report being unable to fill positions due to a lack of skilled workers.

Bernier says the new investment in training will prove to be a “win-win for employers and employees and taxpayers,” and cites the new information system as one reason why. By more quickly linking unemployed workers to training or in-demand jobs, she says, the state will save money, businesses can grow, and individuals will have more work and economic security.

“Every decent-paying job today takes more skill and more education, but too many Americans aren’t ready,” he wrote, noting that many jobs of the past have been wiped away by technological advances and globalization.

The technical skills needed in areas such as manufacturing have turned many jobs into ones requiring more advanced knowledge of science, technology and math. That means state workforce needs to be retooled, and more bills like AB 14 are likely to be considered.

**Average starting teacher salaries in Midwestern states, 2011-2012**

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<thead>
<tr>
<th>State</th>
<th>2011-2012 Average Starting Salary</th>
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<tbody>
<tr>
<td><strong>2011</strong></td>
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<td>Iowa</td>
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<td>Nebraska</td>
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<td>Iowa</td>
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Source: National Education Association

[J] offers multiple, meaningful, differentiated teacher leadership opportunities that will appeal to different teachers at different points in their careers,” he says. First-year teachers, for example, would have a reduced teaching load and more opportunities for mentoring and coaching.

This year in residency, Wise says, is designed to ease the transition for new teachers and to keep individuals from leaving the profession. Nationwide, up to half of teachers now leave the classroom within five years.

Once established, a teacher could pursue several career paths. Model teachers would remain in the classroom full-time, and would receive five additional “contract days” a year (paid work days in their contracts) and an income supplement of at least $2,000 per year.

**Iowa education reform would increase pay, offer more career opportunities for teachers**

**A** push in Iowa this year to reform its K-12 education system could mean higher starting salaries, more training and new career pathways for the state’s teachers.

“We have many good schools with committed educators,” Republican Gov. Terry Branstad said in announcing his proposed legislative reforms, “but they are stuck in a system designed for the 20th century, not the 21st century.”

As of late March, the state’s Republican-controlled House and Democrat-controlled Senate had passed different bills to change how teachers are paid and classified.

As originally proposed by the governor, the starting minimum salary for a teacher would rise from $28,000 to $35,000, as part of an effort to attract more people to teaching. As of late March, the state’s Republican-controlled House and Democrat-controlled Senate had passed different bills to change how teachers are paid and classified.

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Wisconsin Rep. Kathy Bernier

Brief written by Laura Tomaka, CSG staff liaison to the Midwestern Legislative Conference Economic Development Committee. She can be reached at ltomaka@csg.org

Iowa Department of Education, points to these pathways that would be supported mostly by an increase in salaries, more training and new career opportunities. These new career paths offer additional compensation and responsibilities— lead, mentor and model teacher — that would also receive more support and additional career choices.

The Senate passed its version of the bill (SF 423) in late March. It uses Branstad’s proposal for starting salaries ($35,000 per year) and increases state school funding to $400 per student. This version also removes the opt-in provision for districts, but gives districts more options regarding the new career paths for teachers.

Brad Hudson, a lobbyist for the Iowa State Teachers Association, says “the Senate version is one we can work with” because of the flexibility given to school districts.

“Those options are good for teachers and good for education,” Hudson says.

As of late March, the House and Senate planned to try to work out their differences in conference committee.

Brief written by Ilene Grossman, who can be reached at igrossman@csg.org

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Source: National Education Association
Agriculture & Natural Resources

States expand loan initiatives to help beginning farmers handle steep startup costs

For young people, the high cost of getting into farming can be a daunting business proposition.

The cost of farmland continues to rise (up more than 30 percent year-over-year in the Midwest), as do expenses related to everything from equipment and fuel to feed and fertilizer.

Such obstacles are often cited as one reason for the aging population of farmers. Between 1962 and 2007, federal data show, the average age rose from 50 to 58, while the percentage of principal farm operators with less than 10 years of experience fell 42 percent.

In the Midwest, varying types of financial-assistance programs are used to help a new generation of agricultural producers get started, and some lawmakers (due in part to current market and demographic trends) have been looking at ways to expand these initiatives.

The most common state program used to help young farmers is the Aggie Bond Loan, which can be used to purchase land, equipment, buildings and breeding livestock. Under this state-federal partnership, employed in eight of the 11 Midwestern states (all but Michigan, Ohio and Wisconsin), private lenders take on the risk of making a loan to a beginning farmer, but their interest income is federally tax-exempt — thus allowing these farmers to secure loans at reduced interest.

“It is successful because we make it easy for community banks to work through the program,” explains Lorrie Karcher, agriculture program coordinator for the Illinois Finance Authority, which administers one of the largest Aggie Bond Loan programs in the nation.

Demand for the program, however, has been falling, a trend Karcher attributes to the high cost of Illinois farmland that has put it out of financial reach for many startup farmers — even at reduced interest rates.

But Terri LaBrie of the South Dakota Department of Agriculture says that in her state, demand for Aggie Bond Loans is on the rise due to an increase in contract sales. These sales do not involve local banks, but are agreements between the farmer and landowner, who carries the mortgage and charges the farmer interest.

South Dakota, Illinois, Indiana and North Dakota also offer guaranteed-loan programs, under which lenders receive up to an 85 percent guarantee of principal and interest on loans to qualified borrowers.

“The bank does most of the credit evaluation to help alleviate the state’s workload,” LaBrie says of her state’s program.

Minnesota, South Dakota and North Dakota have also made more-flexible direct loans available to beginning farmers through state agriculture authorities.

Some states, too, have begun loan-participation programs, in which a state agency buys part of a loan from the local lender. For instance, the state-owned Bank of North Dakota takes on 50 percent of the loan to help new farmers purchase equipment or cattle; as a result, interest rates are fixed at below prime on half of the loan.

The Bank of North Dakota also partners with local lenders to offer interest rates at 1 percent below prime to help startup farmers buy agricultural real estate.

“This program helps beginning farmers in two ways,” explains Rod Annehluk, the bank’s farm-loan manager. “It provides a below-market interest rate and reduces the collateral requirement.”

Iowa has long been a U.S. leader in providing loan and financial aid to new farmers. It was the first state to create an Aggie loan program (in 1980) and has had a unique tax credit program in place since 2006. Under the program, farmland owners earn tax credits of up to 15 percent for leasing land, livestock, equipment or buildings to beginning farmers.

A bill proposed this year (HF 252) would provide tax credits for custom-farming contracts, under which an Iowa landowner retains close control of the farm business but is not actively involved in day-to-day activities.

Wider use of nurse practitioners seen as potential remedy to predicted shortage of doctors

In response to an ongoing shortage of primary-care providers — coupled with the fact that millions of Americans will be added to Medicaid and private insurance rolls under the federal Affordable Care Act next year — state policymakers are considering how to better train and deploy their health care workforces.

One strategy being considered by at least 12 states is to leverage an asset that already exists, by allowing certain “advanced practice” nurses to open their own practices.

Advanced-practice nurses are registered nurses who have graduate degrees; they include certified nurse midwives, certified registered nurse anesthetists and certified nurse specialists. But recent concerns about access to primary care have put increased focus on a fourth category: nurse practitioners, which are the largest group of advanced-practice nurses.

NPs are trained to provide primary-care services and prescribe medications. But some states do not allow NPs to practice independently, requiring them to work under the supervision of a medical doctor.

Proponents of giving these professionals more autonomy say it is a much-needed step to relieve stress on primary-care systems. The Association of American Medical Colleges reports that the United States will see a shortage of 45,000 primary-care providers by the year 2020. And a 2011 University of Minnesota study found that by 2019, the number of primary-care visits in the United States will jump by as many as 25 million.

Many critics of expanding these nurses’ “scope of practice” have concerns about safety, pointing out that physicians have more-extensive training. Others believe that nurses should be members of teams that include physicians — not serve as replacements for medical doctors.

But Taynin Kopanos of the American Association of Nurse Practitioners says this view of nursing is antiquated.

All states currently allow nurse practitioners to evaluate patients, make diagnoses, order and interpret diagnostic tests, and prescribe medications. But whether NPs can practice independently varies by state.

In 16 states (including Iowa and North Dakota), NPs can see patients on their own and provide care similar to that provided by a primary care doctor. But in most states, NPs must have a relationship with a physician, which can range from a verbal agreement to a legal document.

Kopanos maintains that the agreements are unnecessary because NPs already have the expertise and training to examine patients and prescribe medications. She adds that current regulations can be particularly onerous in rural areas, where it can be difficult to find a physician who will agree to oversee an NP.

“The care that you can get is vastly different based on the state laws where you access it,” says Kopanos, a nurse practitioner who practices family medicine.

So far this year, 12 states nationwide have considered bills that would allow NPs to practice on their own. Minnesota’s bill, HF 435, was introduced after a gubernatorial task force found that allowing nurse practitioners to practice without supervision was one way to deliver health care more effectively. The measure, however, did not receive a committee hearing. Similar bills have been introduced in Illinois (SB 73), Michigan (SB 2) and Kansas (HB 2251).

Health & Human Services
Michigan, Wisconsin and North Dakota were among the nearly 30 U.S. states where imprisonment rates fell between 2006 and 2011, a March analysis of federal data done by the Pew Charitable Trusts shows.

Nationally, the imprisonment rate fell 3 percent; the U.S. crime rate decreased 13 percent over that same time period.

The analysis, done by Pew’s Public Safety Performance Project, credits several state reforms that have aimed to improve public safety and cut costs for taxpayers: shortening prison terms for lower-level offenders and diverting some individuals from prison altogether; scaling back so-called “three-strikes laws,” and investing more in evidence-based probation and parole programs that have helped keep individuals from reoffending.

Pew has been a key partner with The Council of State Governments’ Justice Center, which has worked with policymakers in states such as Indiana, Kansas, Michigan, Ohio and Wisconsin to reform corrections policies and systems.

Michigan has undergone one of the most dramatic drops in prison rates — 15 percent between 2006 and 2011. Under the Michigan Prisoner Reentry initiative, the state has targeted more resources for individuals at the greatest risk of reoffending, in part by improving its process for assessing the risks and needs of released prisoners. These efforts appear to be working: A report released last year by the CSG Justice Center noted that Michigan’s recidivism rate fell 18 percent between 2005 and 2007.

Along with the reduction in parole revocations, other factors contributing to the drop in Michigan’s prison population include more early releases of prisoners and fewer reported crimes and arrests.

The Pew report also found imprisonment rates between 2006 and 2011 rose in six Midwestern states: Indiana, Illinois, Minnesota, Ohio, Nebraska and Kansas. The analysis is available at www.pewstates.org.

### Controversial changes to Wisconsin mining law approved; groundbreaking bill on fracking introduced in Illinois

Over the two sessions that Wisconsin lawmakers considered passage of controversial new mining legislation, the bill’s sponsor, Sen. Tom Tiffany, heard hours of testimony from both sides. But he says that perhaps the most powerful story of all came from a northern Wisconsin family.

To make a living, Tiffany recounts, the father had been leaving home for work hundreds of miles away in North Dakota, for fracking jobs in the Bakken oil shale.

“Why not try to bring those types of jobs to Wisconsin?” Tiffany and other supporters of SB 1 argued. “In the end, they wanted one — but barely. Opposed to the measure was strong, with the bill passing by the narrowest of margins in the Senate (17-16).

“We are all for good-paying jobs; that wasn’t the question, but we don’t need to sacrifice the environment in order to do it,” says Elizabeth Wheeler, a staff attorney for Clean Wisconsin, a nonprofit advocacy group that opposes the legislation.

The new law, in part, reverses a decision made by legislators a decade-and-half ago to pass a measure known as the “mining moratorium.”

Under this 1998 law, as a prerequisite for building a mine, project developers had to provide evidence that a mine operating in the United States or Canada for 10 years — as well as one that had been closed for 10 years — did not pollute ground or surface water due to acid drainage or the release of heavy metals. This “prove-it-first” requirement was hailed at the time as a landmark environmental safeguard. But the 2013 law removes the moratorium for iron ore mining.

Fifteen years ago, Tiffany says, lawmakers in and around proposed mining projects were likely to vote for the moratorium, this time around, the opposite was the case.

“We’ve seen double-digit unemployment in some of our counties,” Tiffany explains. “That wasn’t the case in the late 1990s.”

The oil boom in North Dakota is well known, but other states in the Midwest are also eyeing new economic opportunities tied to tapping into their natural resources — whether it is iron ore in Wisconsin or newly available natural gas in states such as Michigan and Ohio.

“It is vital to use our natural resources because that is how we make things,” Tiffany says. “If you’re not producing here, then it’s an economic activity happening somewhere else in the world.”

This production, however, also has the potential of causing environmental damage.

According to Wheeler, SB 1 does not adequately address well-known environmental problems associated with iron ore mining, such as acid drainage and the release of waste from the mines. The result, she says, is that sensitive and important water resources have been left open to degradation.

From Tiffany’s perspective, though, SB 1 sets the right balance between maintaining the state’s environmental standards and allowing for new economic activity.

### Illinois blues new trail with fracking bill

Finding that right balance was the goal of a five-month negotiation in Illinois over new rules for hydraulic fracturing. And lawmakers may have found one that works for industry and environmental groups.

Over the past six months, a “lease rush” has occurred in southern Illinois due to the potential of the New Albany Shale formation to produce high volumes of natural gas, explains Josh Mogerman, a spokesman for the Natural Resources Defense Council.

Meanwhile, the NRDC, other environmental groups and legislative supporters have sought a statewide moratorium on fracking, saying not enough is known about its impact on the state’s environment and infrastructure. Those efforts, though, have stalled in the legislature. Seeing little prospect of a moratorium passing, the NRDC turned to Plan B: negotiating stronger permitting standards and rules.

“The current situation [with little or no regulation] is untenable,” Mogerman says.

Industry groups, wanting to remove regulatory uncertainty, were willing to compromise as well. The result was HB 2615, a recently introduced bill that would put in place the nation’s “most comprehensive law governing hydraulic fracturing,” Ann Alexander, a senior attorney with the NRDC, wrote in February.

Among the bill’s key provisions, she says, are strong standards for well construction and requirements that all chemicals used during the fracking process be disclosed before operations begin. (The ability of industry to claim a trade secret, and not disclose chemicals, would be limited.) Public hearings would have to be held about proposed fracking permits, and citizens could appeal the permits that are granted.

“Those rights have been removed in many states,” Mogerman says.

He notes, too, that state water resources will be tested before, during and after fracking takes place — thus allowing for another important provision in HB 2615: a presumption of liability for contamination that occurs near the site of a fracking operation.

Because of these and other safeguards, Mogerman says, HB 2615 would set a new, and higher, “regulatory floor” as other states consider their own standards.
Every four years, the race for president starts in Iowa, and leaves a lasting impact on the state’s political process

*State of the Month*

**QUESTION: What have Midwestern states done to address childhood obesity?**

Childhood obesity rates have tripled over the past three decades, leading to a rise in state efforts to combat the trend. And since children spend much of their day in school, new state laws and regulations have focused on the types of foods and levels of physical activity offered at school.

Actions taken by Ohio and Minnesota exemplify two different comprehensive approaches that have been taken by states in this region.

Ohio’s SB 210, enacted in 2010, restricts the sale of certain foods and beverages to students, provides public and charter schools with free computer software to assess the nutritional value of foods (and restricts the sale of certain foods in the lowest nutritional category), and establishes a council to monitor student wellness. In 2008, as part of a comprehensive health care reform law, Minnesota created the Statewide Health Improvement Program, which awards competitive grants to community health boards and tribal governments that implement evidence-based strategies to reduce obesity and tobacco use.

In more recent years, a number of other measures involving school nutrition or physical activity have been passed or are under consideration. As the result of 2010 federal legislation, national standards are being set for foods products sold on school grounds. States can complement these standards not only through stricter regulations, but also by raising the nutritional quality of foods sold or consumed.

In 2012, for example, Ohio required that at least 50 percent of beverages (other than milk) sold in schools be water or contain no more than 10 calories per eight ounces. This year, Illinois is considering HB 77, which would ban transfats in most foods provided to Chicago Public Schools students. (The ban would not apply to foods provided under a U.S. Department of Agriculture meal program.) Meanwhile, laws promoting farm-to-school programs, which bring local fresh produce to school cafeterias, have been enacted in states such as Illinois, Iowa, Michigan and Wisconsin.

Regarding physical education, Illinois is the only state in the Midwest that requires it in every grade (K-12). Only Kansas and Michigan require elementary schools to provide daily recess, while Iowa requires a minimum weekly amount of physical activity for all K-12 students.

Indiana is among the states now considering stronger requirements: SB 333, introduced earlier this year, would require schools to provide at least 30 minutes of daily PE. In Illinois, a multidisciplinary task force is updating the state’s learning standards for physical development and health. The task force, formed as the result of last year’s passage of HB 3374, must develop standards based on neuroscience research about the relationship between physical activity and learning.

According to the Trust for America’s Health and the Robert Wood Johnson Foundation, Illinois is also one of three Midwestern states (along with Iowa and Ohio) that collects information from schools on students’ body mass index (BMI) measures or other health indicators. These weight-related screenings are designed to assess rates of childhood obesity and evaluate programs intended to reduce obesity.

In more recent years, many of the other measures involving school nutrition or physical activity have been passed or are under consideration.

As the result of 2010 federal legislation, national standards are being set for food products sold on school grounds. States can complement these standards not only through stricter regulations, but also by raising the nutritional quality of foods sold or consumed.

In 2012, for example, Ohio required that at least 50 percent of beverages (other than milk) sold in schools be water or contain no more than 10 calories per eight ounces. This year, Illinois is considering HB 77, which would ban transfats in most foods provided to Chicago Public Schools students. (The ban would not apply to foods provided under a U.S. Department of Agriculture meal program.) Meanwhile, laws promoting farm-to-school programs, which bring local fresh produce to school cafeterias, have been enacted in states such as Illinois, Iowa, Michigan and Wisconsin.

For most presidential candidates, the road to the White House begins in Iowa. Since the 1970s, the state’s presidential caucuses have served as the nation’s first real test of voter interest in competing candidates, and have launched the successful campaigns of presidents from Jimmy Carter to Barack Obama.

As important as they are to the candidates themselves, the Iowa caucuses are significant in other ways as well.

Rep. Linda Upmeyer, who serves as Iowa House majority leader, says the precinct caucus system — which features local meetings of neighbors in each of Iowa’s 1,774 election precincts — shapes the way voters think about politics and participate in the process.

“The people of Iowa are used to meeting the candidates,” she says. “They like being able to ask questions and not just listen to stump speeches.”

David Yepsen, a long-time observer of the Iowa caucuses during a 34-year career as a writer, editor and columnist at the Des Moines Register, agrees that the caucuses inspire “citizen activism.”

And, he says, more than a few members of the state legislature and other noteworthy public officials got their start in politics by working on presidential campaigns at the local level.

“They get inspired, and they get the itch,” says Yepsen, who recalls first meeting Tom Vilsack, the future Iowa governor and U.S. secretary of agriculture, on a street corner in Des Moines when Vilsack was working on Joe Biden’s presidential campaign in 1987.

Yepsen, now director of the Paul Simon Public Policy Institute at Southern Illinois University, says the caucuses have had a significant impact on party politics across the state.

“The caucuses have built a healthy two-party competition in Iowa,” he says. “They produce a great list of activists and donors in every precinct that gets refreshed every four years.”

The attention and the intense competition that characterize Iowa’s caucus system also impact the state legislature in ways that are unmatched in other states.

Yepsen points to the money that often flows from presidential candidates to state legislative campaigns, as well as the willingness of presidential contenders to get actively involved in local General Assembly races.

“Legislators expect to see [presidential candidates in their districts],” he says.

Upmeyer, a 10-year legislative veteran, notes that the benefits flow both ways; presidential candidates are eager to come into the state, and local legislators are eager to share the attention they receive.

Yepsen adds that the nature of Iowa’s legislative campaigns is also affected by the presidential race, which “tends to raise public awareness of national issues,” especially during the caucus season.

More than in most states, national issues can shape and determine local races.

“If you haven’t got rock-star [legislative] candidates,” Upmeyer says, “issues can still make the difference.”

Upmeyer says the state’s unique caucus system has been good for the state. It engages people in a meaningful way, she says, and can be a lot of fun too.

“The spirit of the process is enduring — the idea that input at the grass-roots level can really make a difference,” she says.

Yepsen concurs, though he cautions that if Iowans want to preserve their first-in-the-nation status, they’ll have to work to ensure that the Iowa caucuses continue to provide “a good, fair, honest hearing” for the presidential contenders.

“Constant improvement and quality control are the keys,” Yepsen says.

*State of the Month* article written by Mike McCabe, director of CSG Midwest. He can be reached at mmccabe@csg.org. Only in the Midwest is an ongoing series highlighting unique aspects of state governments and legislatures in the Midwest. Past articles are available at www.csgmidwest.org.
Most of Midwest’s major tax proposals in 2013 focus on cutting income taxes

taxation,” Keen says. The changes would not only allow for deeper income tax cuts, he says, but would also make the state’s sales-tax structure less regressive.

“How many lower-income people are buying [the services of] architects?” Keen notes as one example.

This type of sales-tax “modernization” — capturing tax revenue from services, which used to decades-long changes in the U.S. economy now account for a greater portion of state economic activity than goods — is often floated as a policy idea. Getting it through the legislature, though, has often proved politically problematic.

Already this year in Minnesota, Democratic Gov. Mark Dayton chose to pull back a proposal to expand the sales-tax base in exchange for lowering the overall rate (from 6.875 percent to 5.5 percent). He instead is focusing on other parts of his tax-restructuring plan, which includes adding a fourth, higher-rate income-tax bracket. Under his plan, the rate on income above $150,000 (for single filers) would be taxed at 9.85 percent, rather than the current level of 7.85 percent.

But policy analysts at the Center on Budget and Policy Priorities say the academic literature and recent state experiences show no evidence that tax cuts yield greater economic growth for states.

In a study released earlier this year, the center found that of the six states that enacted large income tax cuts before the most recent national recession, four “regrets” their changes.

“Illinois: Higher individual, corporate income taxes

In 2011, lawmakers raised income-tax rates from 3 percent to 5 percent and corporate income-tax rates from 7.1 percent to 9.5 percent. Both are scheduled to decline over time. Last year, the Illinois General Assembly increased the state’s cigarette tax by 51 cents per pack, to $1.58.

Indiana: End to inheritance tax, limits on property taxes

Brackets are gradually phasing out its inheritance tax as the result of 2012 legislation. Two years earlier, following legislative action taken in 2008, Indiana voters approved property-tax caps. Homeowners’ taxes are capped at 1 percent of assessed valuation; rental and farm property at 2 percent, and business property at 3 percent.

Iowa: Property tax reform still on the table

Property tax reform, particularly of commercial property taxes, has been a top priority in the Iowa legislature for several years. Various proposals were once again being considered this year.

Kansas: Higher sales taxes, lower income taxes

In 2010, the Kansas Legislature raised the state sales tax from 5.3 cents to 6.3 cents — part of it temporary, another part permanent in order to boost transportation funding. Lawmakers last year exempted many businesses from the income tax and cut individual income taxes. With the changes, Kansas’ three-bracket income-tax structure (3.5 percent, 6.25 percent and 6.45 percent) was replaced with a two-bracket structure (3.0 percent and 4.9 percent).

Michigan: Cuts in business tax, elimination of exemptions

Lawmakers overhauled the state’s tax structure in 2011, cutting taxes on businesses, doing away with corporate tax credits, and eliminating many credits and exemptions for individuals. The Michigan Business Tax was replaced with a 6 percent income tax that is levied only on the state’s roughly 40,000 corporations. Other Michigan businesses still pay taxes on profits under the individual income-tax code.

Under the changes, too, pension and retirement income began to be taxed. Last year, the Legislature increased personal income-tax exemptions and accelerated a cut in the income tax (the rate fell from 4.35 percent to 4.25 percent).

Minnesota: Sales tax hike for natural resources, the arts

In 2008, Minnesota voters approved a constitutional amendment increasing the state sales-tax rate by three-eighths of 1 percent; the proceeds are being dedicated to natural resources and the arts.

Nebraska: Tax cuts, new revenue options for cities

In 2012, lawmakers reduced rates in three of Nebraska’s four income-tax brackets, resulting in lower taxes for families earning $54,000 a year or less. In recent years, the Legislature has also cut business taxes, dedicated a portion of the sales tax to transportation, and given Nebraska’s two largest cities the option of raising local sales taxes by as much as 2 percent.

North Dakota: Cuts in income and property taxes

North Dakotans have twice cut income taxes in each of the state’s five tax brackets, resulting in a 30.2 percent reduction in rates since 2008. The legislature has also slashed property taxes as part of a state commitment to fund 70 percent of K-12 education spending.

Ohio: Cuts in income tax, end of estate tax

Between 2004 and 2011, lawmakers made across-the-board cuts of 21 percent to Ohio’s income tax rates. Over the same time period, they phased out a corporate franchise tax and local property taxes on business equipment. To replace some of this lost revenue, a new commercial activity tax (a broad-based, low-rate tax imposed on sales of goods and services) was established. Ohio is also ending its estate tax this year.

South Dakota: Status quo intact — no income tax

No major changes have been made over the past five years in South Dakota — the only state in the Midwest without an income tax.

Wisconsin: Tax bracket added, tax on production slashed

In 2009, Wisconsin lawmakers put in place a higher tax rate (7.75 percent) for incomes that exceed $212,660 for individuals and $330,210 for joint filers. That same year, the cigarette tax was raised to $2.52 per pack. More recently, the legislature created a tax deduction for businesses that hire new workers. It also established tax credits for manufacturers and agriculture producers; when fully implemented, these credits will reduce the tax rate on production income from 7.75 percent to 0.4 percent.

Note: Source: Federation of Tax Administrators
recession, half grew faster and half grew more slowly than the national economy. Similarly, in-
tcome tax cuts enacted in the 1990s had no effect on subsequent economic growth of individual states, says Michael Leachman, the center's director of state fiscal research.

"In a vacuum, a cut in the personal income tax would have an economic impact," Leachman says. "But it’s a zero-sum game. States have to balance their budgets, so tax cuts have to be paid for. They pay for them by cutting services or raising other taxes, or some combination. Those actions slow the economy."

He adds that other factors — an educated state workforce, a state’s natural resources and the ability of businesses to access major consumer markets — play a much larger role in a state’s economy.

"You don’t want your tax levels to be outra-
geously out of line with your competing states, but tax levels are not the only thing," he says. "And in the big picture, they are a minor thing."

‘Modernizing’ sales tax, severance tax

A
s much as Drenkard and Leachman disagree on many aspects of state tax policy, they both support the idea of modernizing sales-tax systems to include more services.

"Almost all states do not tax services in a comprehensive way," Drenkard says. "Instead, states have gone in the opposite direction and just raised the rates. So you’re preferencing the services sector at the expense of the goods sector."

Leachman calls this “a serious structural problem that makes it harder to keep up public services.” Drenkard prefers the idea of using the additional revenue to cut taxes in other areas.

Adding services to the tax base would be a major new source of revenue in nearly every Midwestern state. In Ohio, for example, Keen says sales tax receipts would increase by as much as 40 percent (if the overall sales tax rate were not cut at the same time).

In Nebraska, McCoy says, the state currently taxes fewer than half of the various types of ser-
vices. Capturing more of this economic activity in the tax base would be one way to raise more revenue in order to cut income taxes while also lowering the sales tax rate and retaining many existing exemptions on business-to-business sales. Kasich, meanwhile, is also seeking another type of modernization of Ohio’s tax code: a change in the severance tax on oil and natural gas extraction.

"The current severance tax does not generate revenue for state government," Keen says. "It was put in place just to pay for the regulatory responsibilities of state government.

"Given the volume of [hydraulic fracturing] activity we expect, this is an opportunity to take advantage of our natural resources, generate some additional general-fund revenues and reduce the personal income tax," Leachman says.

Leachman expects other states to look more closely at modernizing their severance taxes as well. He suggests, too, that policymakers take a close look at what is often a long list of credits, incentives and exemptions in their tax codes.

Are you looking for a place to share ideas in a nonpartisan environment? Join us in St. Paul 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 a presentation from one of America’s foremost historians, Jon Meacham. The Pulitzer Prize-winning author will talk about leadership, drawing on his work about one of the world’s most notable historical figures.

And author Jonathan Haidt will share his insights on how policymakers can repair their differences by finding the reasons for which they disagree.

Evening social events offer the opportunity to network with colleagues. This year’s agenda includes an opening reception at the Minnesota Science Museum and a family-friendly evening at the Minnesota History Center. The elegant tradition of the State Dinner will be celebrated this year at the Ordway Center for the Performing Arts, a beautiful concert hall in the heart of St. Paul.

Visit St. Paul.

Polar explorer and educator

Author, expert on human morality

WWW.CSGMIDWEST.ORG
Q: What are the policy issues that are most important to you?
A: The things that I really care most about are the economic issues that affect people’s everyday lives. That is where my thoughts are and what I tend to focus on, and what I encourage others to focus on. I enjoy the debate on these issues most when we truly get to discuss the competing economic theories about what really grows a strong economy. A lot of my adversaries will say that what you need is capital in the hands of the right people and they will do good things for the rest of us. I have the philosophy that what you need are strong consumers and employees that have paychecks that they can spend at other businesses to create jobs for other people. That is one of the great debates of our time, and those are things that people need to hear discussed every day, because there are real choices to be made.

Q: Outside the legislature, you work as a human resources manager for a mental health center. What is your top health care priority?
A: [It is] how Indiana implements the Affordable Care Act. That’s where you see the economic issues and the sense of what builds a better state and nation really collide.

On the one hand, you have people who are already paying taxes [to support federal health initiatives]. Why are we sending taxes to Washington to fund health care in Illinois, Michigan and Kentucky instead of doing it for people right here? There is also a macroeconomic impact we cannot ignore. The hospitals in Indiana estimate they will have to hire 30,000 employees. Those are private-sector jobs to serve people in a sane health care system instead of one that just sends people into wildly costly and chaotic emergency rooms.

Q: What are your proudest accomplishments as a legislator so far?
A: My proudest one is being a sponsor of [the Great Lakes-St. Lawrence River Basin Water Resources Compact], which has been adopted by every Great Lakes state and now has the force of federal law. [It says] that water cannot be diverted from the Great Lakes so the lakes are preserved for future generations. That was the first bill signed by former Gov. Mitch Daniels in 2008 when we passed it.

The other bill I am immensely proud of was in my very first year as a freshman legislator. I authored a bill that allows people to appeal managed-care decisions to actual doctors. I have constituents who continue to make use of it. [Under the measure], you don’t have accountants telling people that they can’t have health care coverage. You have actual trained professionals ultimately deciding whether insurers have to cover something.

Q: You’ve said that although your party is in the minority, you believe that you serve an important role in governing. Can you explain your perspective?
A: I always tell my fellow caucus members that we have three roles we need to take seriously. The first one, and I list it first for a reason, is that we always need to help when it is for the good of the state. The reason Washington is broken is because they can’t do the things they agree on. We don’t need to be that broken. If we agree on something, we ought to help do it.

The second thing is to critique the policies of the majority, because that makes the policies better. If they are exposed to criticism they are often improved.

The third thing is to provide alternatives, because the people need to know what the state would look like if you were handed the reins. … It is the majority’s job to govern and to defend, and it is the minority’s role to critique and provide alternatives. If you are doing those things, the people are well served.
For Minnesota lawmakers, ‘the time is now’ to make schools safer

Measures boost mental health funding, take aim at bullying

by Minnesota Rep. Jim Davnie (rep.jim.davnie@house.mn)

In the aftermath of the horror at Newtown, Conn., there has been a renewed focus on mental health concerns. Unfortunately, much of that conversation has served to further stigmatize those with mental health issues, misportraying them as prone to violence.

Policymakers and advocates, however, can seize this moment of public attention and turn it into an opportunity to engage in policy conversations on how best to provide services to those in need. Across the country, we currently have a hodgepodge of mental health and school safety measures in place. In Minnesota, lawmakers are taking action during this session to increase access to mental health services and strengthen safety policies, especially those related to the problem of bullying.

Making schools safe and making mental health services accessible means that students and families are more likely to thrive. The time is now to implement new policies to move these ideas forward.

Obstacles block needed care

A variety of barriers keep children and families from accessing needed mental health care. Many students and their parents lack insurance coverage. For the last several years, we have seen folks having to cut back on family budgets, and we can only assume that mental health services fall low on the list of necessary expenses for most middle-class families.

Other obstacles to accessing mental health care include child care, transportation and employment concerns, as well as continued cultural issues and stigmas associated with using these services.

In addition, many programs have a lengthy waiting list or intake process, causing further anxiety and stress. School nurses, counselors and teachers are often first-responders to signs of mental illness or substance abuse, yet lack the resources to do much about it.

In Minnesota, some school-linked mental health services are already up and running. Our program currently has 20 community mental health grantees in 65 counties, 200 districts and 500 schools.

In these schools, mental health clinician partners collaborate with student support staff to provide services. They are able to bill third-party players for the direct services they provide young people and their families, while the grant also covers the cost of the collaboration with teachers, administrators and others.

A total of 13,217 students used these services between 2008 and 2011. For 65 percent of students, this was their first time receiving mental health care. This program has so far been a success. We know that although 21 percent of children between the ages of 9 and 17 have a mental illness or substance-use disorder, only 20 percent of these kids receive treatment.

Providing a framework for health care providers, teachers, counselors and other school officials to provide continuity of care is a big step toward effectively addressing mental illness in children and teens in our schools.

School-linked mental health services have been shown to improve psychological functioning. Parents and teachers report decreased emotional and behavioral problems in students receiving such care. School districts report improved academic achievement as well, in addition to a significant decrease in school suspensions and other disciplinary measures.

In Minnesota, legislators and the mental health community are working together to address the needs of children, teenagers and their families who live with a mental illness. While a broad range of bills have been proposed on the issue, I have authored a measure (HF 353) to expand funding of school-based mental health services. This is a demonstrated strategy to help schools provide mental health services to at-risk kids and families, many of whom would otherwise not be able to access such services.

Nationally as well as state by state, we need to be moving our focus to the future. Making mental health services available in schools is only one part of the puzzle. We also need to ensure that our schools are safe and provide a stable environment in which our children and teens can grow academically and socially.

A crucial way to work toward this is to address the problem of bullying, which has become a topic of growing national attention. Young people all over the country suffer from feelings of hopelessness and despair, and we know that bullying occurs in schools across the country. A 2010 survey by the Minnesota departments of Health and Education revealed that 13 percent of students reported being bullied once or more a week.

Unfortunately, Minnesota has one of the weakest anti-bullying laws in the country. We are now working, however, to replace outdated, ineffective state law with comprehensive legislation to keep our students safe — the Safe and Supportive Minnesota Schools Act.

This legislation (HF 826), which as of March was still making its way through the state House, would require all school districts to adopt comprehensive policies to protect all students and to provide adequate support for teachers and other adults.

Bullying takes heavy toll

Kids who are being bullied at school spend less time learning and more time worrying about what’s going to happen before or after school. It may seem obvious, but bullying can be especially harmful to children and teens with behavioral or mental issues and may discourage them from receiving the help they need to succeed in school.

We must act to ensure that every child who goes to school knows that he or she is valued, will be safe, and will have an equal shot in life.

Again, the time is now to act on providing comprehensive school-based mental health services and effective anti-bullying policies to offer students and families the resources that they need and deserve.

Knowing what we know, it is no longer acceptable to turn our backs on these people. It is in the interest of students and families that we provide a continuity of care — from teachers to nurses to counselors to mental health professionals — to ensure a safe and stable learning environment for all of our children.

Rep. Jim Davnie, a Democrat from Minneapolis, was first elected in 2000.

Submissions 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 FirstPerson article are welcome, as are pieces written on other topics. For more information, contact Tim Anderson at 612.925.1922 or tanderson@csg.org.

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% of persons aged 12-17 receiving mental health treatment in Midwestern states, 2005-2009*

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* Figures are for specialty treatment (i.e., by a licensed mental health professional) and are based on a survey of a representative sample of the national population. The U.S. average is 11.4%.

Source: U.S. Substance Abuse and Mental Health Services Administration.
CSG affiliate organization helps states facilitate global trade, export growth

Last year, states spent $100 million on export promotion — with the goal of boosting their economies by strengthening foreign interest in products made in this country. And a federal program created with help from The Council of State Governments is helping states enhance these efforts.

CSG and its affiliate organization State International Development Organizations, Inc. (SIDO), worked with members of the U.S. House and Senate to get language for a trade and export promotion program included in the 2010 Small Business Jobs Act.

The resulting program, State Trade and Export Promotion (STEP), is aimed at helping states create jobs by increasing support for international economic development programs. Through the three-year pilot program, states apply for grants to enhance export promotion.

Grants are awarded to individual states on a competitive basis to increase the number of eligible small businesses in the state that export, or to increase the value of the exports by eligible small businesses in the state. Funds can be used, for example, for trade missions, the design of international marketing materials and participation in trade shows and training workshops.

The federal law authorizes $30 million per year for fiscal years 2011, 2012 and 2013; funding was appropriated for 2011 and 2012. Over the past two years, states in the Midwest have received just over $13 million in federal STEP grants.

Once the legislation was passed, CSG and SIDO worked directly with the Small Business Administration, offering advice and suggestions regarding the grant guidelines and reporting parameters. CSG and SIDO continue to be the intermediaries between SBA and individual states and are working on reauthorization of the program beyond 2013.

“If we achieve reauthorization, it will mean the continuation of a pilot program that has unquestionably led to an increase in the number of services and assistance available to small- and medium-sized exporters,” says Sasha Sutcliffe-Stephenson, CSG’s director of international programs.

“This is especially important to states as approximately 48 percent of all economic growth in the United States in 2012 stemmed directly from exports.” A 2006 World Bank Study shows that for every dollar spent on export promotion, a 40-to-1 return on investment is achieved, she adds.

More about SIDO, CSG affiliates

Through a close partnership with CSG, SIDO contributes specialized expertise, information and resources to support the overall goal of promoting state international trade programs.

SIDO is the only national organization focused exclusively on state international-trade development. It helps state agencies better serve American exporters by sharing innovative ideas and resources, developing the skills of state trade professionals, advocating the interests of states in trade promotion, and facilitating multistate collaboration.

Members of the organization can access helpful directories, seek out best practices from other state agencies, and expand their international contacts and resources.

For more information on SIDO, please visit www.sidoforamerica.org.

SIDO is one of 13 affiliate organizations that work with CSG to promote excellence in state government and accomplish other mutual goals. Other affiliate organizations include the National Association of State Treasurers, the National Emergency Management Association and the National Hispanic Caucus of State Legislators.

More information on CSG affiliates can be found at www.csg.org/about/affiliates.aspx.
Upcoming CSG webinars to explore federal food safety law, Great Lakes issues

The U.S. Food Safety Modernization Act, signed into law in 2011, represents the most significant revision of food-safety laws in more than 70 years. An upcoming CSG webinar on the landmark legislation will bring together experts and state policymakers to discuss new regulations on produce and manufactured food; implications for farmers, ranchers and food producers; and ways the changing food-safety landscape will affect the states.

On Thursday, May 2, CSG will partner with State Agriculture and Rural Leaders to provide policymakers with this latest information on implementation of the act. The online session will take place at 2 p.m. Central time. Registration for the free webinar is available at www.csgmidwest.org.

The food-safety session is the latest in an ongoing series of webinars hosted by CSG to help state policymakers with programming on key issues of interest to the states. Recent webinars have covered topics such as strengthening America’s infrastructure, state strategies to promote foreign direct investment, efforts to ensure Medicaid program integrity, and compliance with the U.S. Clean Water Act. Archives of these and other past webinars — as well as a schedule of upcoming sessions — can be found at www.csg.org/events/webinar.

Webinar series on Great Lakes issues

Great Lakes issues are of particular interest to state lawmakers in this region, and CSG Midwest provides ongoing educational opportunities on this topic through the Great Lakes Legislative Caucus. The caucus is made up of state and provincial legislators interested in the protection of the lakes, and CSG Midwest provides staffing services for the caucus.

Policymakers hoping to learn more about Great Lakes policy issues and policy solutions can take part in the “Great Lakes, Great Webinars” series. Webinars have already been held on federal water policy and state efforts to curb invasive species.

Below is a listing of upcoming webinars sponsored by the caucus.

- Monday, May 6, at 1 p.m. Central time — “Energy Production in the Great Lakes: Impacts and Opportunities, Part 1”
- Friday, May 31, at 10 a.m. Central time — “Energy Production in the Great Lakes: Impacts and Opportunities, Part 2”
- Monday, June 24, at 11 a.m. Central time — “Assuring Swimmable Waters and Healthy Beaches”

Registration for the webinars is free and available online at www.greatlakeslegislators.org.

MLC Annual Meeting in St. Paul will offer chance for policymakers to share ideas in nonpartisan venue

Registration is available online for the premier event for Midwestern state legislators to exchange policy ideas in a nonpartisan environment.

The Midwestern Legislative Conference Annual Meeting offers policy sessions, professional development seminars and networking opportunities. The conference is attended by policymakers from 11 Midwestern states and four affiliated Canadian provinces. The 67th annual meeting will be held July 14-17 in St. Paul, Minn.

Participants who register before May 7 are eligible for a reduced registration fee. Discounts are also available for legislators attending the conference for the first time.

Registration materials can be accessed at www.csgmidwest.org.

The site will also be updated regularly with information about the agenda for this summer’s conference. This year’s MLC chair, Minnesota Rep. Alice Hausman, is leading her state’s efforts to host the meeting.

Attendees will hear from one of America’s most prominent historians, Jon Meacham, a best-selling author who won the Pulitzer Prize for his 2008 biography of Andrew Jackson, “American Lion.”

His most recent book is “Thomas Jefferson: The Art of Power,” which reached No. 1 on The New York Times best-seller list. Meacham will speak about leadership, drawing from his extensive works about U.S. presidents and other influential historical figures.

The keynote address at this year’s conference will be delivered by Jonathan Haidt, author of “The Righteous Mind: Why Good People Are Divided by Politics and Religion.”

Haidt’s speech will draw on his research about human morality to explore how policymakers can repair differences by finding the reasons for which they disagree in the first place.

Another luncheon presentation will focus on one of the nation’s best-known health care institutions, the Mayo Clinic. Patricia Simmins, the hospital’s executive director for health policy, will discuss the factors that have contributed to Mayo’s success, and what states can learn from the model.

Attendees of the conference will also hear a presentation by polar explorer Ann Bancroft, a Minnesota native who will talk about the importance of inspiring young people to achieve their dreams.

In addition to a business agenda full of engaging speakers and public policy sessions, the MLC Annual Meeting features opportunities for lawmakers to network with colleagues from around the Midwest.

The family-friendly conference also offers day-time activities for spouses, other adult guests and children. Events will include trips to the Science Museum of Minnesota and the Como Park Zoo.

For information, please contact CSG Midwest at 630.925.1922.
Kansas joins states with no statute of limitations for cases involving rape

Kansas lawmakers have removed the statute of limitations for prosecuting cases of rape and aggravated criminal sodomy.

Rape cases previously had to be prosecuted within five years, The Kansas City Star reports. HB 2252 also changes the time frame for when a sexually violent crime involving a victim under 18 years old can be prosecuted: within one year of when the identity of the suspect is conclusively established with DNA, or within 10 years of the date the victim turns 18.

According to the Rape, Abuse & Incest National Network, 31 states had no statute of limitations for certain types of sexually violent crimes as of 2011. That list of states includes five Midwestern states. In Michigan, South Dakota and Wisconsin, the statute of limitations is extended indefinitely in cases of sexual assault or rape of a child. Nebraska’s law applies to all cases of sexual assault; in Indiana, it applies to Class A felony rape. Under a bill introduced this year in Ohio (SB 83), the statute of limitations would be removed for prosecuting cases of rape and sexual battery, the Cincinnati Enquirer reports.

Another option is to keep the statute of limitations, but allow for exceptions when DNA evidence is found. Illinois, Indiana, Iowa, Michigan, Minnesota and Wisconsin are among the states with some type of DNA exception.

Same-sex marriage proposals moving in two Midwest states

Within a few months, the U.S. Supreme Court is expected to rule on two cases involving the volatile issue of same-sex marriage. In the meantime, two Midwestern states are being watched closely for the possibility of legislative action before a decision by the court.

In Illinois, as of early April, a bill legalizing same-sex marriage had been approved by the state Senate but did not yet have enough votes in the House. Democratic Gov. Pat Quinn has said he would sign SB 10, according to the Proviso Journal Star. Illinois already has a civil-union law, which extends to same-sex couples the legal rights and benefits afforded to opposite-sex couples. But according to the group Gay & Lesbian Advocates and Defenders, a civil union “smuts federal protections as well as the dignity, charity, security and power of the word marriage.”

In Minnesota, where voters rejected a ban on same-sex marriage last year, a bill legalizing it (HF 1054/3R 925) was passed by House and Senate committees in March.

Iowa is the only Midwestern state where same-sex marriage is legal (due to a state Supreme Court decision). Wisconsin offers a domestic partnership registry. Constitutional bans on same-sex marriage and civil unions have been passed in Kansas, Michigan, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

Ohio leverages tolls on Turnpike to pay for transportation projects

Looking to increase the state’s investment in transportation but limited by traditional revenue options, Ohio lawmakers have turned to another source: toll money collected on the Ohio Turnpike.

HB 51 was passed by the legislature and signed by Republican Gov. John Kasich in March. Under the new law, $1.5 billion in bonds will be issued and backed by future toll revenue. Under the new law, the Cleveland Plain Dealer reports, 90 percent of the proceeds from the bond issuance must be spent on projects within 75 miles of the Turnpike. Tolls will not be increased for Turnpike trips of 50 miles or less.

Plans to bolster transportation funding have been introduced in several other states. Examples include an Iowa measure to phase in a 10-cent increase in the gas tax; a proposal by Michigan Republican Gov. Rick Snyder to increase gas taxes and vehicle registration fees; and a Minnesota bill to raise gas taxes and registration fees and to expand the sales tax to include vehicle repairs and service.

In recent years, too, the Kansas and Nebraska legislatures have chosen to dedicate more sales tax revenue to transportation-infrastructure projects.

South Dakota gives communities option to arm school personnel

Under a first-of-its-kind measure signed into law in March, local school districts in South Dakota will have the authority to allow armed personnel in their school buildings.

HB 1087 will take effect in July. It opens the possibility of school employees, hired security personnel or volunteers carrying a weapon on school grounds. These school sentinels would have to complete training overseen or approved by the state’s Law Enforcement Officers Standards Commission. A school board’s decision on whether to arm personnel could be referred to a vote of local residents, the Rapid City Journal reports.

According to The Indianapolis Star, Indiana lawmakers are considering a measure that would require every public or charter school to have one employee who carries a loaded gun during school hours. This designated “school protection officer” could be a teacher, principal or hired security guard or police officer.

Another policy option, approved by the Indiana Senate in February (SB 1), would provide matching funds for school districts that choose to employ fully trained police officers. These officers could be armed and would help schools conduct threat assessments and implement emergency preparedness plans.