INSIDE:

- The Gas Tax
- Farmers’ Markets
- Compounding Pharmacies
Nuclear Energy Produces Thousands of Jobs

How can we generate more low-carbon electricity that is affordable while creating more American jobs?

Reliable nuclear power plants in 31 states supply one-fifth of America’s electricity. The nuclear energy industry plays an important role in job creation and economic growth, providing both near-term and career-long employment.

Worldwide, more than 200 nuclear energy projects are in the licensing and advanced planning stage, with 63 reactors under construction. This means more demand for U.S. nuclear energy expertise and components for the $740 billion global market over the next 10 years.

With demand for electricity also growing here in the United States, the nuclear energy industry will create tens of thousands of jobs for American workers while providing global customers with the safest technology in the marketplace.

nei.org/jobs
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The Oklahoma Capitol dome into reality. It took 80 years to turn plans for an Oklahoma Capitol dome into reality. Construction workers finished the Capitol itself in 1917. When oil was discovered under the building in 1942, some Sooners hoped to build a dome with the proceeds, but the money went to other projects. Sixty years later, in 2002, the $21 million dome was in place, topped by The Guardian, a 22-foot statue representing an Indian warrior. Made of 4,000 pounds of bronze, The Guardian carries a spear and a circular shield. The statue was created by Enoch Kelly Haney, son of Native Americans and born in Turkey Creek, Okla. In addition to his work as an artist, Haney served 16 years in the Oklahoma Senate and six years in the state House of Representatives. From 2005-09, he was principal chief of the Seminole Nation of Oklahoma.

A Good Report Card for High Schools

High school graduation rates are on the rise, especially among Hispanics and African-Americans. An estimated 78.2 percent of all students who were freshmen in 2006 received diplomas in 2010, a 6.5 point increase over 2001’s rate of 71.7 percent, according to a recent report by America’s Promise Alliance and other organizations. The increase is the most significant in 40 years. Hispanics showed a gain of more than 10 percentage points (61 percent to 71.4 percent), and the African-American rate improved seven percentage points (59.2 percent to 66.1 percent.)

The costs of dropping out are high—to the student, the states and the nation. Dropouts earn less, have fewer job opportunities, and are far more likely to spend their lives periodically unemployed, on government assistance, or cycling in and out of prison. State legislatures play critical roles in holding schools and districts accountable, setting expectations and raising public awareness of the problem.

The gains in graduation rates coincide with stepped-up efforts across the country to reform large, low-performing schools with high dropout rates. Districts around the country have closed some schools with the worst track records and reorganized others, often by breaking them into smaller schools within schools and assigning them new leaders. Educators have focused on providing more individualized instruction, building support networks for ninth-graders, and intervening early with students whose chronic absences, poor behavior or struggles in reading and math signal trouble. In addition, schools and nonprofits have matched tutors, mentors, and other caring adults with students most in need.

—Sunny DeYé

States With the Biggest Gains
- Tennessee: 2.45%
- Louisiana: 2.33%
- Vermont: 2.28%
- Alaska: 2.25%
- California: 2.25%
- New York: 2.15%
- South Carolina: 2.03%
- Georgia: 1.88%
- Florida: 1.80%
- Kansas: 1.73%

States With the Highest Rates
- Vermont: 91.4%
- Wisconsin: 91.1%
- North Dakota: 88.4%
- Minnesota: 88.2%
- Iowa: 87.9%
- New Jersey: 87.2%
- New Hampshire: 86.3%
- Kansas: 84.5%
- Pennsylvania: 84.1%
- Idaho: 84%

Graduation Rates

Rates Continue Upward
The percentage of freshmen who graduate has increased for all racial and ethnic groups.

Sources: The Alliance for Excellent Education, America’s Promise Alliance, Civic Enterprises, the Everyone Graduates Center at Johns Hopkins University, and the National Center for Education Statistics.

Ending the Crisis
A coalition of education, philanthropic and business organizations (including NCSL) made these five key recommendations to end the dropout crisis:

- Improve grade-level reading.
- Reduce chronic absenteeism.
- Intervene early when a student shows signs of dropping out.
- Plan each student’s individual path to college and career.
- Provide support for dropouts, including recovery programs.
A GROUP OF SLAVES WHO PETITIONED THE NEW HAMPSHIRE GENERAL ASSEMBLY for their freedom in 1779 were granted emancipation in April. Senator Martha Fuller-Clark (D) introduced the bill that posthumously frees 14 male Africans who signed the petition during the Revolutionary War. Six others who had joined them were freed by their owners before their deaths. The bill passed the Senate unanimously. But in the House, Representatives Patricia Higgins (D) and Michael Sylvia (R) initially voted no. Higgins questioned the authority to grant emancipation, and Sylvia was concerned the bill may not have included all the slaves. The two changed their votes, however, to make it unanimous. Organizers of the African Burying Ground Memorial Park are planning a memorial at a rediscovered graveyard in Portsmouth.

UTAH SENATOR CURTIS BRAMBLE (R) HAS BECOME THE STATE’S FIRST-EVER Senate president pro tem. Bramble, who was first elected in 2000, served as Senate majority leader from 2006-2008. Upward mobility is nothing new to Bramble. A CPA by profession, he also flies fixed-wing aircraft and hot-air balloons, and loves mountain climbing, skydiving, skiing, scuba diving, and all other outdoor sports.

EARNEST SUMNER HAS SERVED THE FLORIDA HOUSE FOR 42 YEARS—the last 15 as sergeant-at-arms. So when he announced he would retire at the end of June, the House gave him an emotional send-off, with four standing ovations, a resolution honoring him, and a video of his many accomplishments. And at the end, Speaker Will Weatherford (R) announced that House Room 404 will be named Sumner Hall in his honor. During his tenure with the House, he oversaw office moves, construction, renovation, repairs, relocations, travel logistics and security for the chamber. Sumner was active in NCSL and received the Tony Beard Memorial Award in 2008 for “extraordinary effort” on behalf of the National Legislative Services and Security Association. In his spare time, Sumner and his gospel band, Fortress, perform at prisons, churches and community venues throughout the state.

IT MAY BE ONE FOR THE GUINNESS BOOK OF WORLD RECORDS. Texas Senator Judith Zaffirini (D) is on the verge of casting her 50,000th consecutive vote. In 1987, she became the first Hispanic woman elected to the Texas Senate, where her work ethic is legendary. She has maintained a 100 percent attendance record, except when she and other Democrats deliberately broke the quorum in opposition to a redistricting plan the U.S. Supreme Court subsequently ruled violated the Voting Rights Act. But it’s not just her voting record that makes her a high achiever. She earned a Ph.D. in communications from the University of Texas and has received more than 670 awards and honors for her legislative, public service and community work. Her name is on college campuses and libraries, elementary schools, roads and community centers. Texas Monthly has named her one of the “10 Best Legislators” four times. In 2012 alone, she received 21 awards from the Press Women of Texas and four from the National Federation of Press Women. Endowed scholarships in her name have been established at the University of Texas and Texas A&M International University.

ALL 55 OF CONNECTICUT’S WOMEN LEGISLATORS—FROM BOTH SIDES OF THE AISLE AND BOTH CHAMBERS—joined forces (along with three men) to co-sponsor legislation to stiffen penalties for crimes involving human and sex trafficking. The law authorizes the forfeiture of money and property used, obtained or derived from trafficking, sending “a clear message that Connecticut is not a place to bring this kind of activity,” according to Deputy Speaker Betsy Ritter (D). Senator Toni Boucher (R) called it “a remarkable show of bipartisanship.” The state’s Permanent Commission on the Status of Women helped draft the legislation.

NEVADA ASSEMBLYMAN STEVEN BROOKS (D) IN MARCH BECAME THE FIRST LAWMAKER in the state’s history to be expelled from the Legislature. Brooks’ downward spiral began shortly after he was sworn into office. Following a series of threats and bizarre behavior, he was banned from the Capitol as a possible security risk. Then he allegedly threatened Speaker Marilyn Kirkpatrick (D) leading to his first arrest during which police found a gun and dozens of rounds of ammunition in his state car. He was arrested a second time a few weeks later when he tried to grab an officer’s gun and threw some punches in a squabble with police. His third arrest came just hours after he was expelled from the Legislature, following a police chase that ended on a highway near Los Angeles. After resisting arrest and hitting a police dog with a wrench, he was hauled off at gunpoint to jail in California on $100,000 bond. In the meantime, a Nevada grand jury indicted him on a charge related to his first arrest—felony possession of a firearm by a prohibited person, and a judge issued an arrest warrant and set bail at $100,000.
Most Americans know drones as unmanned, 27-foot-long aircraft the U.S. military uses to monitor borders or to find, photograph and kill terrorists.

But drones of all sizes are fast showing up in other settings, as well. Police in several states have enlisted small, unarmed drones to photograph crime scenes and track suspects. College journalism students have used them to help report droughts. Experts say drones—controlled from the ground and sometimes weighing less than five pounds—soon may routinely fight fires, monitor avalanches, film movies, track wildlife, survey crops, find lost people, detect gas spills, perform safety checks on trains and even deliver medical supplies—or pizzas—across town.

But Unmanned Aerial Vehicles, as they are formally called, raise difficult privacy and safety concerns. Legislatures in at least 39 states have grappled with how to regulate them and where to draw the line between legitimate surveillance and illegal snooping. In April, Virginia enacted a two-year moratorium on police use of drones, except in emergencies, and Idaho passed a law stating police must get probable-cause warrants before using surveillance drones. Idaho’s law also prohibits anyone from using a drone to photograph private property without the owner’s written permission.

In 2013, NCSL has tracked more than 80 bills and resolutions concerning drones. Several are similar to Idaho’s law, requiring police to obtain warrants before using drones, says Rich Williams, an NCSL criminal justice policy expert. A Maryland bill, for example, specifies that “a law enforcement agency may not use a drone to gather evidence or other information without a warrant.”

Legislation in Florida waives the warrant requirement if there is “a high risk of a terrorist attack” or “reasonable suspicion that … swift action is needed to prevent imminent danger to life or serious damage to property.” A California measure would prohibit citizens from using drones to spy on people. A similar Arizona bill states it’s “unlawful for a person to use drones to monitor other persons inside their homes or places of worship,” while a New Jersey bill states that anyone with a drone “is guilty of a disorderly person’s offense.”

In addition to police, government and commercial enterprises, backyard hobbyists are building them with model airplanes and cameras, and membership at DIYdrones.com is 39,000 and counting.

Drones are likely to be on lawmakers’ radar for some time. President Obama has ordered that civilian drones be given greater access to U.S. airspace by 2015. Additionally, economic development groups in at least 37 states are competing to land one of six Federal Aviation Administration drone test sites. “Simply put, unmanned aircraft systems are the next big thing in the aerospace industry,” California Assemblyman Al Muratsuchi (D), chairman of the state’s select committee on aerospace, said at a hearing, as reported in the Los Angeles Times.

—Mary Winter
It Beat “Jeopardy!”
Can It Beat Cancer?

Watson, the talking computer that captivated the world and won $1 million on the TV game show “Jeopardy!” a couple of years ago, is making history again. This time, it’s in the field of medicine.

Watson is helping physicians at Memorial Sloan-Kettering Cancer Center in New York City diagnose and treat diseases, starting with lung cancer. Over the past year, Watson—developed by IBM and named for company founder Thomas J. Watson—has been programmed with more than 600,000 samples of medical evidence and 2 million pages of oncology research from 42 medical journals and clinical trials, according to IBM. Watson will use the data, representing decades of cancer treatment history, to help determine the best treatment option for each patient.

States no doubt will be monitoring Watson’s ability to increase efficiency in the healthcare industry. Medicaid was states’ biggest single expense in fiscal year 2010, consuming more than 22 percent of state budgets. Public hospitals, prison health care and employee health insurance are also costing states more.

This new technology is beyond an evolutionary step—it is revolutionary, says Dr. Larry Norton, medical director of Memorial Sloan-Kettering. Watson will serve as a “wise counselor” to physicians—not replacing them, but ensuring they have the best data in making a treatment decision, Norton says.

And that can save money.

IBM’s chief medical scientist, Dr. Martin Kohn, puts it this way: Watson will “fill in the gaps of human thought. It doesn’t make the decision—that’s the realm of the clinician and the patient.”

An IBM team programmed Watson with millions of pages of data and the full text of Wikipedia for its appearance on “Jeopardy!” The artificial-intelligence computer delighted audiences by answering questions in English and ultimately outsmarting former champions Brad Rutter and Ken Jennings.

Watson has been compared to the talking computer on the Starship Enterprise, from the popular 1960s TV show “Star Trek.” Indeed, Watson and all those working on its new role at Sloan-Kettering are “boldly going where no man [or machine] has gone before.”

—Laura Tobler

Sources: Bipartisan Policy Center, Congressional Budget Office, National Conference of State Legislatures, The White House blog.
Indoor Tan Bans

States have regulated indoor tanning operations for some years, but the issue made headlines again when a 5-year-old New Jersey girl went to school with a sunburn, and police arrested her mother. The woman, a devotee of tanning salons, was accused of letting her child get too close to a tanning device. A grand jury ultimately chose not to indict “Tan Mom,” as she was called by the tabloids, but this spring, New Jersey raised the age at which a minor can use a commercial tanning bed from 14 to 17. Although exposure to ultraviolet light is fairly consistent across age groups, research indicates teens are more prone to risky behaviors and that blistering sunburns and overexposure during childhood greatly increase the chance of developing skin cancer—specifically melanoma, the deadliest form—later in life.

Thirty-three states place some form of age restrictions on ultraviolet tanning devices. California and Vermont ban their use by anyone under 18. Other state laws combine various restrictions. For example, Delaware, New Hampshire and North Dakota ban the use of indoor tanning by anyone under 14 unless medically necessary, and require parental accompaniment for those 14 to 18. At least 23 states require operators to limit exposure time to manufacturers’ recommendations and/or provide eye protection. Along with requiring parental permission for minors, Arizona also requires public schools to educate students about the risks of developing skin cancer.

Opinions on government tanning restrictions are far from unanimous. In vetoing a measure this April to restrict the use of commercial tanning devices by youths under 18, Maine Governor Paul LePage described it as “government run amok.” He said the measure “tells parents that Augusta knows better than they do when it comes to their children.”

—Karmen Hanson

The Melanoma Risk

The number of melanoma cases per 100,000 people in 2009.

Source: Centers for Disease Control and Prevention

9-1-1: The Next Generation

Students under gunfire at Virginia Tech sent frantic text messages to 9-1-1, but they were never received. Like most 9-1-1 call centers in 2007, those serving Blacksburg, Va., lacked the technology to read texts.

The tragedy, which claimed 32 lives, underscored the need to modernize the 9-1-1 system to support new communication tools, including texts, photos, videos and high-speed Internet. This complex and costly upgrade is now under way.

The Next Generation 9-1-1 will support multi-media from a variety of sources, including laptops, mobile phones, vehicle safety systems, smoke alarms, and even personal medical devices. It also will be able to transfer 9-1-1 calls between call centers during crises.

Tennessee, a leader in the transition to the new system, started building infrastructure in 2009 and expects the price tag to be $44 million over the next five years. Additionally, the system will cost $90 million to install and $16.5 million a year to operate.

The National 9-1-1 Program, run by an emergency services arm of the U.S. Department of Transportation, recently issued a report containing legislative language options in governance, funding, privacy, confidentiality, security and liability to help state lawmakers as they draft policies to address the new 9-1-1 infrastructure. One of the biggest challenges for policymakers remains how to fund the new systems.

Traditional funding for 9-1-1 operations—mostly fees on landline phones—is waning, forcing policymakers to find new sources. With the growth of wireless services, states have already tapped wireless carriers to collect 9-1-1 fees. At least half the states also collect fees on pre-paid cell phones. Some use general fund taxes and state and federal grants to fund 9-1-1.

Several states and associations have explored new 9-1-1 funding models, including North Carolina, which replaced various landline and wireless fees with a single fee for all wired, wireless and computer phone-calling devices. The switch lowered users’ monthly 9-1-1 charges from 70 cents to 60 cents, while still providing sufficient operating revenue.

A federal blue ribbon panel studying 9-1-1 funding on a national scale will release its findings at the end of the year.

—Jo Anne Bourquard

SL ONLINE

To search NCSL’s database of 9-1-1 legislation, go to www.ncsl.org/magazine
WHERE THERE'S SMOKE

Utah recently joined Arkansas, California, Louisiana, Maine and Puerto Rico in prohibiting smoking in cars with children inside. “Second-hand smoke in cars can be especially harmful to children because cars are small, confined spaces where children are closer to the smoker and the smoke,” according to the U.S. Environmental Protection Agency. In Utah, violators stopped for other driving infractions face fines of up to $45, which can be waived if they enroll in a program to quit smoking. Some opponents of the measure—amended to exclude smoking in convertibles with the top down—argued it infringes on personal freedom. Connecticut, Hawaii, Illinois, Maryland, Massachusetts, New Jersey, Oklahoma, Oregon, Rhode Island, South Carolina, Vermont, Virginia and Washington considered similar bills in 2013. In February, a British study showed a 12.3 percent drop in hospital admissions for childhood asthma the first year after the country banned smoking in enclosed public spaces.

MORE SCHOOL SECURITY

Silent alarms, also called panic buttons, have been installed in 14 schools in Marietta, Ga., so teachers can alert police instantly if they perceive a threat. School districts in other cities are considering them—as are legislatures in California, Connecticut, Delaware and New Jersey—in the wake of the December 2012 shootings at Sandy Hook Elementary School in Connecticut. A bill by California Assemblywoman Kristin Olsen (R) would require classrooms, cafeterias, assembly halls and gyms to be equipped with alarms. “This is low-hanging fruit in providing solutions that improve school safety for students, teachers, staff and administrators,” Olsen said in a written statement. Under the bill, the alarms would be required only if federal funds were available. President Obama included $150 million for school safety in his proposals to prevent gun violence. Olsen’s staff estimated it would cost $10 million to $50 million to equip California’s 10,221 schools with alarms.

SIX MORE STATES GET REAL

Six more states—Alabama, Florida, Kansas, Nebraska, Utah and Vermont—have adopted the new standards for state-issued driver’s licenses required under the federal REAL ID Act. This brings the total to 19 states—home to about 30 percent of the nation’s driving-age population—that are in compliance. To be acceptable for federal uses, including boarding a commercial aircraft, licenses must meet these new standards. The original deadline for compliance was January 15 of this year, but the U.S. Department of Homeland Security has delayed it until at least this fall, when it will release a plan for phasing-in enforcement.

HOW THE COOKIE CRUMBLIES

Girl Scouts in Idaho will continue to collect a 6 percent state sales tax on their popular cookies, despite two lawmakers’ efforts this session to end the practice. (Hawaii is the only other state to charge sales tax on the treats.) Representatives Eric Anderson (R) and Grant Burgoyne (D) rolled out legislation to exempt the cookies from the tax—22 cents per $3.75 box—arguing the estimated $140,000 it adds to state coffers annually would be better used by the Scouts themselves. Girl Scouts are more likely to graduate from college and less likely to abuse alcohol or spend time in juvenile court, the lawmakers said. They persuaded their colleagues in the House; the Senate voted not to Tagalong.

PET THE BEARS, DON’T FEED THEM

It’s illegal to ride a manatee in Florida or sell a box turtle in Indiana, but you can pet a bear cub in Michigan. A new law there allows people to interact with bears up to 90 pounds and 36 weeks old. It was written for Oswald’s Bear Ranch, an Upper Peninsula rescue operation and tourist attraction that for 15 years has funded itself by charging visitors to pet and photograph the cubs. But last year, wildlife officials said ranch owner Dean Oswald was violating the Large Carnivore Act, which prohibits public contact with large wild animals. The new measure, introduced by Senator Tom Casperson (R), amends that act. The ranch, in Casperson’s district, is open only Memorial Day through September, so “it’s important to get [Oswald’s] season up and running this year,” Casperson told The Mining Journal in Marquette. Animal rights groups opposed the bill, arguing bears of any age are dangerous. “These are not golden retrievers,” said Jill Fritz, Michigan director for The Humane Society of the United States.
THE PRICE OF INJUSTICE

What is fair financial compensation for a person wrongfully imprisoned? At least 27 states have put a price on the injustice. Florida pays $15,000 for each year in prison, with a $2 million maximum. Louisiana pays $15,000 a year, with a $150,000 cap. And Colorado is considering $70,000 compensation for every year of wrongful incarceration. Since 1989, 303 Americans convicted of crimes have been exonerated by DNA evidence, according to the Innocence Project, which works to free the wrongly convicted. Of the 303 exonerated, 62 percent have been African-American. On average, they served 13.6 years, and 18 spent time on death row. The U.S. government pays wrongly incarcerated citizens up to $50,000 per year, with up to an additional $100,000 for each year spent on death row.

STREET FOOD, PRICED RIGHT

Montanans would get the green light to salvage road kill for consumption under a bill headed to Governor Steve Bullock’s desk. The measure calls for law enforcement officers to issue permits allowing people to remove the carcasses of elk, deer, antelope and moose from state roads for personal consumption or to give to charity. Supporters say meat should not go to waste, but opponents question the safety of eating animal flesh scraped off asphalt. At least 14 other states have laws related to road kill. People for the Ethical Treatment of Animals opposes hunting but supports the Montana measure on the grounds that meat shouldn’t be wasted.

POT OF GOLD?

Advocates of legalizing marijuana have long argued states are missing out on millions of dollars by failing to tax the weed. But not everyone agrees. Now that Colorado and Washington voters have made recreational pot legal, state and federal lawmakers are crunching the numbers. “I’ve seen some estimates in the high tens of millions, as much as $100 million for [Colorado],” U.S. Representative Jared Polis (D) of Colorado told Politico. In California, pro-marijuana groups have estimated legalization would bring in at least $1.2 billion annually and generate $12 billion to $18 billion in economic activity. But Harvard economist Jeffrey Miron believes such estimates are on the high side. “This is not a cash cow that can solve anyone’s fiscal problems,” says Miron, who is also a senior fellow at the libertarian Cato Institute. A Colorado State University think tank report in April stated 2014 tax revenues from pot could be around $130 million. But the authors also concluded the cost to the state to regulate marijuana could exceed that.

APP OF FLORIDA’S EYE

The concept of bringing democracy to the people has taken on a whole new meaning in Florida, where the House of Representatives now offers a public mobile app. It includes more than 70 features optimized for iPhone, iPad, iPod, iPad mini, Droid smartphone and Droid tablet devices. With a few taps and swipes, Florida citizens can pull up the House calendar, find and track bills, watch live streaming video of committee meetings, contact their lawmakers, and receive notifications of House opening and closing times. Orlando-based Echo won the bid to develop the app, which House Speaker Will Weatherford (R) called “a model for the nation.” Legislatures in at least five other states and Puerto Rico offer public apps for mobile devices. Barbara Petersen, president of the First Amendment Foundation, praised the Florida chamber for “making tremendous strides to provide the public with greater access to state resources.” Download information is available at MyFloridaHouse.gov.

CAUCUS FOR CANINES

Colorado dog lovers are hailing a proposal that would require law enforcement agencies to train officers how to better handle canine encounters. Bill sponsors say police and deputies have shot 37 nonthreatening dogs in Colorado in the past five years. “I believe that Coloradans deeply love their dogs and really want us to work hard here at the Capitol to make sure that their dogs are protected,” said Senator David Balmer (R), a bill sponsor. It mandates that deputies and officers receive three hours of online training in how to recognize dog behaviors and to use nonlethal methods to control them. Jennifer Edwards of the Animal Law Center, who helped write the bill, told lawmakers: “You know, dogs are bipartisans. Everybody loves dogs. It doesn’t matter what side of the political fence you are on.” The legislation is the first of its kind in the nation.
Fans of “Vegas,” a new television series starring Dennis Quaid as Sin City’s legendary Mob-busting Sheriff Ralph Lamb, likely don’t care one way or the other that not a single scene of the CBS production was filmed in Las Vegas—or anywhere else in Nevada, for that matter.

But some lawmakers in the Silver State do. “With all that our state has going for it—the landscape, the history, lots of skilled workers—it’s unacceptable that a show like ‘Vegas’ winds up going to New Mexico and California instead of being filmed right here,” says Nevada Senator Aaron Ford (D).

He has sponsored a bill wending its way through the Legislature this session that would make Nevada the latest state to offer financial incentives—up to $50 million a year in tax credits, in this case—to the producers of films, TV shows and commercials.

Ford, a freshman legislator representing the Las Vegas Valley, says he decided Nevada could no longer remain among the handful of states that don’t offer such inducements. “Since 2001, we’ve seen our film industry revenues drop from $155 million a year to $89 million,” Ford says. Although a similar proposal failed in the 2012 session, he’s confident his bill will fare better, noting it has bipartisan support in both chambers and the strong endorsement of organized labor, local chambers of commerce and economic-development agencies.

A Recent Release

A decade ago, only a handful of states offered incentives to production companies, largely in the form of exemptions from sales and lodging taxes, small income-tax credits and free services like access to public lands and assistance in identifying appropriate locations.

Today, most states, along with the District of Columbia and Puerto Rico, offer production companies credits, exemptions, rebates and other services. And a few more states are debating bills this year.

The competition began in the early 2000s, not long after the launch of an aggressive campaign by Canada’s federal and provincial governments offering incentives and tax breaks to U.S. film and TV production companies. Louisiana and New Mexico followed Canada’s lead, and the race was on. Both states experienced considerable and widely noticed success. In Louisiana, for example, the number of feature films and TV shows produced there went from one in 2002, the year before tax credits went into effect, to 54 just four years later.

Other states quickly followed suit, and over the years they have steadily increased the scope of their incentive packages to stay ahead of one another. At least until the recession hit.

Four years ago, Arizona and Kansas suspended film production credits to help balance their budgets. Kansas restored its in 2011, while Arizona’s remains on hold. Also in 2009, then-Governor Jim Doyle (D) essentially gutted Wisconsin’s 25 percent state film incentives. After receiving a backlash from his key labor supporters and a request for clarification from the U.S. Department of Labor, he signed an executive order in August 2010 that restored the tax credits, but cut their value by half.
tax credit, turning it into a $500,000 annual grant program.

Iowa’s Film, Television and Video Promotion Program has been on hold since 2009 as well, but for a different reason. Following a criminal investigation, seven people connected to the program were convicted of fraud and misconduct.

In addition, several states have placed caps on the total amount of tax breaks that can be given out from year to year, and several have imposed stricter requirements on how credits are used and reported.

How Much Bang for the Buck?

Over the years, reports by state tourism agencies, the Motion Picture Association of America and other entities have asserted that film incentives generate enough revenue to offset their cost. Among the top benefits cited are new, high-paying jobs, increased tourism, and an economic boost for local businesses ranging from hotels and restaurants to florists, caterers, hardware outlets and lumber suppliers.

Among the many states with tax credits, only a handful require as rigorous an annual economic-impact analysis as does Massachusetts. Its state revenue department has concluded that the film incentives disproportionately benefit nonresidents, and don’t pay for themselves. Between 2006 and 2010, the state awarded $275 million in tax credits for film and TV producers, which generated $37 million in revenues—or about 13 cents on the dollar.

Also casting doubt on the cost-effectiveness of these incentives are reports issued by two Washington, D.C.-based think tanks in early 2011—one by the left-leaning Center on Budget and Policy Priorities, the other by the right-leaning Tax Foundation.

Virginia Capitol Plays Starring Role in “Lincoln”

When Steven Spielberg’s “Lincoln” won top honors for production design at the 2013 Academy Awards ceremony, Virginia—and particularly its magnificent Capitol Building—could claim a piece of the prize, says Andy Edmunds, director of the state’s film commission.

In the film, the exterior of the 225-year-old, Roman temple-style building stands in for the Civil War-era White House, and one of its chambers doubles as the U.S. House of Representatives.

For 18 days in 2011, Capitol Square in downtown Richmond was transformed into a Hollywood backlot, a welter of construction crews, trucks, cranes, lifts, miles of cable, and equipment ranging from lighting and cameras to portable trees.

To replicate the north portico of the White House, crews hid one side of the Capitol behind a façade consisting of huge foam columns and metal trusswork 40 feet tall and 100 feet wide. Tons of mulch were trucked in to alter landscaping and cover sidewalks.

“I won’t sugarcoat it. To have all of that traffic and activity in the operating seat of government for that long—it was complete Armageddon,” Edmunds says. But he was quick to add that, overall, “things went very, very smoothly,” and within two days of final shooting, cleanup crews “had everything completely swept up and back to normal. Except for the grass, which was pretty much destroyed, you wouldn’t know what had gone on.”

Filming inside the Capitol, in the House of Delegates, was considerably less disruptive. The chamber wasn’t repainted, existing desks and chairs were used, and the only major alteration was to cover up the electronic voting boards.

One challenge the production crew had to surmount was the Capitol staff’s concern about the use of smoke machines to create lighting effects. To avoid potential damage to historic artifacts and fixtures, the film’s director of photography and his crew developed and tested a haze machine that didn’t leave any residue—a whole new technology,” Edmunds says.

Over the years, both the exterior and interior of the Virginia State Capitol have appeared in a variety of feature films, including “The Contender,” “Dave,” “GI Jane,” “First Kid,” “The Jackal” and “Hannibal,” and TV productions, notably “John Adams” and “Commander in Chief.”

Among other state capitols that have appeared in films as stand-ins for the nation’s Capitol are Utah’s (“Legally Blonde 2: Red, White and Blonde”), Rhode Island’s (“Amistad”) and Arkansas’ (“Under Siege”).
The Carrots

Incentives vary, but typically include one or more of the following.

- **Tax credits**, which lower production companies’ corporate and/or personal income tax liability. If a production company lacks sufficient tax liability to use all of its tax credit, some states will pay the company the whole credit anyway, in effect giving it a cash grant. States also sometimes allow film producers to sell their unused credits to other entities, typically banks and insurance companies, which use them to reduce their own tax liability.

- **Cash rebates**, which reimburse production companies for a certain percentage of qualifying expenditures.

- **Tax exemptions**, which offer production companies a reprieve from state sales, lodging or use taxes.

- **Fee-free services**, which allow production companies to use, for example, state-owned land or police services at no charge.

“State film subsidies are a wasteful, ineffective and unfair instrument of economic development,” the Center on Budget and Policy Priorities’ report concluded. “The jobs they provide in-state residents tend to be spotty, part-time and relatively low-paying work, and the revenue that films generate falls far short of the cost of tax breaks and subsidies that states dole out.” Currently, the report goes on to say, the median state incentive is worth 25 cents for every $1 of production expense, a considerably higher amount than standard tax credits in many states.

The Tax Foundation’s economist, William Luther, reached a similar conclusion in his report. “Based on fanciful estimates of economic activity and tax revenue, states are investing in movie production projects with small returns and taking unnecessary risks with taxpayer dollars,” Luther wrote in the report.

The Race Continues

Still, the incentives race remains intensely competitive, particularly for frontrunners. Just look at what has happened in Michigan over the past several years.

In 2008, then-Governor Jennifer Granholm (D) and state legislators teamed up to enact a 42 percent rebate on production expenses, the second most generous in the nation after Alaska, which offers 44 percent.

Within two years, more than 80 productions were being shot in Michigan, from documentaries and commercials to feature films like Clint Eastwood’s “Gran Torino,” George Clooney’s “Up in the Air” and Drew Barrymore’s “Whip It,” a comedy-drama set in Austin, Texas, but shot entirely in southern Michigan.

More recently, “Oz the Great and Powerful,” a Walt Disney Pictures’ 3-D fantasy adventure released in early 2013, was produced at the Michigan Motion Picture Studio in Pontiac. The 170,000-square-foot facility, formerly a GM manufacturing plant, is “the finest studio in the nation outside Hollywood,” boasts Michigan Senate Majority Leader Randy Richardville (R).

Richardville and other champions of the state’s burgeoning film and TV production industry, however, have been locked in a major battle over the incentive program with Republican Governor Rick Snyder since his election in 2010.

Snyder initially proposed eliminating the incentives altogether, but in the face of legislative opposition, had to settle for a phased-in reduction of the rebate, from 42 percent to 27 percent by December 2014, and a rebate cap of $50 million a year.

This year, Snyder wants to cut the cap to $25 million, but Richardville and others are fighting hard to keep it at $50 million.

“I respect the governor’s position, but we have figures that clearly show the benefits of these incentives,” Richardville says. “We’ve established a strong foothold in the industry, we’ve built the infrastructure, and now is not the time to pull back so drastically.”

The consequences of the ongoing wrangle have been costly, according to Richardville. Since 2011, Michigan’s production activity has fallen off sharply. Among the big-budget projects that the Michigan Film Office was close to landing, but failed to sign, were “The Avengers,” whose producers opted to film in Ohio, and “Iron Man 3,” which was filmed in North Carolina.

“States are trapped,” says Robert Tannenwald, an economist and a former senior fellow at the Center on Budget and Policy Priorities. “Thanks to the extreme mobility of film production, when one state goes after these movies, another state, if it wants to stay in the game, has to match the deal they’re offering.”

Not necessarily, notes Andy Edmunds, director of the Virginia Film Commission. States with less-generous incentive packages have landed big projects, too. Compared with other states’ tax credits, Virginia’s is relatively modest—15 percent, with a bonus of 5 percent if the production is filmed in an economically distressed area of the state—and the annual payout is capped at $2.5 million. Even so, Edmunds believes the state’s modest tax credit in 2010 played a pivotal role in producer-director Steven Spielberg’s decision to film the box-office hit “Lincoln” in Richmond and several other locations throughout the state.

“As far back as 2003, he [Spielberg] began scouting and planning here in Virginia, so he was interested in us from the start,” Edmunds says. “But there’s no doubt he could have gone elsewhere, and he might well have without our offering an incentive.”

The Virginia legislators who oppose the film industry incentives believe they are simply an improper use of taxpayer money. “From my point of view,
More Americans turn to doctors of optometry than any other eye care professional. With a four-year, doctoral-level clinical degree following college and extensive training, optometrists are licensed to correct vision, but they also diagnose and treat eye diseases. And as the need for new advancements in eye care continues, count on optometrists to offer the most comprehensive eye care.

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To view states’ film production incentive policies, go to www.ncsl/magazine.
Former Senator Christopher Dodd’s résumé is hard to match. He represented Connecticut for 36 years—six years in the House of Representatives and 30 years in the U.S. Senate. He was chairman of the Democratic Party and candidate for president. After choosing not to seek reelection in 2010, Dodd became chairman and CEO of the Motion Picture Association of America, which advocates for the U.S. motion picture, home video and television industries around the world.

**State Legislatures:** What interested you in the Motion Picture Association of America?

**Senator Christopher Dodd:** It’s a remarkable industry. There is no other country that produces film or television products like the United States. Obviously it’s a source of tremendous economic opportunity. More than 2 million people get up every morning in this country and go to a job dependent on film and television—about 800,000 are jobs directly in the industry. You’d be hard-pressed to name another American industry that has a 7-1 ratio of exports to imports. It’s an industry that works in all 50 states and contributes to the multiple cultural activities and artistic endeavors this country is involved in. We attract a larger audience than any other form of paid entertainment in the world including all sports, concerts and everything else. The American movie draws one hell of a crowd.

But aside from all of that, what motivated me to join the association is the educational, motivational value of this industry. Not every product, but an awful lot, has changed people’s lives, motivated people in ways that nothing else has. The obvious films are “To Kill A Mockingbird” (race relations), “Gentleman’s Agreement” (anti-Semitism), “Philadelphia” (HIV-AIDS). You could cite a tremendous number that have had an impact beyond an economic, cultural, artistic contribution. I was excited about being a part of that.

Only a few years ago the only way you could see a film was at a theater. There’s been a huge amount of change over the last 25 or 30 years and particularly in the last few years. It’s a very exciting time to be in this business, trying to make sure we provide fast Internet for everyone and don’t squander the importance of intellectual property and copyright rules.

**SL:** What do states gain by offering financial incentives to TV and film producers?

**Dodd:** Jobs. That’s pretty clear. The best evidence is the facts. Tax incentives have created job opportunities and brought revenues into communities. It’s no longer just a Hollywood business. For instance, there are some 25,000 people in Georgia who are technical people in the film and television industry. You no longer have to import people from outside of Georgia if you want to make a movie there. The same can be said of North Carolina, Louisiana, New Mexico, New York. Only about 1 percent of the people who work in this business appear on screen or on a red carpet; 99 percent are the sound guys, the camera guys, the makeup artists, the truck drivers, the electricians.

**SL:** What would you say to those who think states aren’t getting enough bang for their buck, that these jobs are just short term?

**Dodd:** You have to look at the facts. A lot of times the afterglow of a film generates its own revenues. Someone is visiting a small town in Iowa today because of the 1988 movie “Field of Dreams.” Someone else is having her picture taken outside of Mystic Pizza in Mystic, Conn., because of the film “Mystic Pizza.” There is a permanency to these things that brings added value to a community.

What I admire about legislative leaders across the country is that they look at this and see its value. This industry makes people feel better about themselves and their community. This is an added value that we don’t often calculate.

**SL:** Have tax incentives ever lured big projects to places you wouldn’t expect?

**Dodd:** I was just in Detroit. The new Oz film was shot entirely in the old Pontiac automobile plant converted into a state-of-the-art sound stage with state funding. The production company spent a hundred million dollars to make that film in that plant, employing literally hundreds and hundreds of people from the Detroit area. I don’t know where it might have been filmed otherwise, but that sound stage made all the difference in the world.

**SL:** What is your favorite film? And are there certain movie stars you’ve been excited to meet through your job?

**Dodd:** “A Man for All Seasons.” In fact, I have a copy of Holbein’s portrait of Thomas More hanging in my office. “One Flew Over the Cuckoo’s Nest” was a great, great movie. This last year, “Zero Dark Thirty,” “Argo,” “Lincoln,” “Silver Linings Playbook,” “Life of Pi” — this was a great year for film. Admissions were up 6 percent.

I don’t have any particular star or actor that I’m mad about. I don’t actually meet that many. But I have found out a lot about some film stars. Like Danny Kaye. He dedicated part of his life to U.N. activities. And there’s Danny Thomas and St Jude’s...
Hospital. This generation of performers does an incredible amount of outside activities. I spent a couple of days with Sean Penn in Haiti. He’s the real deal. George Clooney cares deeply about the Sudan. Jennifer Garner and I work together on Save the Children. There’s a long list of people who really care and are using their celebrity on behalf of good causes.

SL: Switching gears, as chairman of the Senate Banking Committee, you helped write the Dodd-Frank Act. What, if any, unintended consequences resulted from it?

Dodd: People had been talking about reforming the financial structure of the country for years, but there was never a clear reason for Congress to concentrate on getting the job done until the financial collapse of 2007. And so the Consumer Financial Protection Bureau was created to provide oversight and set capital requirements. These build clarity and transparency in the derivatives market. All the rest I think will be proven of great value. But the regulators still have a lot of work to do. Obviously in time, we will find out whether or not everything works as well as we intended. I fully anticipate there will be things that need to be corrected in one way or another. That’s been my experience over the years. But I think it will hold up well in the years ahead, restoring people’s confidence and faith again in the financial institutions of this country, which are critical for our economic growth. And that was the motivating factor in crafting that legislation.

SL: How did you envision the Consumer Financial Protection Bureau working with states to protect consumers yet preserve state authority?

Dodd: There were some concerns in the beginning about whether it would override state protections because a lot of the best decisions protecting consumers have been at the state level—we were very conscious of that. But the proof that it is working well today is that there is a lot of cooperation between the states and the bureau. And, consumers who feel as though they’ve been mistreated in the financial services area now have a place to go with their grievances. This new agency is working very closely with states to provide that forum where a redress of grievance in the financial services area can be addressed.

SL: Similarly, how does the Federal Insurance Office preserve states’ authority in regulating insurance?

Dodd: The purpose of the Federal Insurance Office is to manage the international problems of dealing with the insurance industry rather than deprive states of their historic—and I think very valued—role in regulating insurance.

SL: What do you consider to be your proudest achievement?

Dodd: Obviously the Dodd-Frank legislation was important. The Family Medical Leave Act took seven years to pass, but more than a hundred million people have been able to care for a new baby or an ill family member because of it. I wrote the original legislation dealing with child care—the first time since World War II. Election reform after the 2000 election has helped the disabled community access voting booths. I did a lot of work on children’s issues—premature births, infant screening, autism, after-school programs. I started the children’s caucus in the Senate. I worked on Central America issues in the ’80s.

I always enjoyed the constituent service stuff immensely—when I was able to get a Social Security check to someone in a VA hospital or work out an immigration matter for a family. I can’t begin to describe to you the sense of satisfaction, joy and gratification you get knowing that you had lifted a burden off someone with a huge cloud hovering over them.

Editor’s note: This interview is part of a series of conversations with today’s opinion leaders. It has been edited for length and clarity. The opinions expressed are the interviewee’s and not necessarily NCSL’s.

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A Sprouting Business

Farmers’ markets can help local producers while giving low-income communities more healthy food choices.

By Douglas Shinkle

Americans’ love of fresh, locally grown food is blossoming far beyond the few “foodies" cities and rural farming communities of the past.

Since 1994, the number of farmers’ markets has quadrupled to more than 7,800. After years of record-high obesity and diabetes rates, many people are trying to eat healthier. And with celebrity chefs and nutrition advocates promoting the benefits of locally grown, preservative-free food, farmers’ markets are sprouting up everywhere.

But until recently, the movement hasn’t reached a huge segment of the population that could greatly benefit from it: the 47 million Americans who receive federal supplemental nutrition assistance (SNAP), previously called food stamps. And it’s not necessarily because farmers’ markets are too pricey. Studies have found that although they are often perceived to be more expensive, they can be comparable to, and at times cheaper than, other food outlets.

Surprisingly, a significant obstacle for many would-be shoppers has been the inability to use their food benefits at farmers’ markets. The markets simply did not have the equipment to process government-issued electronic food benefit cards, which are similar to credit cards.

Surprisingly, a significant obstacle for many would-be shoppers has been the inability to use their food benefits at farmers’ markets. The markets simply did not have the equipment to process government-issued electronic food benefit cards, which are similar to credit cards.

Legislatures in several states, however, have helped to eliminate that barrier. With the equipment needed to process benefit cards, farmers’ markets are giving more people an opportunity to choose healthy foods while supporting small- to medium-sized farmers who often depend on direct sales to consumers to survive.

Douglas Shinkle is a senior policy specialist for NCSL’s Environment, Energy and Transportation Program.
Sowing Seeds of Access

In the past five years, California, Illinois, Indiana, Massachusetts, Nebraska, Vermont, Washington and the District of Columbia have provided funding for farmers’ markets to process SNAP benefits, taking advantage of $4 million in grants recently awarded by the U.S. Department of Agriculture.

Today, about one-third of farmers’ markets accept benefits cards. And with millions of Americans receiving supplemental nutrition assistance, it’s no surprise that, since 2008, their use at markets has risen 400 percent—to $16.5 million in 2012, according to the Department of Agriculture.

The Illinois General Assembly created a Farmers’ Market Technology Improvement Program in 2010 to expand the capabilities of markets to accept benefit cards. Its goals were to use money from the federal grant to purchase or rent equipment, pay activation and wireless access fees, and educate benefit recipients about markets through flyers, TV advertising and cooking classes. The Illinois Departments of Agriculture and Human Services worked with the state farmers’ market association on this effort, and now 55 markets, with more on the way, accept benefit cards, up from just 15 in 2009.

“One of the biggest barriers to healthier eating is access to healthy foods,” says Representative La Shawn Ford (D), sponsor of the bill creating the program. “This legislation can help more people take advantage of nontraditional fresh food markets, such as farmers’ markets that may already exist in their communities.”

Ford notes that the legislation was also meant to “help farmers and farmers’ markets grow their businesses” while helping the citizens of Illinois eat healthier.
Dollars Don’t Grow on Trees

In some states, nonprofit groups have teamed with local governments to offer people incentives to buy from farmers’ markets. Coupons offering savings at markets, for example, have worked well in California, Illinois, Massachusetts and Pennsylvania. Sales to SNAP customers skyrocketed 400 percent in Philadelphia after the introduction of Philly Food Bucks, coupons good for $2 in additional fruits and vegetables for every $5 spent at a farmers’ market.

Lawmakers in Texas are considering legislation to establish a pilot program in low-income areas that would provide a dollar back for every dollar spent (up to $20) for additional purchases at a farmers’ market.

Another strategy links doctors to farmers’ markets through fresh produce “prescriptions,” which encourage patients to increase their daily dose of fruits and vegetables through a visit to the local farmers’ market. Support for this idea comes from a recent study by a rural health care clinic in South Carolina. It found that diabetes patients increased their consumption of fruits and vegetables when given a financial incentive and referral to farmers’ markets.

A Fresh Future?

For lovers of vine-ripened tomatoes and strawberries in January, the good news is that markets are no longer just a seasonal phenomenon. Greater use of hoop houses and green houses has resulted in a 52 percent increase in markets operating during the winter, according to the U.S. Department of Agriculture.

The Connecticut General Assembly created a registry of farmers’ markets and helps publicize their locations and hours of operation on the state Department of Agriculture website. Kansas is considering similar legislation. Some states provide some tax relief for vendors at farmers’ markets. Tennessee grants a sales tax exemption to a nonprofit online farmers’ market, and Washington allows a property tax exemption for nonprofit farmers’ markets.

Mississippi exempted food grown or processed in-state and sold at farmers’ markets from the state sales tax in 2010. Representative Brian Aldridge (R), sponsor of the legislation, supports markets because they “give farmers another venue for their goods,” and says the legislation resolved confusion over whether farmers’ markets were required to charge sales tax.

Green Thumbs Up

Other approaches target assistance to farmers to help them grow their businesses.
A tragedy caused by contaminated steroids turned the spotlight on compounding pharmacies.

BY KARA NETT HINKLEY

At the end of last summer, doctors in several states became alarmed at the unusually high number of patients complaining of headaches, nausea, fever and inflammation around the spine. They all had one thing in common: recent steroid injections for back pain. Eventually, patients were diagnosed with fungal meningitis and other infections, and within six months, health officials in 23 states had documented 733 cases of the disease or infections related to it. The outbreak has claimed 53 lives and left scores of others facing a lifetime of chronic and debilitating health problems.

Ultimately, the problem was traced to unsanitary conditions at the New England Compounding Center in Framingham, Mass., maker of the steroid the victims had received earlier. When the U.S. Food and Drug Administration inspected the compounding center, it found 83 vials of the steroid that contained “greenish black foreign matter.” The company, facing at least 400 lawsuits, has since filed for bankruptcy.

Compounding pharmacies make customized drugs for specific individuals who may be unable to use common forms. According to recent estimates, roughly 3,000 facilities practice sterile compounding and supply most of the injectable drugs in the United States.

States are responsible for regulating pharmacies and have set licensing and inspection requirements. But oversight of large compounding pharmacies that operate in and sell to several states can be problematic.

Seventeen states have based their laws and regulations on standards set by the U.S. Pharmacopeial Convention, also known as the USP, the organization that sets standards for the identity, strength, quality and purity of medicines, food ingredients and dietary supplements.

Recent State Action

Following the outbreak of fungal meningitis and other infections, state legislators began grappling with how best to regulate compounding pharmacies to prevent future tragedies without unfairly stifling the industry.

Lawmakers in 15 states have introduced 25 bills to address the often complex issue of regulatory authority. Virginia lawmakers were the first to enact an array of new regulations for compounded pharmaceuticals. “As a legislator and practicing pharmacist, I know that Virginia has an active pharmacy inspection program and has required compounding pharmacies to comply with USP standards for years,” says Virginia Delegate Chris Jones (R). However, for Jones, it was important “to ensure Virginia can readily identify which pharmacies, both in-state and out-of-state, engage in sterile compounding.” He also supports routine inspections of compounded products from out-of-state pharmacies.

Massachusetts legislators are considering increasing oversight of certain compounding pharmacies by requiring special licenses,
What is a compounding pharmacy?
It’s where pharmacists and technicians prepare, mix and package drugs or devices according to customized prescriptions. These are authorized by health professionals for people who, for example, may be allergic to certain ingredients used in common medicines, unable to swallow medicine that usually comes in the form of pills, or who may simply need a different flavoring. Some bigger compounding companies supply most of the sterile products used in health facilities today and have replaced in-hospital production almost entirely.

Is there a special certification required to practice compounding?
It does not appear so; however, some states are currently looking at this option.

Who regulates compounding pharmacies?
Generally speaking, states do, specifically boards of pharmacy. Many states rely on the standards of practice set forth by the U.S. Pharmacopeial Convention. Other key groups include the Pharmacy Compounding Accreditation Board and the International Academy of Compounding Pharmacies.

How many compounding pharmacies are there?
About 56,000 in the United States, according to the Academy of Compounding Pharmacies.

Other Solutions
The National Association of Boards of Pharmacy has started a database of information about every U.S. compounding pharmacy—which should save states the expense of sending inspectors around the country. The database may also be opened to the public. It’s not clear how the database will be funded going forward, but pharmacies could be charged a fee, or states may have to pay.

Some lawmakers view current regulations as comprehensive enough and don’t agree that more regulation is the appropriate response when tragedies occur. A public-private partnership, such as the database effort by the National Association of Boards of Pharmacy, is offered as an example of how entities can work together to better enforce current rules without adding regulations.

Whether more rules and regulations are the answer to safer medicine may be up for debate, but most agree that medicines should be safe and never cause additional harm because of faulty, avoidable practices.

For more information on state actions on compounding pharmacies, go to www.ncsl.org/magazine.
By Laura Tobler

Laura Fernandez, a promotora, helps the people of Douglas, Ariz., learn how to prevent and manage chronic diseases. As a community health worker in this U.S.-Mexico border city, she’s a trusted caregiver who helps her clients understand the resources available to them.

On any given day, she teaches, translates, directs clients to appropriate services, monitors blood glucose levels, measures blood pressure, helps arrange transportation and provides emotional and social support. More important, Fernandez teaches her clients that “they can prevent and control chronic disease.” This is an important first step, she says, in her mission to reduce or even eliminate the disparities in health among people of different racial and ethnic groups in Douglas.

Studies show that members of white communities usually receive more health care and are in better health than members of racial and ethnic minorities, even when they have similar incomes and insurance coverage. A variety of factors are involved, including how easy it is to get appropriate health care services in the community; underlying genetic, ethnic and familial factors; and the physical and social environments of a community that may increase health risks.

The Costs of Disparities

Disparities in care result in costly inefficiencies, especially when preventive or primary care is missing. Without such care, a mild sickness may progress into a complicated condition that requires a trip to the emergency room, with a much higher price tag. Preventive care for minority populations is often inadequate for a variety of reasons, including a lack of transportation, poor English skills or a shortage of affordable primary care doctors in their communities.

Eliminating disparities, which includes expanding preventive care for minorities, could have reduced direct expenditures for medical care by $229.4 billion between 2003 and 2006, according to a 2009 study by the Joint Center for Political and Economic Studies, a think tank based in Washington, D.C.

Many state and federal policymakers, concerned about the high costs and widespread inequalities, are looking for answers. And research indicates community health workers may be part of the solution.

Laura Tobler is a program director in NCSL’s Health Department.

New CLAS Standards Out

In April, the federal government released the new National Standards on Culturally and Linguistically Appropriate Services in Health and Health Care (the CLAS standards). First developed in 2000, the updates are meant to help eliminate health disparities by providing guidelines on how to deliver health care services in a culturally respectful way to meet the needs of all patients. The new standards reflect a broader definition of culture and move beyond specific health care practices to address the overall health of individuals, organizations and communities.

Several states have proposed or passed legislation pertaining to cultural competency training for one or more segments of their state’s health professionals in the decade since the initial publication of the National CLAS Standards. Legislatures in California, Connecticut, Maryland, New Jersey, New Mexico and Washington have passed laws requiring or recommending cultural competence training.

—Melissa Hansen

Source: U.S. Office of Minority Health

Although they go by a number of names—promotoras, village health workers, health aides, community health promoters and lay health advisers—community health workers have one main job, and that is helping patients in underserved communities navigate an increasingly complex health care system. They often work for community health centers, hospitals or health departments. Nonprofit organizations and researchers often hire them on a short-term basis. Approximately one-third are volunteers, while the rest, if they have experience, earn an average of $13 an hour—a modest amount compared to other health workers.

Although the profession has existed for decades, only recently has it become more mainstream. The U.S. National Uniform Claim Committee, a voluntary organization that works to standardize health care billing and data collection, added a classification for community health workers in 2007, and the U.S. Department of Labor classified the occupation in 2010.

A Role for Lawmakers

The profession suffers from a lack of standardization and funding, and that’s where lawmakers play a role. A 2007 national study of community health workers reported the occupation “has not been viewed as a career, because community health workers have
positions that are often short-term, low paid, and lack recognition by other professionals.”

The educational requirements vary from some on-the-job training to a formal community-college degree. The result is that workers in the same profession have significantly different skills and capabilities. “Health care payers [such as state government or health insurers] want to know what they are buying,” says Carl Rush, from the Institute for Health Policy at the University of Texas. He explains that payers will not invest in community health workers if their skills and abilities are unclear.

Contributing to the variation in skills is the belief by many community workers that integrating into the huge health care industry could jeopardize the fundamental reason for their success—their strong, primary connection with the community. Others argue that training and standards would bring recognition and opportunities for better pay through state Medicaid programs and third-party insurers.

Texas lawmakers, in 1999, were first to require certification for all paid community health workers. Ohio followed with similar legislation in 2003. Alaska and Indiana have certification programs that authorize community workers to perform specific duties. Most states, according to Rush, are developing or considering various kinds of training and credentialing.

Sustainable funding for services provided by community health workers is a perennial challenge. Minnesota law allows trained community health workers serving under an authorized Medicaid provider, such as a doctor or advanced practice registered nurse, to receive Medicaid reimbursement for educating patients and coordinating their care. The law passed after a coalition of educational institutions, health care providers, government agencies, businesses, foundations and nonprofit groups created a statewide standardized training program and reported the cost benefits to the Legislature. As of 2009, more than 80 community health workers in Minnesota had enrolled as Medicaid providers.

The Kentucky General Assembly, 19 years ago, created and funded a community health worker program that links rural residents with medical, social and environmental services they otherwise might not have received. The Home Plate program, which received $1.3 million from the state this year, trains community health workers from rural communities to help residents obtain appropriate services, with an emphasis on preventive care, education and self-management of chronic diseases.

The program employs about 26 community health workers and five coordinators who serve more than 8,100 individuals with incomes below the federal poverty level, or the “neediest of the needy” in rural Kentucky, according to Fran Feltner, director of the University of Kentucky’s Center of Excellence in Rural Health. Homeplace workers help clients get eyeglasses, dentures, home heating assistance, food, diabetic supplies and medical care, “as well as serving as a bridge ... to health care providers in the community,” Feltner says.

And in a new program set to begin later this year, South Carolina also hopes to address shortages in the medical workforce by using community health workers to support Medicaid recipients.

A Wise Investment

Research shows that community health workers improve the quality of care patients receive and reduce disparities among population groups, especially among patients with heart disease or diabetes, two prevalent and expensive chronic diseases.

A study in New Mexico, for example, found that between 2007 and 2009, when community health workers provided support to Medicaid patients in a managed care program, their payments to and use of emergency rooms, prescription drugs and doctor services decreased.

In 2003, a Baltimore program that matched community health workers with diabetes patients in the Medicaid program reduced emergency room visits by 38 percent and hospitalizations by 30 percent, resulting in a savings of around $80,000 a year per community worker.

Another study in Denver found that behavioral health care patients working with community workers increased their visits for primary and specialty care, but reduced their trips to urgent care and inpatient outpatient facilities, decreasing total costs by $14,000 month. That’s a savings of $2.28 for every $1 invested in the program.

In Arkansas, specially trained community health workers connected people at risk for entering nursing homes to Medicaid home- and community-based services instead, saving $2.6 million between 2005 and 2008.

The research results don’t surprise Fernandez; she knows that community health workers play an integral part in building healthier communities by addressing social or environmental factors that affect health. “If I am educating someone with diabetes or high blood pressure to exercise regularly, it is my job to make sure they have a place to do that,” says Fernandez. She says it’s common for community health workers to lobby local governments to repair uneven sidewalks, illuminate dark trails, or expand a community center’s hours so more people can exercise. “You won’t exercise if you don’t feel safe,” she adds.
Widening gaps between transportation revenues and needs make it painfully clear that traditional ways of paying for transportation projects are falling short. Years of underinvestment, aging systems, a growing demand and the effects of the recession have all added to the infrastructure crisis.

The most significant factor, however, is the nation’s decades-long reliance on gas taxes, which is now under serious scrutiny. State lawmakers are leading the way, debating how to make gas taxes work—or what they can replace them with—to maintain and improve our world-class transportation system well into the future.

Gasoline Taxes
Combined local, state and federal (cents per gallon)

Coming to Depend on Gas Taxes
Oregon was the first state to enact a gas tax, in 1919. Colorado, New Mexico and North Dakota followed the same year, and by 1929, all 48 states had enacted gas taxes.

The federal government followed the states’ lead by passing a gas tax in 1932 at the rate of a penny per gallon. Intended as a short-term budget fix, the tax instead has remained in effect, funding transportation systems since President Eisenhower signed the Federal-Aid Highway Act of 1956 to build the new Interstate System.

Today, state per-gallon tax rates on gasoline range from 8 cents in Alaska to about 51 cents in New York, with the national average around 30 cents per gallon, according to the American Petroleum Institute. On top of state taxes, drivers also pay a federal gas tax of 18.4 cents per gallon.

Gas taxes are the single largest source of revenue for highway projects in about half the states. They provide close to 40 percent of state revenues for highways, and more than 90 percent of gross revenues for the federal Highway Trust Fund, which supports highway and transit projects nationwide.

A Faltering Revenue Source
For nearly a century, gas taxes have helped build America’s transportation system. But today, gas tax revenues are dropping, and there is simply not enough money to pay for desperately needed infrastructure projects.

Americans are reducing their gas consumption by driving less, and when they do drive, they are hopping into fuel-efficient and alternative-fuel vehicles more frequently. “The traditional per-gallon gas tax is not a long-term sustainable funding source,” says Virginia Speaker of the House William Howell (R). “With
“We must not be the generation that allows the system to crumble because we are not creative enough to figure out how to pay for its maintenance.”

—ARIZONA SENATOR STEVE FARLEY (D)

higher efficiency standards and alternative-fuel vehicles, government cannot continue to rely on the gas tax as a revenue source.”

Senator Bruce Starr of Oregon (R) concurs. “There is no question that the fuel tax as a funding source will not work in the future. We have more and more vehicles that are getting higher miles per gallon and we have Congress mandating higher corporate average fuel efficiency standards across the fleet,” says Starr. “Even without alternative-fuel vehicles, the fuel tax won’t keep pace and the system just won’t work.”

It’s not just that cars are using less gas. In most states, the same flat cents-per-gallon amount is collected on a gallon of gas year after year, despite inflation and climbing construction costs. Also, most states haven’t raised their gas taxes in years, or even decades. State gas taxes are now a smaller part of American household expenses than they have been in about 80 years—on average, about $115 per vehicle per year, according to the Institute on Taxation and Economic Policy and the American Road & Transportation Builders Association.

Arizona Senator Steve Farley (D) has witnessed this dynamic in his state and knows that the gas tax is “no longer generating what we need to maintain our transportation system.”

“Our state tax of a flat 18 cents per gallon has not increased since 1990,” he says, noting that inflation has driven up costs dramatically and people have cut back on driving because of high gas prices.

The same problem is playing out at the federal level. Revenues from the federal gas tax have lost a third of their value since the tax was last increased in 1993. If current trends continue, the federal Highway Trust Fund will face insolvency sometime in 2015.

What’s the good news? States are once again taking the lead in figuring out immediate and long-term solutions to this nationwide crisis. Since the 2013 legislative sessions began, at least 35
We can’t afford to turn our backs on cancer.

Only 15% of eligible women are being served by the National Breast and Cervical Cancer Early Detection Program, and only eight states make financial investments in their program that match or exceed the funding provided by the Centers for Disease Control and Prevention. States need to do their part.

Make cancer prevention funding a priority — call 1-888-NOW-I-CAN.

www.acscan.org
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states have introduced legislation to fund and finance transportation projects.

State lawmakers have proposed various approaches to match transportation revenues with current needs as well as the anticipated needs in the future. In recent years, many have considered raising gas taxes to fill transportation funding gaps. There has been little appetite for tax increases, however, and the bills have stalled.

Then this February, Wyoming—with one of the lowest gas taxes in the country—became the first state in four years to increase its gas tax. House Bill 69 raised the tax by 10 cents, to 24 cents a gallon, a move expected to raise some $70 million annually for transportation investments.

Other states are looking at a variety of different revenue streams, while keeping gas taxes as part of the mix. “In the long term, as vehicles become more efficient, we will likely continue to see less money brought in by the gas tax,” says Representative Judy Clibborn (D), chair of the House Transportation Committee in Washington state. “The gas tax will always play a role in funding our transportation system, but eventually we will have to look at more stable sources as well.”

This year, Clibborn and other committee members unveiled a 10-year, $10 billion transportation package called “Connecting Washington.” Along with raising the gas tax, the package proposes an array of other taxes, fees and bonds to pay for projects to alleviate congestion, perform needed maintenance, fund bicycle and pedestrian improvements, and provide aid to local governments for safety and transit programs. “While not a final product,” says Clibborn, “this proposal is an important start to a dialogue about how to ensure our transportation system is adequately funded.”

Other state legislatures are considering eliminating reliance on the traditional gas tax altogether. In February, Virginia became the first state to repeal its cents-per-gallon gas tax. “Virginia has taken a huge step away from the traditional gas tax and shifted to a hybrid approach that includes a percentage-based gas tax and a slightly higher sales tax dedicated to transportation,” explains Howell. “This is a sustainable revenue source that will grow with economic activity and allow Virginia to make much-needed investments in its infrastructure. All told, we will invest more than $3.5 billion in our roads, highways, rail and transit network over the next five years.”

Other states looking to move away from gas taxes altogether are exploring fees based on the number of miles driven, instead of the number of gallons of gas purchased. Per-mile user fees have been widely studied and may offer a way to unlink transportation funding from gas purchases, making it possible to pay for transportation projects while increasing the nation’s use of high-efficiency and alternative-fuel vehicles.

Looking Ahead

The nationwide transportation funding crisis keeps getting worse, and it’s not clear whether Congress will help.

Virginia Lawmakers Take Road Less Traveled

Not far from the gridlocked beltway in Washington, D.C., some 100 miles south in Richmond, members of the Virginia General Assembly appear to have learned what not to do from Congress.

In a short session that ended February 23, this iconic citizen legislature accomplished nothing that had eluded it for 28 years. It found a way to accomplish a deal on transportation funding.

Lawmakers came to a “very politically challenging compromise … but in the end, a truly bipartisan effort,” on transportation funding, says Virginia Speaker William Howell (R).

The enacted legislation repeals the cents-per-gallon gas tax and replaces it with one that is a percentage of wholesale gas prices, plus general sales tax revenue. It also imposes a $64 annual registration fee on hybrid, alternative-fuel and electric vehicles. It’s expected to generate $5.9 billion in the next five years, according to the governor’s office.

Over the years, finding enough funding for the state’s basic transportation needs had pitted House against Senate, Republican against Democrat, region against region. An avalanche of legislation covered the Capitol. But in the end, the key negotiators—including leaders from the House, the Senate and the governor’s office—took the path to common ground, overcoming hurdles dealing with how to distribute the funds, which new revenue sources to tap and how to get the most out of the additional dollars.

Like most complex and challenging issues, this one had its share of potholes. “We got to where we needed to be by taking a circuitous route,” says Senate Minority Leader Dick Saslaw (D). It was a “road map to avoid raising the gas tax—at least for the time being,” he says.

Circuitous but successful. “We had a problem, we needed to find a solution and, unlike Washington, we did,” says Speaker Howell. “Both sides came to the table, but not everyone loved it. As with any compromise, you have parts you don’t like and parts you embrace.”

After amendments from the governor, the bill became law in April and goes into effect this summer.

—Jon Jukuri

“With gridlock at the federal level surpassing even the gridlock on our highways,” says Clibborn, “states will play an increasingly significant role in transportation funding. It will be challenging, given our own budget difficulties, but states that invest in their transportation infrastructure will be at a competitive advantage.”

Starr agrees that state lawmakers will be a critical part of the solution. “State legislators, as stewards of the transportation systems in each of their states, need to look to the future to figure out what steps they need to take today to create viable transportation funding for the next 10, 20 or 50 years.”

“The gas tax worked great in the 20th century, but we need new solutions for the way we live in the 21st,” says Farley. “Our parents and grandparents sacrificed to build and bequeath us the best transportation system in world history. We must not be the generation that allows the system to crumble because we are not creative enough to figure out how to pay for its maintenance under today’s changed circumstances.”
Connecticut Senator Bob Duff (D) doesn’t mind being called the “Cory Booker of Connecticut.” Booker is the social media master mayor of Newark, N.J., who has more than 1.3 million Twitter followers. Like Booker, Duff posts several times a day on Twitter and Facebook. He covers everything from useful traffic updates to important news from the state Capitol to fun Super Bowl polls.

“The media are very fractured right now,” says Senator Duff. “I have to find many ways to communicate with my constituents.” In particular, Duff says social media allows him to reach more of his younger constituents. “Interacting with high school and college students on Facebook and Twitter helps them understand their government better. And if this helps keep them engaged, I think that’s great.”

Having an active and large social media following allows him to communicate when it matters most, like when Hurricane Sandy took out the power for many of his constituents. With only their smart phones available for communication, Duff tweeted back and forth with them, keeping them up-to-date on developments until power was restored.

“@SenatorDuff wow. We must have called [the electric company] a dozen times past few days. Can’t thank you enough for getting thru to them!” tweeted a happy constituent.

The uses of social media continue to expand. In January, Indiana House Speaker Brian Bosma (R) hosted the state’s first “Tweet Seats” during Republican Governor Mike Pence’s State of the State address. Bosma chose five individuals to tweet live from the statehouse during the governor’s address. “We must continue to embrace technology and consider new ways to communicate to the public,” says Bosma. “It is evident that social media is not a trend, but is here to stay.” For him, social media is an extension of the work he has done to bring transparency to the legislative process, such as live-streaming the House chamber and committee rooms for constituents to watch online.

Tory Flynn, communications director for the Indiana House Republicans, who organized Tweet Seats, was pleased that it “accomplished exactly what we had hoped for: an increase in followers, reaching out to new people, and communicating about state government in an engaging manner. Flynn’s next project, “tweet sheets,” is an ongoing effort to build support for legislation sponsored by the Republican caucus. When a bill is introduced by a caucus member, Flynn sends out the legislator’s Twitter handle, photos and other information.

These examples are just a couple of ways social media can be used effectively for communicating with constituents and the public, but there are also some things to be careful of.

Appliance giant KitchenAid recently found out the hard way what not to do with social media. During one of the presidential debates last

**Hands, Hashtags and Likes**

**Facebook Like and Comment:** The Like button allows users to show their support for a post or photo without having to write a comment. Clicking the Comment allows that.

**Twitter Handle:** This is a fancy term for a username. For example, NCSL tweets under the handle @NCSLorg.

**Twitter Hashtag:** Tweeters mark keywords or topics with the # symbol to draw attention to that topic. For example, when tweeting about immigration, one might use “#immigration” somewhere within the 140 character limit, which will alert others interested in immigration issues.

**Trending on Twitter:** When many users tweet about the same topic or phrase, it is considered trending in the Twitter world.
fall, a KitchenAid social media team member mistakenly tweeted a derogatory comment about Obama’s grandmother’s death on the company’s official Twitter account, thinking he was sending it from his personal account. Outrage ensued and the company quickly released the following statement: “During the debate tonight, a member of our Twitter team mistakenly posted an offensive tweet from the KitchenAid handle instead of a personal handle. The tasteless joke in no way represents our values at KitchenAid, and that person won’t be tweeting for us anymore.”

Whether it’s you, or someone tweeting on your behalf, it’s easy to get the personal crossed with the professional. And like it or not, once something is out there, it’s out there for everyone to see (just ask former Congressman Anthony Weiner).

So, what are the lessons in these examples? For starters:

1. Learn from others.

Follow those you admire. Read their social media posts regularly. Legislative caucuses in 40 states use Facebook and in 37 states use Twitter to get their messages out.

2. Keep it fresh.

Make your comments concise, interesting, varied and authentic. Examples include your views on legislation, upcoming events for constituents, photos in the community, and interesting retweets, etc. The appropriate range is wide, as long as it stays professional.

3. Post regularly.

The best time to tweet is between 1 p.m. and 3 p.m. Monday–Thursday, according to Bitly, the URL shortening and bookmarking service. The worst times are after 8 p.m. any day and after 3 p.m. on Fridays. Facebook traffic picks up between the hours of 9 a.m. and 4 p.m., with Wednesday at 3 p.m. being the absolute sweetest spot. Having new content keeps your followers engaged and helps you attract new ones.

4. Be smart.

Think about what you’re posting before hitting the send button, and don’t send out anything you wouldn’t want to see on the front page of your local newspaper the next day.

5. Admit errors.

Mistakes happen; misinformation gets disseminated. When something goes wrong, “own” up to it, and apologize quickly before it goes viral.

FAQs

Are young people the only ones using social media?
No. According to a recent study by the Pew Research Center’s Internet & American Life Project, although young people ages 18 to 29 use social media more than any other age group (83 percent), it is popular with older Internet users as well: 77 percent of 30- to 49-year-olds, 52 percent of 50- to 64-year-olds, and a third of the over-65 crowd.

Which social media sites are the most popular?
Facebook takes the cake and more here, with 67 percent of Internet users on it. Twitter comes in second at 16 percent, and the photo sharing site Pinterest is moving up fast, now in third place with 15 percent, according to the same Pew study.

Are voters active on social media?
Yes. Facebook reported 71.7 million election-related comments made by U.S. users last Election Day. If you were following Senator Duff on Twitter, you would have received this friendly reminder: “If you believe in your heart that I’ve served you well, then I respectfully ask for your support and vote today. Polls are open from 6am-8pm.”
Tax Trends From the Recession

The Great Recession and slow recovery forced states to adjust their tax policies to survive the budget shortfalls.

BY MANDY RAFOOL

For state budgets, the fiscal challenges of the Great Recession have been enormous and widespread. And their effects linger today.

Although revenues began to dry up in 2008, the severe drought began in 2009 and continued into 2010. No matter how pessimistic forecasts were, actual revenue collections were even worse, over and over and over again. Lawmakers scrambled to address not only lower revenue growth rates, but also year-over-year declines in actual collections. The picture improved slightly in 2011 and 2012 as states reported slow but steady revenue growth.

Now, in most states, revenue growth has finally returned to the peak levels of 2008, eliciting a different emphasis in tax policy debates.

With all the tax talk swirling around state capitols, it’s worth taking a look back at five tax trends that emerged from the economic downturn as lawmakers struggled to fill severe budget shortfalls. Many continue to have an impact today.

1. Targeting High-Income Earners

New Jersey lawmakers authorized the first “millionaire tax” back in 2004. But it wasn’t until the Great Recession that the trend toward targeting higher incomes began in earnest.

Maryland, followed by California, kicked off the wave of income tax hikes on high earners in 2008. On incomes greater than $1 million, Maryland increased the tax rate and California applied a new surcharge. In 2009, nine more states (Connecticut, Delaware, Hawaii, Maine, New Jersey, New York, North Carolina, Oregon and Wisconsin) raised personal income tax rates on high earners, often for a limited time.

But a high-income resident in one state wasn’t necessarily considered so in another. The definition of “high income” varied greatly. In Delaware, for example, tax rates were raised on anyone earning more than $60,000. For joint filers, the high-income range varied from $100,000 in North Carolina to $1 million in Connecticut. In Hawaii, lawmakers added a top tax bracket for incomes greater than $200,000 ($400,000 joint), and increased its rate, along with two other brackets.

The New York Legislature created two new temporary tax brackets on high-income earners and limited itemized deductions for taxpayers making more than $1 million. In 2012, the state targeted taxpayers earning more than $10 million by further limiting the itemized deductions for charitable donations they can claim.

In 2012, Maryland again raised tax rates on high-income residents in addition to reducing personal exemptions. Also in 2012, California voters approved a ballot measure to raise taxes on the wealthy for seven years by creating four new high-income brackets, starting at $250,000.

Mandy Rafool is a tax expert in the NCSL fiscal affairs program.
ness tax history starts in 1975, when the state comprehensive changes. Its rather interesting busi-
taxes—was one of a few states that made com-
rate again for four years.
in 2011, voters last November approved raising
income and sales tax rates for two years.
In Arizona, voters approved a three-year hike
in the state sales tax rate in 2010, but rejected a
measure to extend it in 2012.

2. Taking the Temporary Tack

During these tough years, state lawmakers
adopted the Single Business Tax. Essentially
value-added tax, it lasted more than 30 years
and credit eroded the tax base so much that it lost its original value-added intent. It became so complicated
and unpopular with the business community that
lawmakers replaced it with the Michigan Business
Tax, a modified gross receipts tax, in 2007. But it
turned out to be just as complicated and
even more unpopular than its predecessor. So in
2011, during the slow economic recovery, the
Michigan Legislature replaced it with a simple,
flat, 6 percent corporate income tax rate and kept only one small business credit.

Elsewhere, states continued the decade-long
trend to change corporate income tax formulas
to weigh sales more heavily. Business income
traditionally has been calculated based on the
percentage of sales, tangible property and pay-
roll the business had in the state compared to
other locations. In recent years, there has been a
shift away from this formula to one that weighs
sales more heavily. This provides a benefit
to in-state companies that have large invest-
ments in payroll and property, and increases the
amount of income apportioned from out-of-state
taxpayers that sell within the state.

3. Focusing on Businesses

Between 2008 and 2012, as unemployment
rates around the country reached double digits,
lawmakers in several states—Arizona, Florida,
Indiana, Kansas, Massachusetts, Michigan,
Missouri, New York, North Dakota, Texas and
West Virginia—concentrated on adjusting busi-
ness taxes to help sustain jobs.

Michigan—no stranger to reforming business
taxes—was one of a few states that made com-
prehensive changes. Its rather interesting busi-
ness tax history starts in 1975, when the state
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Lawmakers in many states also examined tax
exemptions on cigarettes, candy, soda, carry-out
containers and condiments used to serve food
at restaurants. Lawmakers also suspended, for
up to three years, several additional sales tax
exemptions and the senior homestead property
tax exemption.

Connecticut expanded its sales tax to sev-
eral previously exempt services, including pet
grooming, spa treatments, cosmetic surgery,
motor vehicle towing and yoga classes. Illinois
also expanded its sales tax, adding sweetened
tea, candy, and grooming and hygiene products
to the taxable list.

In 2011, Rhode Island extended its sales tax
to nonprescription drugs, travel and tour com-
pany products, and prewritten downloaded soft-
ware. This followed a major income tax reform
measure a year earlier that reduced 20 income
brackets to three, eliminated itemized deduc-
tions, increased the standard deduction, and
reduced the number of income tax credits.

What’s Ahead?

States, buffeted by the most severe economic
storm in generations, found ways to survive
while revenues shrank. Today, as the fiscal
drought clears, tax reform is high on lawmak-
ers’ agendas across the country. Numerous tax
reform proposals have been introduced in at
least 35 states, ranging from eliminating income
taxes altogether to replacing the gas tax. Yet to
date, only three states—Alaska, New Mexico
and Virginia—have passed reforms.

But the year’s not yet over. With around 20
states still in session, tax policy will continue to
be debated, and perhaps enacted, in more states
before the end of the year.

For tax preparers, it’s simply job security.
For decades, tobacco companies paid Hollywood millions to push smoking in movies. Why are your state’s taxpayers doing it now?

Last year, the U.S. Surgeon General reported that tobacco companies have a history of paying Hollywood to put smoking on screen. Today, so do taxpayers. Through film production incentives, states hand out hundreds of millions of dollars to producers of movies with smoking. Research shows that exposure to on-screen smoking accounts for 800,000 current teen smokers. A quarter-million of these kids will ultimately die from tobacco-induced diseases like cancer.

The problem is so urgent that, in May 2012, the attorneys general of 38 states wrote to Hollywood’s top executives to demand that they stop what the AGs called a “colossal, preventable tragedy.”

The challenge for states? Indiscriminate film subsidies undermine efforts to keep tens of thousands of kids from starting to smoke — and burden states with billions in health costs. No state can afford such a glaring policy conflict.

Fortunately, the fix is straightforward. The U.S. Centers for Disease Control and Prevention (CDC) recommends that states simply make future media productions with tobacco ineligible for public subsidies. There’s no First Amendment issue here. After all, states already refuse to subsidize all sorts of other media production, from political ads to porn.

Awareness is growing. Washington State’s Attorney General has petitioned to block state tax credits for movies with tobacco produced there. Mainstream health groups have united to change California’s subsidy rules, too.

Whether or not you believe film subsidies make sense as economic development policy, collateral damage to kids’ health makes them unsustainable.

And unsupportable.

It’s time to mend your state’s subsidies. Or end them.

SmokeFreeMovies.ucsf.edu
“What I’m proud of is that all of us, Republicans and Democrats, understood that some issues, and this one particularly, should rise above politics.”

“I’ve been following elections and betting in London, and [gaming companies there] are making a fortune. Why not do it here?”
—Nevada Senator Tick Segerblom (D) in Politico on his bill to legalize betting on federal elections.

“If I can file my taxes online, why can’t I change my voter registration online?”
—New Mexico Senator Tim Keller (D) in Politico, about his bill to allow voters to register online.

“You should know what the cost of a procedure is. You do that with every other purchase. Why shouldn’t you be able to do that in health care?”
—North Carolina Senator Bob Rucho (R) in the Charlotte Observer about his bill to require hospitals to disclose the prices of common medical procedures.

“How do you want your grandchildren to remember you voted today? Please vote ‘no’ on this resolution and stand up for love and tolerance and understanding.”
—Arkansas Representative Deborah Ferguson (D) about a resolution in support of the Defense of Marriage Act, in the Arkansas News.

“You think it’s an improvement, a historic improvement, in our law.”
—Georgia House Speaker David Ralston (R) in The Augusta Chronicle about passage of the first limit—$75—on what lobbyists may spend on public officials.
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