

STATE AND LOCAL UPDATE*August 23, 2018***Policy and Politics****I. Trending Topics****Issue in Focus**

BIPARTISANSHIP IS THE KEY TO CRIMINAL JUSTICE REFORM: Kentucky **Gov. MATT BEVIN**, Louisiana **Gov. JOHN BEL EDWARDS**, Oklahoma **Gov. MARY FALLIN** and Virginia **Gov. RALPH NORTHAM** [write](#) in USA Today, "we are very much in agreement on the critical need for criminal justice reform. We are encouraged that the president has issued an executive order to form the Federal Interagency Council on Crime Prevention and Improving Re-entry. We look forward to working with him and Congress to share our experiences and successes."

A. BUDGETS, TAXES, & REVENUE

BORROWERS REJOICE OVER FEWER MUNICIPAL BONDS: The prices for municipal bonds have [recovered](#) from their worst first-quarter slump of the last 15 years. The reason: U.S. states and cities continue to cut back on their borrowing. Municipalities borrowed \$156 billion in the first two quarters of this year, down 17% from last year. Citigroup researchers are projecting that year-over-year decline will reach 25% by the end of the year. The low supply is pushing up the value of existing bonds and reducing borrowing costs for some governments, particularly on riskier bond deals. Twelve-year bonds backed by settlement payments from tobacco companies to the state of California sold with yields of 3.07% in June, compared with yields of 3.25% in March of last year. About half of the drop-in supply resulted from Congress's decision last year to end tax exemption for early refinancing of outstanding municipal bonds, according to an estimate by Vikram Rai, head of municipal strategy at Citigroup. Borrowers also rushed to sell municipal bonds amid talk of other legislative proposals—such as a ban on tax-exempt issuance by hospitals and universities—that weren't ultimately enacted.

STATES WEIGH BETS ON MOBILE SPORTS GAMBLING: Now that states are free to craft laws legalizing sports gambling, the latest [question](#) is whether to enter the potential \$9 billion mobile-betting market. Americans who legally gambled on the World Cup final and other athletic competitions primarily did so in person at a limited number of casinos. Increasingly, though, gamblers in other countries are placing wagers from their smartphones.

B. HEALTHCARE & INSURANCE

SOME STATES PROCEED DESPITE MEDICAID RULING: It was over before it even started. Just hours before work requirements for Medicaid were set to go into effect in Kentucky, a federal judge struck them down, [ruling](#) that they were "arbitrary and capricious." It would have been the first time in the United States that some people applying for the government health care program had to meet a certain number of hours working or job training -- a condition for insurance that the Obama administration repeatedly rejected. But Kentucky isn't the only state that has received or requested approval from the Trump administration to implement Medicaid work requirements. The ruling leaves at least 10 states in limbo, as they await next steps from the federal Centers for Medicare and Medicaid Services (CMS). There is no clarity from CMS about how the ruling could impact approved or pending waivers for Medicaid work requirements. Seven states are still awaiting a decision: Arizona, Kansas, Maine, Mississippi, Ohio, Utah and Wisconsin.

C. ECONOMY, TRADE & INFRASTRUCTURE

IMPACT OF TRUMP'S TARIFFS ON STATES: As the U.S. and its trading partners [continue](#) to ratchet up trade tensions, some states – particularly ones President Donald Trump won in 2016 – can expect to feel a much bigger economic impact than others, according to data compiled by the nation's largest business lobbying group. The U.S. Chamber of Commerce recently launched a campaign attacking Trump's trade policies with a state-by-state breakdown of the impact of rising tariffs on hundreds of specific products recently targeted by China, Canada, Mexico and the European Union. The data provide a closer look at how the economic fallout from an escalating trade war would be felt unevenly across the country. Since the Trump administration's decision earlier this year to raise tariffs on steel and aluminum imports, major U.S. trading partners have retaliated by targeting a growing list of U.S. export products.

TEXAS TAKES TITLE OF TOP STATE FOR BUSINESS: Riding the rising tide of energy prices—and the job growth that goes with it—Texas [claims](#) the top spot in CNBC's 2018 America's Top States for Business rankings. This is familiar territory for the Lone Star State, which becomes the first four-time winner in our annual study, now in its 12th year. But it has been a long time coming. This is the first time since 2012 that Texas has claimed top honors. Not coincidentally, West Texas Intermediate Crude Oil—the state's most important export—peaked at just over \$108 per barrel that year, a figure it has not seen since. But it has risen enough—around 60 percent in the last year, powering through the \$70 per barrel mark in June—to turbocharge the \$1.6 trillion Texas economy. Rounding out the top five are some perennial contenders and some returning favorites - Washington, Utah, Virginia, and Colorado.

STATES LAUNCH INVESTIGATION TARGETING FAST-FOOD HIRING: Attorneys general in 10 states and the District of Columbia are [launching](#) an investigation of contracts at fast-food chains that prevent their workers from switching franchises, targeting a practice some economists say drags down wages for millions of Americans. The group will send letters to eight fast-food companies — including Burger King, Dunkin' Donuts, Panera Bread and Wendy's — requesting information about “no-poaching” agreements that bar or restrict managers from hiring workers at another store in the same chain. The states said they will ask for information and documents from the firms about their use of the practice. No-poaching clauses have come under increasing scrutiny by Democrats and some policy experts over the past several years as wage growth remains a persistent weakness for an otherwise strong and growing economy. Along with Massachusetts, the group includes attorneys general in California, the District, Illinois, Maryland, Minnesota, New Jersey, New York, Oregon, Pennsylvania and Rhode Island.

D. EDUCATION & THE ENVIRONMENT

JUDGE TOSSES CITY CLIMATE CHANGE LAWSUIT AGAINST BIG OIL: BP Plc, Exxon Mobil Corp. and Chevron Corp. [escaped](#) blame for the public costs of global warming when a U.S. judge ruled that lawsuits by cities against oil companies aren't the answer to climate change. “The problem deserves a solution on a vaster scale than can be supplied by a district judge or jury in a public nuisance case,” U.S. District Judge William Alsup wrote in dismissing complaints by the cities of San Francisco and Oakland, California. Litigation by local governments in the U.S. including New York City, Boulder, Colorado, and eight California cities and counties is a new front in the global fight against climate change. The suits thrown out sought to recover the cost of infrastructure needed to protect against rising sea levels. ConocoPhillips and Royal Dutch Shell Plc were also among the defendants.

BGR Insight

WHAT DO TRUMP'S PERSONAL BATTLES DO FOR THE GOP? BGR Group Chairman Ed Rogers [writes](#) in the Washington Post that **FORMER MINNESOTA GOV. TIM PAWLENTY'S** "opponent **JEFF JOHNSON**, a former assistant majority leader in the Minnesota House of Representatives and current county commissioner, isn't a bad guy or flawed nominee. He won convincingly, and Republicans have had plenty of primary misfires before Trump came along. But it's still a real shocker when Pawlenty, [the last statewide Republican elected](#), is rejected by his own party in Minnesota. In his [concession speech](#), Pawlenty, as usual, was plainspoken: ["It is the era of Trump, and I'm just not a Trump-like politician."](#)

E. TECHNOLOGY & PROCUREMENT

NEW REPORT GUIDES GOVERNORS ON AUTONOMOUS VEHICLES: A [report released](#) this month by the National Governors Association says the successful deployment of autonomous vehicles begins with leadership from the top. The potential benefits of the technology — including improved mobility for seniors and disabled people, reduced air pollution and greater work productivity — present a great opportunity, the report says, but also challenges set to influence the lifestyles of residents and economies in every state.

AGs ASK COURT TO REINSTATE NET NEUTRALITY: Attorneys general from 22 states and the District of Columbia, led by New York **ATTORNEY GENERAL BARBARA UNDERWOOD**, [asked](#) a U.S. appeals court to reinstate the Federal Communications Commission's 2015 net neutrality rules and reject the Trump administration's efforts to prevent states from imposing their own net neutrality regulations.

SEE WHO'S WHO AMONG STATE, LOCAL CHIEF INNOVATION OFFICERS: The number of [chief innovation officers](#) populating city halls, county government centers and state capitols continues to [grow](#). Relatively unheard of just a handful of years ago, many leading jurisdictions have [added the post](#) to their payrolls, seeking to transform the culture of their organization and usher in a fresh perspective on how a modern government should operate. Here's GovTech's rundown of the people occupying innovation positions across the state and local government landscape.

F. FEDERAL/STATE RELATIONS

NEW BATTLEGROUND EMERGES OVER GOVERNMENT UNION FEES: Public worker unions that represent state and local government employees are [confronting](#) new legal challenges after the U.S. Supreme Court ruled last month that fees they'd been collecting from non-members were unconstitutional. Employees who did not join unions but had "agency" or "fair share" fees deducted from their pay have filed lawsuits in an effort to get that money back. States and local governments may be unable to avoid the legal fray. A lawsuit filed in Washington state last week names **Gov. JAY INSLEE** and another state officials as defendants alongside a union. In California, seven current or former teachers filed a lawsuit earlier this week in federal court seeking fee refunds. They are asking the court to certify the suit as a class action. The class of people who could ultimately be covered by that case is not entirely clear yet. But one of the lawyers representing the teachers said he expects it to include other teachers in California who paid agency or fair share fees to unions during the last three years.

BIPARTISAN BILL SEEKS TO MAKE PUERTO RICO 51ST STATE: A bipartisan bill recently [introduced](#) seeks to make the U.S. territory of Puerto Rico the nation's 51st state. Filed by **REP. JENNIFER GONZÁLEZ-COLÓN** (R), Puerto Rico's resident

commissioner and non-voting representative in Congress, the bill lays out a plan to enable the territory to become a state by January 2021. The move has been described as Puerto Rico's "biggest push for statehood" in many years. Fourteen Democrats and 20 Republicans have backed the bill thus far; however, it remains unclear what odds the legislation has of passing. Several lawmakers supporting the bill said the federal government's response to Puerto Rico's devastation following Hurricane Maria highlighted the territory's need for statehood. "The hard truth is that Puerto Rico's lack of political power allows Washington to treat Puerto Rico like an afterthought, as the federal government's inadequate preparation for and response to Hurricane Maria made crystal clear," **REP. STEPHANIE MURPHY** (D-Fla.) told NBC News. González said her new bill calls for the creation of a bipartisan, nine-member task force to look into what measures need to be changed to allow Puerto Rico to be incorporated as a state. Puerto Ricans have been divided on the issue of statehood for decades. In the last referendum on the issue, 97 percent of those who voted supported statehood.

TRUMP, GOVERNORS ADDRESS PRISON REFORM, RECIDIVISM: PRESIDENT DONALD TRUMP [discussed](#) prison reform with governors and state attorneys general at his New Jersey golf club, part of an effort to increase education, vocational training and other opportunities to make it less likely that inmates will commit new offenses. White House officials said the group represented states that have implemented reforms similar to those backed by Trump. The mostly Republican group included governors from Kentucky, Georgia, Louisiana, Mississippi and North Dakota, as well as attorneys general from Florida and Texas.

II. Politics

A. GOVERNORS & STATEWIDE OFFICES

WITH MORE STATE CONTROL, REPUBLICANS HAVE MORE TO LOSE IN MIDTERMS: In this midterm election year, the battle for control of Congress is getting most of the attention. But it is not all that is at stake. Voters in 36 states will [choose](#) governors this year, and more than 80 percent of state legislative seats are up for grabs. Republicans overwhelmingly control U.S. statehouses. The GOP holds 33 governor's seats, compared to 16 for the Democrats (Alaska's **Gov. BILL WALKER** is an Independent). And Republicans had outright control of 24 state legislatures at the start of 2018, according to the National Conference of State Legislatures. Democrats control just seven. In 18 states each party controls one house (Nebraska's legislature is nonpartisan). Sabato said that means Republicans have the most to lose at the state level, especially because they hold 26 of the 36 governorships up for grabs.

DEMS SEEK TO REBUILD RUST BELT 'BLUE WALL': For a quarter-century, Democratic presidential candidates relied on a blue wall of Midwestern and Rust Belt states that delivered electoral votes on a regular basis. Then Donald Trump smashed that wall, winning states like Michigan, Wisconsin and Pennsylvania. [Now](#), those same states, along with perpetual swing states, are battlegrounds in a different fight — electing governors.

DEMS SEE CHANCE TO CUT INTO GOP GOVERNORSHIPS: Democrats are [contesting](#) a huge number of Republican-held governorships across the country, seeking to put a dent in the GOP's grip on state mansions. Republicans hold 33 governorships across the country, near the party's all-time high. Democrats hold the governor's office in only 16 states. Alaska's governor, Bill Walker, is an independent. Democratic ranks are almost certain to swell this fall as the party competes for governorships in Midwestern, Mountain West and even Southern battlegrounds.

GOP GOVS. IN BLUE STATES GETTING ALONG: In a year when congressional Republicans are clinging to the president like tomato vines to a trellis, Republican governors running for re-election in the heavily Democratic states of Maryland, Massachusetts, Vermont and, to a lesser degree, Illinois have [emerged](#) as well-positioned incumbents who seem likely to survive an expected blue swell in November.

OBAMA RETURNS TO BOOST HOLDER-LED GROUP TARGETING GOP: FORMER PRESIDENT BARACK OBAMA, who has maintained a low profile since leaving the White House, [reemerged](#) in a new video to garner support for a redistricting group led by former attorney general Eric Holder that is targeting Republican politicians in a dozen states across the country. The National Democratic Redistricting Committee (NDRC), a group headquartered in Washington, D.C., and chaired by Holder, emailed the video out this month. The NDRC seeks to enact a "comprehensive" strategy to impact the 2021 redistricting process by using electoral, legal, and ballot initiative components.

MORE RACES BECOME TOSSUPS AS NOVEMBER NEARS: Since March, when Governing last handicapped the nation's 36 gubernatorial races, the number of tossups has risen. But overall, Democrats still seem poised to gain a few seats this fall. In this handicapping, Governing [shifted](#) the ratings in eight states -- four in Republicans' direction and four toward Democrats. Those states, respectively, are Alabama, Maryland, Massachusetts and New Hampshire, and Arizona, Iowa, Ohio and Pennsylvania.

FOR LIEUT. GOVERNORS, MIDTERMS LOOK PREDICTABLE: This fall, 10 states will [hold](#) independent elections -- meaning they are separate from the governor's race -- for lieutenant governor. But don't expect the partisan lineup to change very much. At this point, only one seat -- Nevada's -- is at serious risk to flip parties. Another race or two could become competitive as the election approaches. Republicans currently hold the office in seven of the states with elections in November: Alabama, Arkansas, Georgia, Idaho, Nevada, Oklahoma and Texas. Democrats hold the other three seats, in California, Rhode Island and Vermont.

B. STATE LEGISLATURES & MAYORS

MAYORS MUSCLE INTO 2020 PRESIDENTIAL RACE: No mayor has [ever](#) sprung directly from City Hall to the White House. But that historic streak stands to be tested in 2020, with at least three Democratic mayors mulling presidential campaigns: Los Angeles **MAYOR ERIC GARCETTI**, **FORMER NEW ORLEANS MAYOR MITCH LANDRIEU** and South Bend, Ind., **MAYOR PETE BUTTIGIEG**. They're exploiting a newfound opening for politicians at the municipal level, one enabled by broader economic and cultural forces, among them the rise of the Democratic Party's diverse and ascendant Obama coalition. In part, the opportunity for Democratic mayors is a product of the party's failings elsewhere. With Democrats out of power in Washington and in many state capitals, large, heavily Democratic cities have become progressives' power centers of last resort, with an increasingly diverse media landscape offering exposure to a previously anonymous class of politicians.

LEGISLATURES COULD SOON HAVE MORE WOMEN THAN MEN: A record number of women won Nevada's primaries in June. And there is now a possibility for the Legislature to have more women than men, which would be a first in United States history. Of the states that have had primaries so far, at least eight more have a shot at reaching or surpassing the 50 percent mark in November. Nationally, for women to be at least equally represented as men in all state legislatures, voters in November would need to elect 1,816 more women, nearly doubling the current count of female legislators in state office. Women now [make up](#) a quarter of all state legislature seats in the United States. There is a "[gender gap in political ambition](#)," largely because women are less likely to be encouraged to run and more female candidates are likely to doubt their own qualifications, said Jennifer Lawless, the director of the Women & Politics Institute at American University.

'EDUCATOR SPRING' SPAWNS WAVE OF TEACHER CANDIDATES: Angry educators are [flooding](#) down-ballot races in the wake of recent red-state teacher strikes, accelerating the Democratic Party's rebuilding process at the statehouse level and raising the prospect of legislative gains after years of decline. Nearly 300 members of the American Federation of Teachers union are running for political office this year, more than double the number in each of the years 2012 and 2016. The teacher candidacies are part of a rising tide of political activism in 2018, with nearly 800 candidates running in the first round of Oklahoma's primaries, breaking the previous record of 594 set in 2006, and more than 200 filing to run in next month's Arizona primary — more than ran during each of the previous three election cycles.

POPULAR REPUBLICANS. THE NEW ENGLAND ENIGMA: Both Connecticut and Rhode Island are deeply blue states; both have gone for the Democratic presidential candidate since 1992; both have all-Democratic congressional delegations. [Why](#), then, are Republicans doing so well?

C. BALLOT INITIATIVES & OTHER

RED STATE CONSIDERS 'MILLIONAIRE'S TAX': The latest state to [consider](#) a so-called millionaire's tax may surprise you. Tax hikes aimed at the rich are a revenue-raising strategy that's been embraced mostly by blue states in recent years. New Jersey became the most recent government to enact one this week, following a trend set by California, Connecticut, New York and Washington, D.C. But this fall, voters in conservative Arizona seem set to vote on whether to tax the state's wealthiest residents in order to pay for teacher raises. Organizers for the Invest in Education Act said they have collected enough signatures to put the question on the ballot in November. Arizona is among a group of states that has prioritized cutting taxes over restoring education funding since the Great Recession. It was one of three governments gripped this spring by teacher strikes that shut down schools for more than a week to demand higher funding and better pay.

COMPANIES INCREASINGLY TAKING STAND ON POLITICAL ISSUES: Political divide in the country is [creating](#) a new landscape for business, in which fierce debates often lead consumers and employees to demand that corporations and chief executives take positions on big issues. That is increasingly pulling Walmart, the world's largest retailer and largest private employer, into weighing in on issues such as immigration, the Confederate flag and gay rights—generally after other companies or politicians have done the same. In the past, "the CEO rule was basically keep your head down, stay out of complicated issues, because there were opinions on both sides of any issue," said Lawrence Parnell, associate professor at the strategic public relations program at George Washington University's Graduate School of Political Management, who also consults with companies on the topic. "It's no longer a question of if, but where, when and how to engage on these issues and what type of topics to engage on," he added. "These are new challenges and things CEOs and boards never had to deal with before, so they are struggling."

State of the States

ALABAMA

STATE SEES FACTORY INVESTMENTS STALL: The state of Alabama is [seeing](#) delays in big manufacturing investments in light of **PRESIDENT DONALD TRUMP'S** bellicose trade policies and is urging a more conciliatory approach. "We've seen a couple of projects that we've been actively working where their timeline has slipped," **GREG CANFIELD**, the state's secretary of commerce, said in an interview. "The longer this drags out, the more danger there is that we'll see a real drag on our economy. We're going to see Alabama lose jobs, and that's not acceptable."

ALASKA

CHINESE HACKERS REPORTEDLY PROBED ALASKA NETWORKS DURING GOVERNOR'S TRADE MISSION: An internet security firm, Recorded Future, says a cyberattack from a Chinese university probed computer networks of Alaska state departments and businesses during Gov. Bill Walker's trade mission to China. It named the Alaska Department of Natural Resources and other state departments among the targeted networks. The report says Alaska is not alone as the target of "cyberespionage" from Tsinghua infrastructure, called an elite Chinese university by Recorded Future. But the probing came as Alaska seeks investment from major Chinese-owned companies, including oil company Sinopec, for the \$43 billion Alaska Liquid Natural Gas project that would export North Slope natural gas in part by pipeline.

PRIMARY SETS STAGE FOR 3-WAY GUBERNATORIAL RACE: The race for Alaska governor [looks](#) to be a three-man contest, though some are still seeking to pressure the Democratic challenger to bow out. That Democrat, **FORMER U.S. SEN. MARK BEGICH**, said he's not going anywhere: "I'm in the race," he said. During Tuesday's primary, Republican **FORMER STATE SEN. MIKE DUNLEAVY** advanced to the general election, where he is expected to face Begich, who was unopposed in the Democratic race, and **GOV. BILL WALKER**, an independent who skipped a head-to-head primary fight with Begich and instead gathered signatures to appear on the November ballot. Walker's move was intended to ensure that he could run as a team with his Democratic lieutenant governor, **BYRON MALLOTT**. Walker in 2014 changed his party affiliation from Republican to undeclared in forming a so-called unity ticket with Mallott that was backed by Democrats. Some Democrats and independents worry that Begich and Walker will split the vote and hand the race to Republicans. But Begich has said he wouldn't have gotten into the race if he didn't think he could win, and he and Walker have each been full-steam ahead with their campaigns.

ARKANSAS

HUTCHINSON TO SERVE ON COUNCIL OF GOVERNORS: PRESIDENT DONALD TRUMP [announced](#) last week his intention to nominate **GOV. ASA HUTCHINSON** to a two-year term on the 10-member Council of Governors. The Council of Governors was created by the National Defense Authorization Act for FY 2008 and formally established by Executive Order on January 11, 2010. The Council is intended to serve as a mechanism for governors and key federal officials to address matters pertaining to the National Guard, homeland defense, and defense support to civil authorities.

DEMS SUE FOR AG'S PERSONNEL RECORDS: Democrats are [resurrecting](#) their search for undisclosed records from **ATTORNEY GENERAL LESLIE RUTLEDGE'S** time as a staff attorney at the Department of Human Services, filing a lawsuit they hope will bear fodder for an election campaign against the incumbent Republican.

ARKANSAS LEGISLATIVE PANEL BACKS GOVERNOR'S TAX CUT PLAN: The state Tax Reform and Relief Task Force on Tuesday adopted a [proposal](#) by the panel's co-chairs to back potential legislation to cut the state's marginal tax rate to 6%, as well as backing another measure to join the growing list of states to cash in on remote or Internet sales tax bounty. Proposals recommended by the 16-member bicameral panel will be included in a draft report as potential bills for the upcoming 2019 General Assembly that begins in January. By law, that report must be submitted to Gov. Hutchinson by Sept. 1.

ARIZONA

EDUCATION FUNDING TAKES LEAD IN GOVERNOR'S RACE: Arizona is one of the states that [joined](#) the wave of teacher strikes and protests this spring. Given its [bottom-scraping rankings](#) in school performance and teacher pay, Arizona Democrats see education as **Gov. Doug Ducey's** greatest vulnerability.

CALIFORNIA

BILL TO END BAIL HEADS TO BROWN: A bill [approved](#) Tuesday by the California Senate to end bail and replace it with a risk-assessment system is headed to **Gov. Jerry Brown**, who has indicated he supports it. Senators approved the bill 26-12. It would make California the first state to completely end bail for suspects awaiting trial. The measure, SB10, requires Brown's signature to become law. Lawmakers who crafted it say Brown was involved in negotiations on the policy.

COAL PLAN LIKELY UP NEXT FOR STATE'S BATTLE WITH TRUMP: California Attorney General Xavier Becerra [said](#) the state may sue the Trump administration over a plan released Tuesday to weaken carbon dioxide emission limits on power plants. Becerra said the state will provide formal comments to the regulatory proposal but acknowledged that eventually, "it likely means we're suing," signaling another front in the state's opposition to administration policies. California has already filed 41 legal challenges to Trump administration actions.

GOP BETS ON GAS TAX REPEAL: California Republicans are [banking](#) on a ballot measure this fall that the embattled state party believes can stave off a Democratic wave in November — and perhaps even spark a GOP revival in the run-up to 2020. Carl DeMaio, a former San Diego city council member, announced he's raised more than \$1.1 million online for his campaign to repeal the 12-cent-a-gallon gas tax backed by **Gov. Jerry Brown** — and [polls suggest it may be heading for a November victory](#). The repeal effort — known as Proposition 6 on the November ballot — has also attracted backing from state and national Republican leaders, including **HOUSE SPEAKER PAUL RYAN** and **MAJORITY LEADER KEVIN MCCARTHY**. They are counting on it to energize enough voters to save a handful of endangered California GOP House members — which could prevent the House from flipping Democratic.

VOTERS FACE DECISION ON \$2 BILLION SPENDING PLAN FOR HOMELESS HOUSING: Californians will [decide](#) in November whether to borrow \$2 billion to fund new housing for homeless residents. **Gov. Jerry Brown** authorized the ballot measure Wednesday when he signed the state's annual budget and related legislation. The measure would draw funding from dollars generated by Proposition 63, a 1% income tax surcharge on millionaires passed in 2004 that funds mental health services. Housing built or rehabilitated under the plan would be designated for mentally ill residents living on the streets. This is the second try at a spending plan for Brown and state lawmakers, who first tried to approve the money without a public vote in 2016. But a Sacramento attorney and mental health advocates challenged the effort in court, arguing that the money shouldn't be diverted from treatment programs and that legislators needed a vote of the people to authorize the funds. That case is still in litigation and the November ballot measure, if successful, would free up the money.

LAWMAKERS AGREE ON STRONGEST NET NEUTRALITY PROTECTION: Ending a [dispute](#) over a proposed net neutrality bill, California Democratic legislators they have agreed on a proposal that would provide the strongest protections of open access to the internet in the country in response to last month's federal repeal of similar rules. The compromise measures, which still require legislative approval, would bar internet service providers from blocking, speeding up or slowing down websites and video, as well as charging websites fees for fast lanes, said **STATE SEN. SCOTT**

WIENER (D-San Francisco), an author of one of the two proposed bills. California is one of 29 states that have proposed legislation on net neutrality, including Hawaii, New York, Rhode Island and Vermont, while action has been taken on bills in Oregon and Washington, officials said.

NET NEUTRALITY BILL CLEARS KEY HURDLE: California seems [poised](#) to throw net neutrality a lifeline. The State Assembly Committee on Communications and Conveyance voted 8-2 Wednesday to move forward with Senate Bill 822, which offers the strongest protections yet guarding net neutrality. A second bill, SB 460, which additionally restricts companies that violate the first bill from working with the state, likewise won approval. There still needs to be a broader vote, but Wednesday's move is a key step toward making the proposed regulation into law.

STATE PASSES SWEEPING LAW TO PROTECT ONLINE PRIVACY: California has [passed](#) a digital privacy law granting consumers more control over and insight into the spread of their personal information online, creating one of the most significant regulations overseeing the data-collection practices of technology companies in the United States. The bill raced through the State Legislature without opposition and was signed into law by **GOV. JERRY BROWN**, just hours before a deadline to pull from the November ballot an initiative seeking even tougher oversight over technology companies. The new law grants consumers the right to know what information companies are collecting about them, why they are collecting that data and with whom they are sharing it. It gives consumers the right to tell companies to delete their information as well as to not sell or share their data. Businesses must still give consumers who opt out the same quality of service. It also makes it more difficult to share or sell data on children younger than 16. The legislation, which goes into effect in January 2020, makes it easier for consumers to sue companies after a data breach. And it gives the state's attorney general more authority to fine companies that don't adhere to the new regulations.

BREED STEPS IN AS SAN FRANCISCO MAYOR: Elected by the slimmest margin in modern history, **LONDON BREED** [takes](#) the helm of a city where, despite a booming economy and rocketing job growth, the majority of voters feel San Francisco is on the wrong track. And where, despite hundreds of millions of dollars spent on various programs to house the homeless, clean up the city's streets and clear up the clogged traffic, only 2 out of 10 voters feel City Hall is doing a good job managing its resources. Topping the list of voter frustrations is homelessness, with 68 percent citing it as the city's No. 1 problem, followed by the high cost of living, at 50 percent, and lack of affordable housing at 47 percent. Mayor-elect Breed is well aware the voters want action — the question will be, is it business as usual or can she make a difference?

AS SILICON VALLEY LOOKS TO TAX TECH, SAN FRANCISCO HAS LIGHTENED ITS LOAD: As fast-growing tech companies strain housing, transportation and other civic resources, cities are pushing to increase their taxes. There's one [exception](#): San Francisco. In 2012, as unemployment remained high, voters passed an initiative to [phase out](#) the 1.5 percent payroll tax in favor of a [gross receipts](#) tax that covers more or less all corporate income. The idea was to expand the number of businesses paying taxes and not discourage companies from hiring. The gross receipts tax varies by revenue and sector, with companies making over \$25 million paying the highest rates; in 2017, the highest marginal rate was under 0.5 percent. Since 2012, that rate has risen as the payroll tax rate falls, a system meant to keep city revenue level. As of 2016, when the payroll tax had been cut by nearly half and gross receipts taxes raised accordingly, nearly 4,000 more businesses paid the gross receipts tax than paid the payroll tax, according to an October city report, indicating it had broadened the city's tax base. For now, San Francisco's commercial landlords are the only businesses facing a targeted tax hike. In June, voters [narrowly passed](#) Proposition C to create a rent tax of 3.5 percent on office buildings and 1 percent on warehouses, which will raise \$146 million a year for child care and early education.

COLORADO

BALLOT MEASURE LIMITS OIL, GAS EXTRACTION: More than 4 of every 5 acres of non-federal land in Colorado [would](#) be off-limits to new oil and gas drilling if voters this fall approve a proposed ballot measure that aims to significantly widen the distance wells have to be from occupied buildings and water sources, according to an [analysis released this month by state energy regulators](#). The report, which doesn't directly address the initiative's potential economic impact, comes at the fever pitch of a years-long dispute over how and where companies access mineral rights. Supporters call the industry an engine of economic growth, whereas critics point to the fading gap between extraction sites and fast-expanding neighborhoods. Initiative 97 would establish the minimum setback of oil and gas wells to 2,500 feet — from the current 500 feet for homes and 1,000 feet for schools. Industry advocates warn that would decimate the state's oil and gas sector, which was cited in a [recent Colorado Petroleum Council study](#) for having generated nearly 233,000 jobs in Colorado and contributed more than \$31 billion to the state's economy.

BID TO BLOCK OIL DRILLING MUDDIES POLITICAL LINES: Colorado's Democratic candidate for governor once bankrolled efforts to restrict fracking. Now, he's [working](#) hard to reassure the state's oil explorers that he's on their side. A ballot proposal to limit drilling in the state has sent stocks of oil and gas producers on a [roller coaster ride](#) during the past month. **U.S. REPRESENTATIVE JARED POLIS**, running for the state's top office, has come out strongly against the proposal, defying his own party. His opposition highlights what's at stake for the energy industry, which is pumping record volumes of oil and gas as hydraulic fracturing and horizontal drilling propel Colorado into the upper echelon of shale producers. So-called Initiative 97 would increase the buffer zone between oil wells and occupied structures, and could block drilling in half the state, according to Colorado's energy agency.

COLORADO GOVERNOR'S RACE AMONG TOP IN U.S. AS HICKENLOOPER WEIGHS PRESIDENTIAL RUN: Colorado's government, a divided triplex, represents a [near even split](#) among its registered Republican, Democrat, and Independent voters. Of the past five presidential elections, Democrats won Colorado three times, Republicans won the state twice. Hillary Clinton defeated Donald Trump in 2016 by 5 percentage points. Coloradoans have not elected a Republican governor since Bill Owens' second term in 2002.

STAPLETON PICKS RUNNING MATE: Colorado Republican gubernatorial candidate **WALKER STAPLETON** [announced LANG SIAS](#) as his running mate last week. Sias, 59, is a former U.S. Navy pilot and currently represents House District 27, which covers Arvada. Stapleton's Democratic opponent, U.S. **REP. JARED POLIS**, picked cancer foundation executive and **FORMER STATE LAWMAKER DIANNE PRIMAVERA** as his running mate earlier this month — solidifying himself with the left wing of his party.

CONNECTICUT

RACE FOR GOVERNOR SET: Bob Stefanowski, former CFO at UBS Investment Bank and a former GE executive, won Connecticut's Republican gubernatorial primary, and will face the [Democratic nominee Ned Lamont](#) in a race rated "Toss Up" by nonpartisan Cook Political Report. Current Conn. Gov. Daniel Malloy, a Democrat, is not seeking re-election

STATE BUILDS BUDGET RESERVE AS DEFICITS LOOM: After three consecutive years of draining its emergency reserves, state government is [on pace](#) to deposit nearly \$780 million in its rainy day fund. And for **GOV. DANIEL P.**

MALLOY, who has struggled with deficits for most of his second term in office, it means a chance to leave a nearly \$1 billion fiscal cushion for his successor, who is projected to face shortfalls more than double that size. In his final monthly report for the 2017-18 fiscal year — which officially ended last Saturday — **COMPTROLLER KEVIN P. LEMBO** estimated the state will deposit \$779.4 million in the budget reserve after closing the books. Coupled with existing funds, that would elevate the reserve to \$992.3 million, or 5.25 percent of annual operating expenses. State finances, unless adjusted, were on pace to run an unprecedented \$3.67 billion deficit in the 2011-12 fiscal year — a problem Malloy inherited during his first year in office from former **Gov. M. JODI RELL** and from the 2010 General Assembly.

DELAWARE

ATTORNEY GENERAL RACE: Peggy Marshall Thomas, the Republican Party's lone candidate for state attorney general, is [dropping out of the race](#). "After talking with my family this weekend, I have made the very difficult decision to withdraw from the Attorney General race," she said. "I want to thank the many people who worked to support my campaign and shared my vision for the Department of Justice."

FLORIDA

AN OVERVIEW OF FLORIDA'S GOP GUBERNATORIAL RACE BETWEEN ADAM PUTNAM AND RON DESANTIS: After nearly \$30 million in spending and two decades of planning, Adam Putnam's bid to become [Florida governor](#) is up against a political Goliath: the endorsement of President Donald Trump.

IS TRUMP HELPING, OR HURTING, FLORIDA DEMOCRATS? Reality check time. For all the anecdotal evidence of a Democratic wave building as Trump's shadow looms, there are [plenty of reasons](#) to be skeptical.

2018 FLORIDA GOVERNOR'S RACE: DEMS FOCUS ON K-12 FUNDING, REPUBLICANS ON CAREER TRAINING: Democratic and Republican voters will [choose](#) their candidates for November's gubernatorial elections on Aug. 28, and education — as always — is one of the biggest issues.

TAX HIKE SUPERMAJORITY RECEIVES NEW PUSH: Florida Republicans are [pursuing](#) a plan to make it harder for lawmakers to raise taxes in the state, adding new hurdles for Democrats hoping to enact bold social programs such as "Medicare for all" and more robust education spending. For Republicans, the effort aims to ensure conservative policies govern the state even if they are voted out of office — a very real possibility ahead of midterms featuring tough polling and an unpopular president. For Democrats, the new rules could make it harder to raise the revenue they need to enact progressive reforms with tax increases on the wealthy. Since winning [control of 25 state legislatures](#) in 2010, Republicans have successfully moved state level policy to the right. Democrats hope to pull it back left via victories in 2018 — but are worried that changes to state rules could put their agenda out of reach. At least 14 states already have supermajority tax requirements, according to a 2017 [tally by the National Conference of State Legislatures](#). They include some states that Democrats are hoping to take back this year, such as Wisconsin and Michigan.

STATE HIGH ON DGA NATIONAL PRIORITY LIST: The 2018 midterms bring a handful of toss-up governor's races across the country, but few fights for the governor's mansion carry as much weight nationally as Florida, a state where Democrats have been in political exile for nearly two decades. "It is high on our national priority list," Washington state **Gov. JAY INSLEE**, who chairs the Democratic Governors Association, [told](#) POLITICO. "Florida is ready for a change after two decades." Democrats are in the middle of a five-person primary fight that has at times morphed into a circular firing squad replete with social media shots, and a debate that featured ample attack lines for all on stage. Inslee said his

group does not yet have a set budget or outline for what it will spend on the Florida race, but stressed the winner of the primary race will have DGA resources in the general election. Former Miami Beach **MAYOR PHILIP LEVINE** is leading in most recent polls over Tallahassee **MAYOR ANDREW GILLUM**, **FORMER REP. GWEN GRAHAM**, Winter Park housing developer **CHRIS KING**, and billionaire **JEFF GREENE**, who only recently entered the contest.

AG RACE PITS ESTABLISHMENT CANDIDATES AGAINST NEWCOMERS: In the race to [replace](#) **ATTORNEY GENERAL PAM BONDI**, both the Republican and Democratic primaries feature an establishment-backed candidate facing a challenge from a rival seeking to ride a groundswell of support to victory. The Democratic primary has a favorite, **STATE REP. SEAN SHAW** of Tampa, facing down a challenge from another Tampa-area lawyer, **RYAN TORRENS**. Shaw has received the endorsement of several major elected Democratic official in Florida and has outraised Torrens by nearly 4 to 1. Shaw, 40, is the son of the late Leander Shaw, the first African-American chief justice of the Florida Supreme Court. Shaw and Torrens have said they will emphasize the office's consumer protection duties to crack down on fraud and identity theft. Both have also pledged to advocate for stricter gun control laws and protect the Affordable Care Act. Shaw and Torrens have shown few differences on the issues. But Shaw has a huge edge in campaign resources and support from Democratic elected officials and groups. In addition to endorsements from **HOUSE DEMOCRATIC LEADER JANET CRUZ** of Tampa and **SENATE DEMOCRATIC LEADER OSCAR BRAYNON** of Miami Gardens, Shaw has received support from groups that typically back Democrats, including the Florida Education Association, the Florida AFL-CIO and Moms Demand Action, a national gun control advocacy group.

GEORGIA

STATE FACES RURAL DOCTOR SHORTAGE: Georgia's Legislature is once again [brainstorming](#) legislation to address the state's rural health care crisis. Sixty-four of 159 counties have no pediatrician; 79 have no obstetrician/gynecologist; and nine, like Webster, simply have no doctor. That makes Georgia worse than the national average for needy areas short of primary health care providers, according to federal data assembled by the Kaiser Family Foundation. Health outcomes for Georgia patients lag accordingly, with the state ranked among the worst 10 states for most measures.

ELECTION SECURITY BECOMES A POLITICAL ISSUE IN GEORGIA GOVERNOR'S RACE: Georgia is one of [14 states](#) that uses electronic-only voting machines without a paper trail voters can verify for themselves. Cybersecurity experts agree this leaves elections more exposed to [potential hacking](#) and technical problems. Georgia is the most populous of five states using electronic voting machines statewide.

ABRAMS COULD BE THE FIRST BLACK, FEMALE GOVERNOR: Georgia Democratic gubernatorial candidate **STACEY ABRAMS** [says](#) she likes to tell people that she's Georgia-grown but Mississippi-raised. Abrams returned to her state of birth Friday and regaled attendees of the Congressional Black Caucus Institute's annual policy conference in Tunica with stories of her upbringing in Gulfport and Mississippi's Gulf Coast region, using the vignettes to explain why she's vying to become the nation's first African American woman governor.

GEORGIA STATE BUDGET OVERVIEW: Georgia [plans](#) to spend \$26.2 billion in state funds raised through taxes and fees for the 2019 fiscal year. The budget plan anticipates a revenue increase of \$1.2 billion, or 4.9 percent more than the prior year. Keep in mind when you hear Georgia's \$26.2 billion budget is record-setting that 64 percent of the increase over the year before is due to natural growth. Unless the state's economy sinks, factors like an increasing population and rising retirement benefits for state employees will almost always make the cost of running the state higher from year to year. Georgia's 2019 budget adds \$167 million more to the K-12 spending plan than the prior year, fully funding

the state's own formula for the first time in 16 years. The 2019 budget also adds \$20.5 million for children's mental health services for crisis intervention, education assistance and suicide prevention programs. Meanwhile, providers of foster care are allotted \$15.1 million more in the 2019 state budget to keep pace with need, largely caused by Georgia's opioid crisis.

HAWAII

IGE RENOMINATED: Gov. DAVID IGE completed an [improbable political resurrection](#), months after mishandling a dramatic missile scare that put his career in jeopardy. Hawaii Democrats renominated Ige, who took 51.3 percent of the vote, according to The Associated Press. His closest rival, REP. COLLEEN HANABUSA, scored 44.5 percent of the vote.

STATE BECOMES FIRST TO BAN SUNSCRRENS WITH CORAL-DAMAGING CHEMICALS: Hawaii [became](#) the first state in the nation to ban sales of sunscreens containing chemicals deemed harmful to coral reefs after Gov. DAVID IGE signed a bill into law at the Capitol Rotunda in Honolulu. [Senate Bill 2571](#) prohibits the sale and distribution of over-the-counter sunscreens containing oxybenzone and octinoxate in Hawaii. Despite opposition from retail and health industry representatives, Hawaii lawmakers approved the bill in May. The new law goes into effect Jan. 1, 2021. The bill met with opposition from the Hawaii Medical Association (HMA), Hawaii Skin Cancer Coalition, ABC Stores, Hawaii Food Industry Association, Retail Merchants of Hawaii and Personal Care Products Council, among others, as well as Bayer, which manufactures Coppertone sunscreens.

IDAHO

IDAHO GOVERNOR CANDIDATE BRAD LITTLE VIES TO FOLLOW OTTER: His main [priority](#), he'll tell anyone who'll listen, is that he wants Idaho to be a state where young people want to stay — or at very least, come back to. That will take a better education system, he says, better infrastructure, better jobs.

MEDICAID EXPANSION CERTIFIED FOR STATE BALLOT: A voter initiative on Medicaid expansion in Idaho will appear on the November ballot, state officials announced this week. Idaho becomes the second state to put the question before voters, following Utah, which certified a Medicaid expansion initiative in May. A petition in Nebraska is still pending while Maine's referendum, which passed last year, has been tied up in court while Gov. PAUL LEPAGE argues the state can't afford expansion.

IOWA

REYNOLDS TOUTS 2018 SESSION AS FOUNDATION IN ELECTION: Kim Reynolds [spoke](#) to a crowd from [The Des Moines Register Political Soapbox](#) at the Iowa State Fair Tuesday. Reynolds says her rise from county treasurer to state legislator and lieutenant governor before becoming Iowa's first female governor is the result of her upbringing.

WHAT DOES FRED HUBBELL'S YOUNKERS EXPERIENCE SAY ABOUT HOW HE WOULD RUN IOWA?: The [Des Moines Register](#) looks at Democrat Fred Hubble's business record.

ILLINOIS

ILLINOIS FORMS COUNCIL TO GET SENIORS AND LOW-INCOME RESIDENTS ONLINE: Illinois **Gov. BRUCE RAUNER** signed into law a bill designed to increase broadband access for the state's growing, but less-connected older population. [The bill](#) establishes a 21-member Broadband Advisory Council tasked with figuring out why more seniors aren't using the internet, creating digital literacy programs to overcome those barriers and exploring new technologies to increase broadband connectivity for residents 65 years and older. Among the council members is the secretary of innovation and technology, a spot currently filled by state Chief Information Officer Kirk Lonbom.

PRITZKER ADDS \$20 MILLION TO CAMPAIGN: Billionaire **J.B. PRITZKER** has [pumped another \\$20 million](#) into his Democratic campaign for governor, bringing his record self-funding total to [\\$126.5 million](#) with 2½ months to go before the Nov. 6 general election. Campaign finance reports filed late Saturday night showed Pritzker made his latest out-of-pocket contribution Tuesday, two days before he was a featured speaker at Democrat Day at the Illinois State Fair. At the fair's Republican day, **Gov. BRUCE RAUNER** asked the gathered crowd for financial help, warning that he would be outspent by Pritzker by a 3-1 ratio, though he offered no specifics.

INDIANA

STATE MODEL FOR WORKFORCE DEVELOPMENT: As governor of a state with an [estimated](#) 1.5 million job openings over the next 10 years, Mr. Holcomb is getting companies, government agencies and lawmakers focused on workers receiving the training and education required to fill these jobs and those to come. Successful workforce development must expand apprenticeship opportunities, increase STEM education, and invest in education, training and retraining workers. This is why two pieces of legislation that Mr. Holcomb championed and recently signed are earning national attention.

KANSAS

KOBACH'S TAKE-NO-PRISONERS STYLE AT FOREFRONT IN KANSAS RACE: Secretaries of state from middle America aren't generally household names. **SECRETARY OF STATE KRIS KOBACH** is the exception. The 52-year-old Republican has a take-no-prisoners style of conservatism that delights hard-right members of the GOP but makes him a prime target of Democrats and centrists. Despite holding what is usually a low-profile state post, Kobach has gained a [national following](#), thanks to his tough stand on immigration and his push for stricter voter ID laws. Polling shows he has strong name recognition — and high negatives.

KENTUCKY

JUDGE OVERTURNS STATE MEDICAID WORK PROVISIONS: A federal judge [vacated](#) the federal government's approval of new requirements by the state of Kentucky that people must work or get jobs training if they are to receive benefits from the Medicaid health insurance program. U.S. District Judge James Boasberg in Washington, D.C., ruled that the U.S. Department of Health and Human Services never adequately considered whether the work requirements actually help the state furnish medical assistance to state residents.

BESHEAR ANNOUNCES BID FOR GOVERNOR: In [announcing](#) his candidacy for Kentucky governor, **ATTORNEY GENERAL ANDY BESHEAR** said he wants to honor teacher pensions and break away from the current culture of "bullying" in **GOV. MATT BEVIN'S** administration. With educator **JACQUELINE COLEMAN** as his running mate, Beshear, a Democrat, is the first candidate of either party to announce a bid for governor in 2019. Bevin, a Republican, has not yet said whether he will seek re-election. Beshear, 40, was elected attorney general in 2016, when he narrowly defeated Republican **WHITNEY WESTERFIELD**. His father, **STEVE BESHEAR**, was governor from 2007 to 2015.

BEVIN PROMOTES CHINESE PARTNERSHIP AMID US TRADE DISPUTE: Facing a growing trade dispute between the world's largest economies that threatens Kentucky's growing auto industry, Republican Gov. Matt Bevin struck an optimistic tone during a meeting with China's ambassador to the U.S. as [he pledged](#) to woo more Chinese-owned companies to the state.

LOUISIANA

TRUMP'S TRADE WAR SPOOKS AMERICA'S BIGGEST PORT: To [understand](#) what a trade war means for America, go to the Mississippi. Follow the mud-brown river past Louisiana's chemical plants, oil refineries, granaries, ports, and the rail networks and highways that spring from its fingers. Over centuries, trade on the winding waterway hailed as the great spine of the U.S. built hundreds of communities. Most U.S. grain, nearly a quarter of its coal, and much of its petrochemicals pass through here. But the river carries not only goods—it also carries consequences. Although **DONALD TRUMP** garnered more votes from Louisianans in 2016 than any other presidential candidate in history, his promise to put America first targets the heart of its commerce. The U.S. imposed steel and aluminum tariffs on Canada, Mexico and the European Union among others; Trump has threatened to add charges on up to \$450 billion in Chinese goods, with the first round targeting \$34 billion commencing July 6; and the erstwhile partners are retaliating. Louisiana's reliance on trade makes it a unique microcosm of how the tariff battle will affect America.

LOUISIANA BANS BANK OF AMERICA, CITI FROM BOND SALE OVER GUN POLICIES: The state's bond commission voted to ban Bank of America Corp. and Citigroup Inc. from working on its upcoming debt sale because of the banks' "restrictive gun policies," the state treasury said in a [statement](#). Bank of America and Citigroup are the two top-ranked underwriters of long-term municipal debt, according to data compiled by Bloomberg. The ban is the latest example of how corporate America has been drawn into the nation's polarizing debate over gun control.

MAINE

LEPAGE FLOATS HOSPITAL TAX TO PAY FOR MEDICAID EXPANSION: Some lawmakers [said](#) that Maine's Republican governor has been floating a new tax on hospitals to pay for voter-approved Medicaid expansion. Republican **SENATE PRESIDENT MIKE THIBODEAU** said that **GOV. PAUL LEPAGE'S** administration has sent word the governor is considering the idea. LePage's office didn't respond to repeated requests for comment. But it's unclear whether lawmakers would get behind such an idea at this stage. Thibodeau said if formally proposed, such a tax hike would typically receive a public hearing.

MARYLAND

HOGAN ELECTED VICE CHAIRMAN OF NGA: Gov. LARRY HOGAN will be officially [elected](#) Vice-Chairman of the National Governors Association (NGA) at the organization's 2018 summer meeting later this week in Santa Fe, New Mexico, which the governor will attend from July 20-22. Gov. Hogan will lead the bipartisan coalition of governors along with Gov. STEVE BULLOCK (D-Montana), who will serve as Chairman.

RGA ATTACKS JEALOUS: The Republican Governors Association recently [began](#) a weeklong campaign of negative television advertisements against Maryland Democratic gubernatorial candidate BEN JEALOUS. The ads call Jealous, the former president of the NAACP, a "big spender" and warn viewers that he will raise their taxes if elected. The RGA declined to reveal how much it was paying for the ad campaign in Maryland, but said the amount was "significant" and the ads will run "statewide" on broadcast and cable stations. Public filings with Baltimore's WBAL-TV and WMAR-TV show the Republicans have contracted with those stations to run the ads through Aug. 8.

MASSACHUSETTS

GOV CHARLIE BAKER OFFICIALLY LAUNCHES CAMPAIGN FOR 2ND TERM: In [launching](#) his reelection campaign, Baker said he needs more time to complete his work on the crisis of opioid addiction. Baker said he had "started with a \$1 billion structural deficit and just closed the books on a year when we had a billion-dollar surplus — and we did not raise taxes to get from here to there."

FEDS REJECT BAKER BID TO REIN IN PHARMACY COSTS: The federal government [rejected](#) a bid by the Baker administration to rein in pharmacy spending by restricting which drugs would be covered under its MassHealth program. Pharmacy spending is a growing concern with MassHealth, the state's Medicaid program. In just the last five years, pharmacy spending has doubled from \$1.1 billion to \$2.2 billion. Officials say a significant part of the spending growth is driven by a relatively small number of drugs with little or no competition. The Baker administration sought a waiver from the Center for Medicare and Medicaid Services to establish its own policies about which drugs would be covered. Normally, Medicaid drug programs cover all medications with only minor restrictions. Analysts say the Massachusetts request was the first of its kind in the nation.

BAKER SIGNS MOST OF ECONOMIC DEVELOPMENT BILL: Governor Baker signed most of a \$1.15 billion economic development package on Friday approving restrictions on the use of non-compete agreements and greenlighting a sales tax holiday for this weekend, but vetoing protections against bad-faith assertions of patent infringement. The product of a late-session compromise between the House and Senate, the bond bill authorizes nearly \$538 million in public infrastructure grants for local projects, \$250 million for the popular MassWorks municipal infrastructure program and \$75 million in grants for technical education and workforce training.

BAKER SIGNS \$15 MINIMUM WAGE, PAID FAMILY LEAVE INTO LAW: A new mother in Massachusetts will get paid time off to care for her baby, beginning in 2021. A son will get paid time off to care for his ailing parent. A fast food worker will earn at least \$15 an hour by 2023. Gov. CHARLIE BAKER [signed](#) into law a bill that will reshape the state's workplaces. The new law is the result of a so-called "grand bargain" that lawmakers reached last week in order to keep three ballot questions off of the November 2018 ballot. Those questions would have raised the minimum wage, instituted paid leave and also lowered the state sales tax. Baker said the compromise, negotiated with lawmakers by business and labor groups, is "a far better product for the commonwealth than each of these as standalone entities

would be for Massachusetts." By 2023, Massachusetts will be tied with California for the state with the highest minimum wage in the country, unless other states follow suit. Washington, D.C. and New York have also passed a \$15 minimum wage, but New York's law will go into effect more gradually.

BOSTON WEIGHS GIVING LEGAL, NON-CITIZENS VOTING RIGHTS: Non-U.S. citizens living in the country legally may one day be [allowed](#) to vote in Boston elections. The City Council is holding a hearing on the idea at the request of Council President Andrea Campbell. The council is considering ways to make city elections more inclusive, including allowing immigrants with legal status in the country the right to vote in municipal races. That could include legal permanent residents, visa holders and those on Temporary Protected Status or Deferred Action for Childhood Arrivals. Campbell's order for a hearing says Boston has more than 190,000 foreign-born residents, which represents 28 percent of the city population. It also says non-U.S. citizens paid \$116 million in state and local taxes and generated over \$3.4 billion in spending according to a 2015 city report.

MICHIGAN

MICHIGAN'S GOVERNOR'S RACE WILL BE WHITMER VS. SCHUETTE: Here's where they stand on [education](#): Former state Senate minority leader Gretchen Whitmer and Attorney General Bill Schuette will face off in November in the race to become Michigan's next governor. The winner of the general election on November 6 will likely have an enormous impact on education across the state in coming years.

BILL SCHUETTE PICKS LISA POSTHUMUS LYONS FOR LT. GOV. RUNNING MATE: [Posthumus Lyons](#) served in the House of Representatives. After being term-limited, she ran for and won the clerk's office. In the House she took on leadership roles within the House Republican caucus, chairing House committees on education, ethics and elections. She comes from a political family. Her father, Dick Posthumus, served as lieutenant governor under former Michigan governor John Engler.

TRADE WAR PIERCES HEART OF MICHIGAN: China's flag [flies](#) high above Henniges Automotive, alongside those of Germany, Mexico, Canada and other nations, reflecting the global nature of Michigan's auto industry and, increasingly, its reliance on Beijing. Henniges, which produces sealing products for cars, was bought in 2015 by the Aviation Industry Corporation of China, a state-owned company that has snapped up other investments in the Detroit area, including the automotive supplier Nexteer, which sits just across Interstate 75 from Henniges. Over the past several years, Beijing has steadily pumped billions of dollars' worth of investment into Michigan, buying crumbling factories, building new ones and supporting more than 10,000 jobs in the state. But where Michigan sees an economic partner, President Trump sees an "economic enemy" — one intent on overtaking America's competitive edge by stealing technology, trade secrets and jobs from domestic companies. As Mr. Trump tries to punish China with tariffs and other restrictions, Michigan is caught in the cross hairs, with its ability to remain competitive and develop emerging technologies like autonomous vehicles, robotics and artificial intelligence highly dependent on ties to international markets, including China.

MINNESOTA

DEBATES GET RACE FOR MINNESOTA GOVERNOR OFF TO A ROARING START: In their first two debates since winning their parties' nominations, Minnesota's candidates for governor [disagreed](#) at forums Friday morning and Friday night on health care, school vouchers and other issues, but they did so genially and without insults. U.S. Rep. Tim Walz, the

DFL candidate, and Hennepin County Commissioner Jeff Johnson, who won Tuesday's Republican primary, set the stage for a fall campaign that reflects their parties' broad policy differences.

ELLISON SAYS HE'S NOT DROPPING OUT OF AG RACE: Rep. Keith Ellison (D-Minn.) won his party's nomination in his bid to be Minnesota's next attorney general, days after the son of an ex-girlfriend [accused Ellison](#) of emotionally and physically abusing her. Ellison, a six-term congressman who also serves as the deputy chairman of the Democratic National Committee, defeated a crowded primary field for the position.

DO CANDIDATES NEED TO BOTHER WITH GREATER MINNESOTA? The candidates Minnesotans send to the governor's mansion, elect to the U.S. Senate and pick for other statewide offices will depend on something obvious come November: who gets the most votes. What's less obvious — and what campaigns for the people vying for those positions will be working out over the next several months — is [how](#) exactly to go about getting those votes, which are unevenly distributed across the state. At a time when politicians are increasingly talking about an urban-rural divide, that fact also leads to something of an impolitic question: Can you win a statewide election in Minnesota by focusing only on voters in the Twin Cities metro area? Because of the bigness and the blueness of the metro, the deck is stacked against Republicans winning statewide, and a GOP candidate hasn't won statewide since **TIM PAWLENTY'S** re-election bid in 2006, though several have come close, including **NORM COLEMAN** in the 2008 Senate race against **AL FRANKEN**, Emmer in 2010 and Donald Trump in 2016.

MISSISSIPPI

BRYANT CALLING INFRASTRUCTURE, BP SESSION: Gov. PHIL BRYANT [announced](#) BP oil disaster settlement spending will be added to a special session of the Legislature on road and bridge funding set for Aug. 23. Bryant hopes lawmakers can finish work by the following day. As governor, Bryant has the power to call lawmakers back into session in Jackson and to set the agenda on which they would vote. There doesn't appear to be a firm agreement on infrastructure funding or BP settlement spending which would indicate Bryant is breaking with his tradition of calling lawmakers into session only when they have at least broad agreements and would indicate Bryant is using his session calling power to try to force lawmakers to reach a compromise. Bryant said that between charging internet sales taxes, taxing casino sports betting and creating a state lottery, the state could up infrastructure funding by \$200 million to \$250 million a year. Transportation and business leaders have lobbied the state to come up with \$375 million to \$600 million more a year to cover repair and maintenance of roads and bridges statewide and to help local governments.

STATE REVAMPS MEDICAID WORK REQUIREMENT REQUEST: Mississippi has [revamped](#) its request to impose work requirements on its Medicaid beneficiaries, a move to address federal concerns that its original proposal would have left some without insurance. In the overhauled proposal, Mississippi guarantees beneficiaries will receive up to 24 months of coverage if they comply with the proposed work requirements, which include working at least 20 hours per week, volunteering or participating in an alcohol or other drug abuse treatment program. Mississippi submitted its initial request late last year. It's unclear what, if any, impact a recent federal court ruling overturning Kentucky's work requirement waiver could have on the review of this new application. The Trump administration is expected to appeal the Kentucky decision.

MISSOURI

PARSON SIGNS BUDGET BILL: Less than a month after taking office, new **Gov. MIKE PARSON** is [putting](#) his stamp on Missouri's budget priorities. And he's gotten some help from an unexpected flurry of new money into state coffers, says state budget director Dan Haug. Parson signed state budget bills that, among other things, call for \$99 million in additional spending for public education compared to the current fiscal year. He also has approved more money for school transportation. Parson also has signed a measure that maintains state spending for higher education at the same level as this fiscal year. That means reversing the higher-ed cuts that **FORMER Gov. ERIC GREITENS** had proposed. The budget bills went into effect Sunday, July 1. The provisions include allocating \$70 million for state construction projects and workforce development.

MONTANA

STATE APPOINTS NEW STATEWIDE CIO: **Gov. STEVE BULLOCK** [announced](#) this month that **TIM BOTTENFIELD**, the chief information officer of the state Department of Revenue, started this week as the statewide CIO. Bottenfield, who had served as the revenue agency's IT chief since 2011, replaced **RON BALDWIN**, who resigned in January to take a job with the consulting firm Deloitte.

NEW JERSEY

NEW JERSEY TAKES IN \$40.6 MILLION IN SPORTS BETS IN JULY, THE FIRST FULL MONTH IT WAS LEGAL: New Jersey won a U.S. Supreme Court case in May clearing the way for all 50 states to offer sports betting if they choose. Since betting began in New Jersey on June 14, [more than \\$57 million](#) in bets has been taken in, and additional companies continue to join a rapidly expanding market. Internet gambling continued its strong performance in July, up nearly 26 percent from a year ago to \$25.8 million.

NEW MEXICO

NEW MEXICO CIO DARRYL ACKLEY TO RESIGN: Ackley is one of the few governor-appointed information technology officials to last through two terms. He will [step down](#) Aug. 27 to take a role as chief technology officer for the Institute for Complex Additive Systems, a research institute created by the state legislature in 2001 to study vulnerabilities in critical infrastructure. Ackley will be replaced by Estevan Lujan, deputy secretary for the Department of Information Technology.

PEARCE HAS EARLY CASH LEAD OVER LUJAN GRISHAM: Democratic gubernatorial nominee **MICHELLE LUJAN GRISHAM** spent big bucks in the run-up to last month's primary election and in the weeks after it, leaving her Republican general election opponent, **STEVE PEARCE**, with a hefty financial [edge](#) – at least for now – for their November showdown. Pearce, who did not face primary opposition, reported that he had more than \$1.9 million in his campaign war chest – more than double the \$873,374 that Lujan Grisham reported having in her account.

APODACA ENDORSES PEARCE: JERRY APODACA, a Democrat who was New Mexico's 24th governor, has endorsed Republican **STEVE PEARCE** for New Mexico governor. Pearce is running against Democrat **MICHELLE LUJAN GRISHAM**, who defeated Jeff Apodaca, Jerry's son, in the primary.

NEW YORK

NEW YORK ATTORNEY GENERAL SUES TRUMP ADMINISTRATION OVER EMPLOYER FORGIVENESS PROGRAM: In March of this year, the [USDOL announced a pilot program](#), called Payroll Audit Independent Determination (PAID), so employers could perform internal audits, find compliance problems (otherwise known as underpaying employees), and self-report. Employees would get the money they're owed without going through litigation. In April, a group of attorneys-general from New York, California, Connecticut, Delaware, Illinois, Maryland, Massachusetts, New Jersey, Pennsylvania Washington and the District of Columbia [submitted a letter and Freedom of Information Act \(FOIA\) request](#) to the DoL over various concerns. According to the New York Attorney General's office, although a federal agency must respond to a FOIA request within 20 days, it has been 100 so far with no word from the DoL. The [lawsuit filed by New York](#) requests that the court order the Department of Labor to fulfill the request and award New York attorneys' fees and costs.

NY TIMES BACKS ZEPHYR TEACHOUT: The editorial board [says](#) the lawyer and activist is the right choice as state attorney general for Democrats.

'UGLY ALBANY' ON DISPLAY IN FEDERAL TRIALS, PENSION RULING: Alleged payoffs. A taxpayer-paid pension despite disgrace. Keeping donations from your sworn enemies. Such are the ways that money — legal and less so — grabbed headlines in the last week, touching current and former Albany luminaries and underscoring the state capital's [reputation](#) as a place where personal and professional financial concerns often overshadow the work of government. On Friday, it was Dean Skelos, the former Republican leader of the State Senate, testifying in his own defense in a federal courtroom in Lower Manhattan as he attempts to fend off federal corruption charges that he had used his sizable influence to try to financially benefit his son, Adam. On Thursday, it was another former state official making news, as [the New York Law Journal reported](#) that Eric T. Schneiderman, the former state attorney general, had asked for — and would receive — his pension, despite career-ending accusations of physical abuse against his romantic partners.

OHIO

REPORT SHOWS MEDICAID EXPANSION BENEFITS: Medicaid expansion has [made](#) it possible for people to continue working despite their ailments and has given unemployed recipients health care so they can look for jobs, [according to new state reports](#) released Tuesday. The reports highlighted the successes of expanding Medicaid to some 700,000 low-income Ohioans under the Affordable Care Act. Ohio was one of the first states to expand Medicaid, under **Gov. JOHN KASICH**, in 2014. Kasich attended the news conference where the reports were explained and chatted with some of the Ohioans who say their lives have improved thanks to Medicaid. This is the last year the Republican will lead Ohio, due to term limits, and he said Medicaid expansion is one of the policies he's most proud of.

HOW MIKE DEWINE NAVIGATES THE GOP BATTLEFIELD OF TRUMP VERSUS KASICH: Rather than tying himself to Trump or Kasich, **MIKE DEWINE** is banking on his own brand of Republicanism. He has been in politics long before Kasich or Trump came on the scene, after all. Focusing on the opioid and heroin crisis, talking about protecting children and leaning into conservative issues, such as the Second Amendment and his longstanding opposition to abortion.

DEWINE RELEASES PLAN TO IMPROVE HEALTHCARE: **MIKE DEWINE** released additional details of his plan on Tuesday to improve the health of state employees while reducing costs.

DeWine, the state's attorney general, spoke in Cleveland with his running mate, Ohio **SECRETARY OF STATE JON HUSTED**, and health care professionals about his proposed wellness initiative. The program is based off one from the Cleveland Clinic, which uses its "Rewards for Healthy Choices" program for 101,000 employees and family members. DeWine wants a program of the sort to now benefit state employees and adults in the Medicaid expansion program. The idea behind the program is to encourage healthy behaviors to reduce the prevalence of chronic diseases, which are often preventable but contribute to 80 percent of health care costs.

CANDIDATES' AG EXPERIENCE EMERGES AS KEY ISSUE IN OHIO GOVERNOR'S RACE: Eight years ago, they went head-to-head for the attorney general's office, with the Republican **MIKE DEWINE** narrowly ousting the short-term incumbent Democrat **RICHARD CORDRAY** by a 1.3 percentage point margin. Now, they are squaring off again — this time in a toss-up race for governor — having shared billing as Ohio's top cop and leading lawyer, although DeWine's nearly eight-year tenure is four times longer than Cordray's abbreviated two years. Each is pleased with his fight for justice for Ohioans. And, of course, each has criticism of the performance of his predecessor and successor

NEW BILL INTENDS TO LEGALIZE SPORTS BETTING: A bill introduced this month by **SENS. JOHN EKLUND** (R-Chardon) and **SEAN O'BRIEN** (D-Cortland) would legalize sports betting in Ohio following a May U.S. Supreme Court decision that allows states to determine whether or not it should be legal. The Cleveland Plain Dealer reports that SB316 is mum on details, but O'Brien said he would like to have more specific language in the bill by August or September.

DOCTORS BACK DEWINE FOLLOWING COMMITMENT TO KEEP MEDICAID EXPANSION: Ohio's largest organization of doctors backed **ATTORNEY GENERAL MIKE DEWINE** for governor after the Republican committed to supporting - but improving - Medicaid expansion. The Ohio State Medical Association PAC cited DeWine's stance favoring expansion of the government health insurance program in its endorsement. It also said it favors DeWine for his commitment to increasing treatment options for opioid addiction, lowering prescription drug costs and reducing physicians' administrative burdens.

OKLAHOMA

GOP GUBERNATORIAL HOPEFULS PRAISE, ALIGN WITH TRUMP: Arguably, there's no more polarizing a figure in national politics these days than President Donald Trump. But that controversy hasn't stopped the two Republican gubernatorial hopefuls from praising and aligning themselves with Trump ahead of the Aug. 28 primary run-off. On Election Day in 2016, Trump claimed victory in every single Oklahoma county. Statewide, more than 65 percent of voters supported a Trump presidency.

VOTERS APPROVE MEDICAL MARIJUANA DESPITE OPPOSITION: Oklahoma voters this month backed the medicinal use of marijuana, overcoming a late opposition campaign from law enforcement and business, faith and political leaders. State Question 788, the result of an activist-led signature drive launched more than two years ago, makes it legal to grow, sell and use marijuana for medicinal purposes. The proposed law outlines no qualifying conditions, which would

allow physicians to authorize its use for a broad range of ailments — a fact that sparked bitter opposition, particularly from law enforcement. Under the proposed law, a two-year medical marijuana license would allow someone to possess up to 8 ounces of marijuana, six mature plants and six seedlings, along with edibles and concentrated forms of the drug.

GROUP DROPS EFFORT TO REPEAL TAX HIKES FOR TEACHERS: An anti-tax group seeking to roll back a package of tax increases approved by the Oklahoma Legislature to help fund a teacher pay raise [said](#) it is abandoning the effort. The Oklahoma Supreme Court's recent decision to toss the group's ballot initiative didn't leave enough time to gather the 42,000 signatures needed to place the question on the November ballot, said Ronda Vuillemont-Smith, one of the organizers of Oklahoma Taxpayers Unite. The anti-tax group led by **FORMER U.S. SEN. TOM COBURN** was seeking a public vote to repeal tax hikes on cigarettes, fuel and energy production that were approved by the GOP-controlled Legislature earlier this year to help fund an average teacher pay raise of \$6,100. The tax increases took effect this month.

OREGON

GOVERNOR'S RACE GETS TIGHTER: The Cook Political Report, one of the most-watched political analysis publications in Washington, D.C., has moved the Oregon race for governor from "Likely Democratic" to "[Leaning Democratic](#)," to reflect what the site says are indications that Gov. Kate Brown is having a tougher race than first expected against Republican Knute Buehler, the state representative from Bend.

ROSENBLUM CONSIDERS INVESTIGATION INTO ELECTION FRAUD: Oregon's top attorney is [considering](#) whether to investigate if a crime was committed during the process of putting one of the more controversial initiatives on the November ballot. At issue is a [tax-related](#) measure that could make it harder for Democrats to [raise money in the future](#). The measure, Initiative Petition 31, would require a three-fifths vote of the Legislature for all taxes and fee increases, meaning Democrats without a supermajority would need Republican votes to raise revenue.

RHODE ISLAND

DEMOCRATIC GOVERNOR FACES TOUGH RE-ELECTION IN RHODE ISLAND: By the numbers, Rhode Island Gov. Gina Raimondo should be sitting pretty in her bid for a second term. She's a Democrat in a state where Republican President Donald Trump remains unpopular after losing 54-39 percent in 2016. She's a woman in a year when a record number of female candidates are generating excitement around the country. And her campaign has raised \$7 million, seven times her closest rival. But a lot of [voters aren't sold](#), and Raimondo looks to be heading into a tough re-election fight.

DEMOCRATS RESCIND BACKING FOR TRUMP SUPPORTER: The Rhode Island Democratic Party, which unleashed a dayslong furor by [endorsing](#) a **DONALD TRUMP**-voting male candidate over an incumbent woman, backtracked and withdrew the endorsement. The party rescinded its backing of **MICHAEL EARNHEART** over **STATE REP. MOIRA WALSH**, who is running for re-election in a district in Providence that voted overwhelmingly for **HILLARY CLINTON**. It said it would not endorse anyone in the race. Earnheart, who was a registered Republican until December, said in an emailed statement that he did not want to be a distraction and accepted the decision to rescind his endorsement. He said he plans to stay in the race.

SOUTH CAROLINA

MCMASTER ISSUES BUDGET VETOES: GOV. HENRY MCMASTER made good on a campaign [promise](#) when he announced he had vetoed nearly \$16 million in health care services in an effort to defund abortion clinics like Planned Parenthood. The Richland Republican vetoed nearly \$16 million in health care dollars from the state budget: \$2.2 million in state money and the rest in federal grants. That was among 42 vetoes he announced.

LAWMAKERS PUSH TO FIX BUILDINGS, COLLEGES: A bipartisan group of S.C. lawmakers [say](#) they plan to push to borrow hundreds of millions of dollars to pay for years of delayed maintenance at many state-owned buildings and at the [state's colleges](#). The stage was set for borrowing — last done by the state almost 20 years ago — when legislative budget writers pulled \$20 million for college renovations from the state budget that took effect July 1. Why pull the money from the budget? Because legislators knew they planned to borrow it — and more — when they return to Columbia on Jan. 1. Several lawmakers said there have been previous conversations about a borrowing bill with Republican **GOV. HENRY MCMASTER**. The reaction then from the Governor's Office was positive, they said, leaving them optimistic that a deal can be cut to address deferred maintenance when the Legislature returns in January. Publicly, however, McMaster — seeking a four-year term in November as the nominee of the no-taxes, no-borrowing GOP — is cool to the idea as he tries to appeal to conservatives to keep his job.

SOUTH DAKOTA

COWBOY TURNED LAWMAKER HOPES TO BE SOUTH DAKOTA GOVERNOR: Billie Sutton planned to be a world champion saddle bronc rider, but a rodeo accident that claimed his burgeoning career and his ability to walk led instead to a political rise that could make Sutton the [first Democrat](#) elected South Dakota governor in over four decades. Sutton has since taken in more than \$1.2 million — the campaign says he's on track to raise more than any previous Democratic candidate for South Dakota governor — running as a "pro-life and pro-Second Amendment" moderate and anti-corruption champion seeking to bolster his base by attracting Republican and independent voters in heavily conservative South Dakota. The 34-year-old community bank investment executive has much to overcome: a nearly 100,000-voter GOP advantage and a top-tier opponent, U.S. Rep. Kristi Noem, who has won four terms in Congress and easily triumphed in her June primary election to succeed Republican Gov. Dennis Daugaard.

TENNESSEE

DEAN SAYS HE WANTS TO KEEP 'PARTISAN POLITICS' OUT OF GOVERNOR'S RACE: The lawyer and Belmont University professor [said](#) he would like to focus on health care, jobs and the economy in rural areas of the state.

WHERE DO THE GUBERNATORIAL CANDIDATES STAND ON THE ISSUES? The Tennessee gubernatorial forum at Lipscomb University recently featured Republicans **RANDY BOYD, BETH HARWELL** and **BILL LEE**, and Democrats **KARL DEAN** and **CRAIG FITZHUGH AYRIKA L. WHITNEY**. The Tennessean [provides](#) a summary of where each candidate stands on the issues.

JUDGE STRIKES DOWN LAW TYING COURT FEES TO DRIVER'S LICENSES: It's [unconstitutional](#) for the state of Tennessee to continue revoking driver's licenses from people who can't pay court costs, a federal judge determined recently. The ruling from U.S. District Judge Aleta Trauger will have broad national and state ramifications, said Claudia

Wilner, a senior attorney with the National Center for Law and Economic Justice in New York City who worked on the case. Calling Trauger's ruling a "tour de force," Wilner said the order means more than 100,000 people in Tennessee can start the process today of regaining their driver's license.

LAWMAKERS PLAN TO RENEW MEDICAL MARIJUANA LEGISLATION: Heartened by **PRESIDENT DONALD TRUMP'S** recent comments about marijuana, two Tennessee lawmakers who are physicians plan to [renew](#) efforts next year to legalize medical cannabis and are naming the bill after the president. **REP. BRYAN TERRY**, R-Murfreesboro, and **SEN. STEVE DICKERSON**, R-Nashville, who unsuccessfully pressed a medical cannabis bill in this year's General Assembly, say they are working on a bill that includes expanded medical research with treatment options that utilize cannabis and cannabis extracts under medical supervision. The legislation is being called the Tennessee Responsible Use of Medicinal Plants Act or TRUMP Act.

TEXAS

ABBOTT TELLS TRUMP AMERICA NEEDS NAFTA: GOV. GREG ABBOTT [urged](#) **PRESIDENT DONALD TRUMP** to implement a U.S. trade policy that won't hurt The Lone Star State's economic growth. "If the president wants to have a good economy for the United States of America, he needs to have a reasonable trade policy that will be good for Texas," Abbott told CNBC's Scott Cohn in an interview on "Squawk on the Street." "What is good for the Texas economy is going to be essential for the American economy," he added. Abbott expects Texas will have "robust" growth this year, but it may be "tempered" due to trade issues. Texas, home to 39 companies in the Standard & Poor's 500 index, including AT&T, Exxon Mobil and Texas Instruments, claimed the top spot in CNBC's 2018 America's Top States for Business rankings. With solid economic growth last year — including a torrid 5.2 percent state GDP increase in the fourth quarter — Texas also finished first in CNBC's economy category.

ONCE AGAIN, TEXANS ARE RIGHT IN THE CROSSHAIRS OF TRUMP'S TRADE WAR WITH CHINA: The state's energy, chemical and tech sectors are among those [bracing](#) for new pain. Texas consumers [are seeing higher prices on washing machines and other appliances](#). Texas businesses [are sweating their balance sheets over the added costs of more expensive steel and aluminum](#). Texas farmers and others [are feeling the sting of retaliatory tariffs](#).

BUDGET FORECAST GETS \$2.8 BILLION BOOST: If **COMPTROLLER GLENN HAGAR'S** latest revenue [estimate](#) is to be believed, Texas budget writers awoke to a \$2.8 billion present. Thanks to Texans' ravenous purchasing appetite — and all the sales tax dollars collected on those purchases — the state has seen bigger revenue growth in 2018 than officials predicted last year. With help from rising oil prices and production, state lawmakers are on track to have more than \$110 billion to spend on the next two-year budget, according to the comptroller. That's an upward revision of about 2.6 percent from the roughly \$107 billion Hegar estimated in October, meaning lawmakers could have nearly \$3 billion more to work with next year. That forecasted revenue could go a long way toward plugging some of the huge holes that have worried lawmakers since they signed off on their last two-year budget at the end of the 2017 legislative session, such as a \$2 billion underfunding of the Medicaid program for the poor and disabled, a \$2.5 billion annual commitment to the state highway fund and the continued costs of Hurricane Harvey recovery.

FEDS APPROVE \$5 BILLION FOR HARVEY RECOVERY: Nearly \$5 billion in funding for high-priority disaster recovery projects in Texas was [announced](#) last month by the U.S. Army Corps of Engineers, much of it designed to spur continued recovery from Hurricane Harvey. In addition, the Corps also announced nearly \$16 million for studies for projects to help make Texas more resilient in future storms.

BILL DUE ON CUTTING SPECIAL EDUCATION: Texas's 5.4 million students are [returning](#) to school amid the usual scramble for textbooks, lockers and desks. The state is also other obstacles: how to find, evaluate and properly teach as many as 200,000 students wrongly denied special education or overlooked as it sought to limit spending for the nation's fastest-growing school population. And then there's the question of how Texas, under orders from the U.S. government, will pay for it all. The federal mandate, intended to make up for a de facto cap put in place by the Texas Education Agency in 2004, may amount to the biggest single expansion of special education services ever. For more than a decade, local school districts were pressured to turn away students in need. Now that must be undone.

VERMONT

SHE IS THE FIRST TRANSGENDER GUBERNATORIAL CANDIDATE. CAN SHE WIN? CHRISTINE HALLQUIST'S campaign platform is built on her 13 years as the CEO of Vermont Electric Cooperative, where she says she proved it's possible to address climate change without raising costs. She has [pitched](#) a plan to connect every Vermont home and business with high-speed internet access by relying on electric utilities to string fiber optic cable. **Gov. PHIL SCOTT**, a Republican, was first elected in 2016, pulling together a coalition of independent, Republican and Democratic voters in a year when Vermont overwhelmingly supported the Democratic presidential candidate.

STAKE TAKES NOVEL STEPS TO REHAB YOUNG CRIMINALS: Vermont is [hoping](#) to place fewer young adults in the adult criminal justice system using a first-in-the-nation law that will place some teenagers 18 and older in the juvenile justice system. A law signed by **FORMER GOV. PETER SHUMLIN** in 2016 took effect July 1 and allows anyone 21 or younger charged with a nonviolent crime to be eligible for juvenile offender status. In May, a bill was signed into law by current **Gov. PHIL SCOTT** that will begin placing those under the age of 19 in the juvenile justice system by 2020 and raise the age again to those under 20 in 2022. In both cases, the change in procedure does not apply to a dozen violent offenses, including murder and armed robbery.

RECREATIONAL MARIJUANA LEGAL: As of Sunday, July 1, recreational [use](#) of marijuana became legal in Vermont — within boundaries of some clear and not-so-clear rules. Vermont becomes the ninth state to legalize marijuana and the first state to do so through its state legislature. **Gov. PHIL SCOTT** signed the law in January with "mixed emotions." The law allows adults to possess up to 1 ounce of marijuana, two mature and four immature plants. But authorities can't answer some questions and say clarity of the rules will come with case law. Some examples include how police will enforce the one-ounce marijuana limit when it comes to edibles, the boundaries in public versus private consumption and what exactly a secure pot garden looks like.

WASHINGTON

SEATTLE SODA TAX RAISES NEARLY \$1 MILLION MORE THAN PREDICTED: Seattle's soda tax [brought](#) in some \$1 million more than expected in its first three months. It generated more than \$4.4 million, which exceeded the city's budget office estimate. Nearly 2 million gallons of sweetened beverage were taxed over the period. Seattle's budget office has predicted the tax would raise \$14.8 million in its first year.

SEATTLE BECOMES FIRST MAJOR CITY TO BAN PLASTIC STRAWS, UTENSILS: Seattle has officially [become](#) the first major U.S. city to ban restaurants from giving plastic straws and utensils to customers in an effort to help the environment. Starting July 1, restaurants in the Emerald City are now barred from providing customers plastic straws,

cocktail picks or utensils unless someone specifically requests one. Then, a customer should be given a compostable option, according to Seattle Public Utilities. With 5,000 food service providers in the area, Seattle is the first major city in the U.S. to enact such a ban.

SEATTLE FLIRTS WITH 'MUNICIPAL SOCIALISM': Seattle, celebrated mainly for software, airplanes and overpriced coffee, is now at the [forefront](#) of a radical new experiment to see how far a city can go—and should go—to improve the lives of the people who work there. In an era when most economic and political trends are making it harder for workers—such as [this week's Supreme Court "Janus" ruling](#) on public union dues—Seattle is pushing the other way and positioning itself almost as a municipal version of a labor union—pushing for precisely the sort of benefits that unions were built to fight for, before globalization undercut labor's power. And other progressive cities are doing the same: San Francisco, New York, Minneapolis and Washington, for example, have enacted their own \$15 minimum wage laws. In Austin, Texas, and Newark and Morristown, New Jersey, workers now get paid sick leave.

WEST VIRGINIA

LAWMAKERS MOVE TO IMPEACH STATE SUPREME COURT: West Virginia's House Judiciary Committee [moved](#) to impeach the state's entire Supreme Court. The committee filed 14 articles of impeachment against the four judges, and they will go to the full House of Delegates for a vote. The articles allege the justices – Chief Justice Margaret Workman and Justices Allen Loughry, Robin Davis and Elizabeth Walker – have engaged in corruption, incompetency, neglect of duty, maladministration and certain high crimes. The justices are also accused of "wasteful spending of taxpayer funds on lavish office renovations," using public vehicles for personal matters and creating a plan to pay certain senior judges more than is lawful, [the committee said](#).

WISCONSIN

WISCONSIN GOVERNOR'S RACE VIEWED AS HIGHLY COMPETITIVE: Walker, 50, has won three statewide gubernatorial elections, including a 2012 recall attempt spurred by his Act 10 law that crippled the power of organized labor in the state. He's [hoping](#) the state's record-low unemployment and his recent spending increases on K-12 education will sway voters to give him another four years.

CITIES FACE \$2.25 BILLION IN UNFUNDED RETIREMENT HEALTHCARE PROMISES: A new study shows that some Wisconsin cities are struggling with the cost of health care benefits for retired workers. A Wisconsin Policy Forum report found that the state's largest 25 cities face \$2.25 billion in unfunded liabilities. Some cities face obligations of thousands of dollars per resident. The study shows that all but three of the 25 cities made progress reducing their burden between 2013 and 2016. During that period, Milwaukee's unfunded liability increased by 15 percent, Racine's increased by 24 percent and West Allis' increased by just 1 percent.

STATE SUPREME COURT UPHOLDS MEDICAL MALPRACTICE CAPS: Wisconsin's [caps](#) on medical malpractice awards are constitutional, meaning a Milwaukee woman who lost all four limbs to malpractice will receive only \$750,000 for the pain and suffering she endures, the state Supreme Court ruled. In a 5-2 decision written by Chief Justice Patience Roggensack, the court declared the cap on noneconomic damages that was enacted in 1986 to be constitutional, overruling a Milwaukee County Circuit Court judge, a state appellate court and a 2005 Supreme Court decision. The closely watched Mayo case attracted the attention of the insurance industry, the business and medical communities and

trial lawyers throughout the state. More than a dozen amicus, or friend of the court, briefs were filed. The state's mammoth Injured Patients and Families Compensation Fund, with the support of Republican **ATTORNEY GENERAL BRAD SCHIMEL**, argued the caps were needed to ensure the fund's assets are protected and medical costs are kept in line.

WYOMING

STATE SEEKS WATER BANK LAW AS SHORTAGES LOOM: Worried by growing demands and shrinking water supplies in the Colorado River Basin, **WYOMING** lawmakers are [seeking](#) legislation to authorize water banking in Wyoming and declare it a "beneficial use." The proposed changes to water law could allow Wyoming to "bank" Green River water for the purpose of meeting obligations to downstream states, and in doing so keep the state's water users from running dry in the event of a shortage. Lawmakers voted, without dissent, to draft a bill that would make water banking in Wyoming a beneficial use for contract obligations and drought contingency. The Agriculture, State and Public Lands and Water Resources Committee wants to consider a draft at its next meeting in September.

GORDON WINS REPUBLICAN PRIMARY: Wyoming Treasurer Mark Gordon won the Republican Party's nomination for governor Tuesday after one of the most contentious primary races in recent memory. Emerging from a field packed with outsiders, Gordon captured about 33 percent of the vote on his way to a victory that, at times throughout the race, was in doubt. A weeks-long advertising blitz and numerous high-profile endorsements, including an 11th hour endorsement from President Donald Trump, helped to push Jackson millionaire Foster Friess from the back of the pack to the front, a surprising surge given his relative obscurity in Wyoming state politics several months ago.

PUERTO RICO

PROGRESS ON DEBT RESTRUCTURING: Puerto Rico's federal oversight board and the commonwealth government say they're closer to finalizing an agreement with the second-largest group of creditors in the U.S. territory's \$70 billion in debt. The deal was expected after negotiators struck a similar accord in mediation earlier this year, but the official signoff from all sides is a significant step that could clear billions in debt owed by the island. Puerto Rico's oversight board and governor expect the settlement to save a total of \$17.5 billion over the life of the bonds. That would constitute a 32 percent reduction in the total debt owed by the commonwealth to investors in its sales tax bonds.
