

STATE AND LOCAL UPDATE**December 17, 2019****Policy and Politics****I. Trending Topics****Issue in Focus**

2020 IS A CRUCIAL YEAR FOR STATES: Under the glare of the national census, 2020 will be a [year](#) of decision for the states. Most states will choose legislatures that in 2021 will redistrict congressional and legislative seats on the basis of the census. Some 6,000 of the nation's 7,383 state legislators will be elected. Eight governors, who in many states play a role in redistricting, also will be elected in 2020. The elections come at a time of sharpening partisan division at state and national levels. Unified control has enabled both parties to advance their objectives in the states on issues blocked in Congress, where Republicans hold the Senate while Democrats control the House. Congress declined to act on gun control despite repeated mass shootings. But several Democratic states tightened gun laws in 2019 even as some Republican states were loosening gun restrictions. It's the opposite with abortion, on which nine Republican states have imposed severe restrictions. Meanwhile, six Democratic states passed laws reaffirming abortion rights. Democrats and Republicans also hold divergent views on health care, but some states have departed from the partisan script.

A. BUDGETS, TAXES, & REVENUE

STATES BOOST SPENDING AT FASTEST PACE SINCE RECESSION: America's states are [increasing](#) their spending at the fastest pace since the end of the Great Recession. Their budgets swelled by 5.9% in the 2019 fiscal year to about \$2.1 trillion, the biggest annual increase since the recession ended in 2009, according to a [report](#) by the [National Association of State Budget Officers](#). That's up from a 3.7% pace in the year before as state officials pumped more money into transportation projects, pensions and reserves that will help them weather the next economic rout. The figures show how the record-long expansion is reviving the finances of states that were hit hard by the fallout from the real estate bust. That shift has lifted the credit ratings of California, Washington and Michigan and driven down the yield penalties that investors demand to buy bonds of states such as Connecticut and Illinois. The jump in spending was spurred by "strong gains" in tax collections over the past two years, the budget officers group said. Eighteen states increased transportation spending by at least 10% in the 2019 year, chipping away at a backlog of deferred maintenance that the Volcker Alliance estimates to stand at \$873 billion.

BESHEAR FACES BUDGET SHORTFALL HEADING INTO GOVERNOR'S OFFICE: A [memo](#) from outgoing Gov. Matt Bevin's administration says Gov.-elect Andy Beshear faces a massive budget shortfall as he prepares to take office. The memo from Bevin's budget director estimates the shortfall could exceed \$1 billion over the next two years. The memo points to funding demands for pensions, corrections, Medicaid and employee health benefits. The document dated Monday was sent to Beshear's transition team and lawmakers. Beshear recently took office and will submit a two-year spending plan to lawmakers. Senate Majority Leader Damon Thayer says the memo is a reminder of how difficult the budget session will be.

SPORTS BETTING, INTERNET GAMBLING BILL GOES TO WHITMER'S DESK: The Michigan legislature has [passed](#) bills to legalize sports and online gambling, which now heads to Gov. Gretchen Whitmer's desk to be signed into law. With support from the governor and the legislature, Michigan is poised to legalize sports gambling soon. Sports betting and Internet gambling are expected to generate millions each year in state revenue.

TALK OF TAX HIKES CREEPING UP IN NEW YORK: In 2020, state officials will [examine](#) whether to turn to New York residents and businesses for more tax revenues. With the state facing a gaping hole in its finances, and if history is an already well-known guide to New Yorkers, that's hardly a bold prediction. But how? That's the \$6.1 billion question. The new state budget is due in March, and Democrats who control the state Capitol are already talking about potentially major tax hikes on wealthy individuals and corporations. Considering past red-ink periods in the annals of state budget-making, however, low and middle class taxpayers could get caught up in the revenue-raising frenzy. They might not be directly affected by tax hikes already given names – like the “ultra-millionaires” tax or the “pied-a-terre” tax – but those with less lofty incomes could find themselves hit, directly or indirectly, with any range of levy increases or higher nuisance fees affecting how much it costs for them to drive a car or heat a home or make a widget. Rank-and-file lawmakers kicked off talk about potential tax hikes two weeks ago after Gov. Andrew M. Cuomo released a report on the health of the state's finances midway into the 2019 fiscal year. It was gloomy: A \$6.1 billion deficit is at hand, driven mostly by [rising Medicaid costs](#).

STATE ASSEMBLY SPEAKER SAYS RAISING TAXES WILL FIX BUDGET GAP: Democratic State Assembly Speaker Carl Heastie (D-Bronx) [said](#) the only way to combat the mammoth [\\$6.1 billion budget deficit](#) is to raise taxes. The state Division of Budget released its mid-year budget report last month, weeks after its legally mandated due date detailing a \$6.1 billion gap in the state's finances for next year. Over half of that deficit accounts for the state Medicaid program, calculated at \$4 billion.

BLUE STATES APPEAL RULING IN LAWSUIT OVER GOP TAX LAW DEDUCTION CAP: New York, New Jersey, Connecticut and Maryland [filed](#) a notice of appeal in an effort to further their legal challenge to the GOP tax law's cap on the state and local tax (SALT) deduction. The appeal from the four blue states comes after a federal district judge in New York dismissed their lawsuit in September. The states are appealing the district court's ruling to the U.S. Court of Appeals for the 2nd Circuit.

ABBOTT ORDERS TEXAS AGENCIES TO REDUCE LICENSING REGULATIONS, CUT FEES: Gov. Greg Abbott has [ordered](#) state agencies to review and overhaul their licensing requirements, with an eye toward providing Texans “the opportunity to earn a living free from unnecessary state intrusion.” In a letter to the heads of state agencies, signed by the Republican governor himself, Abbott directed agencies to trim licensing regulations, reduce fees and educational requirements for certain professions, and, “where appropriate,” remove licensing barriers for individuals with criminal records. He set a Dec. 1 deadline for agencies to tell his office which steps they plan to take. There are hundreds of professional licenses in Texas — from tow truck operators to physicians to laser hair removal technicians.

B. HEALTHCARE & INSURANCE

FARMERS' DESPAIR PUSHES STATES TO ACT: This year at least seven states, including Colorado, Kentucky, Minnesota, New York, Texas, Oregon and Wisconsin, [considered](#) bills to boost local mental health authorities. Several, including Minnesota, New York and Wisconsin, focus on agricultural communities. Some are related to strengthening farm finances, but also intended to support mental health and well-being. It's unclear to what extent state efforts will fulfill the need.

Rural residents experience mental disorders and drug addiction just as much as their urban counterparts, and their need for mental health services is similar. But rural suicide rates are greater than urban ones, and the gap has grown steadily since 1999. And yet, rural people have less access to treatment sources. There's a stark lack of providers in rural counties given the vast territory and small populations. Most areas with a shortage of mental health providers are partially or entirely rural, according to the U.S. Centers for Disease Control and Prevention. And since 2010, 119 rural hospitals have closed. As self-reliant people, farmers often are suspicious of mental health resources. In small-population places, where

people may know their neighbors' vehicles and routines, rural people can lack anonymity, which experts say is key to accessing and receiving treatment.

STUDY FINDS LIFTING ADDICTION MEDS RULE WOULD SAVE LIVES, COST IN NY: A new study [finds](#) New York could save roughly 586 lives a year if prior authorization requirements were removed on medications used to treat opioid addiction in the state's Medicaid population. The study, prepared for the Legal Action Center by the North Carolina research institute RTI International, comes as Gov. Andrew Cuomo is reviewing whether [to sign or veto a bill](#) that would do just that. [Another bill](#) that would do the same for the state's commercially insured population is also under review by his office. The practice of prior authorization, in which doctors must obtain advance coverage approval from a patient's health insurer before administering certain prescribed medications or treatment, is intended to control costs and ensure appropriate care is being delivered. **BESHEAR PULLS PLUG ON BEVIN'S PLAN TO OVERHAUL KENTUCKY MEDICAID, ADD WORK RULES:** Gov. Andy Beshear [ended](#) former Gov. Matt Bevin's quest to scale back Kentucky's Medicaid program by requiring "able-bodied" adults to report work hours and other changes critics said would cost up to 100,000 Kentuckians their health coverage. "I believe health care is a basic human right," Beshear said at a news conference. "For as long as I am governor, I'll fight for health care coverage for all Kentucky families." By revoking Bevin's plan, Beshear, a Democrat, fulfilled the last of three actions he pledged to take during his first week in office to reverse actions of his Republican predecessor — reorganizing the state Education Board, restoring voting rights to 140,000 ex-offenders and abolishing the Medicaid plan Bevin rolled out in 2016. Beshear took office Dec. 10 after defeating Bevin in the Nov. 5 election.

TENNESSEE BECOMES NEW FRONT IN FIGHT TO OVERHAUL MEDICAID: Tennessee is the [latest](#) battleground for the Trump administration as it tries to implement drastic, conservative changes to Medicaid. While some red states have begun pushing back from imposing work requirements on Medicaid beneficiaries in the face of lawsuits, Tennessee is forging ahead with an even more controversial proposal. The administration is currently reviewing a plan from Tennessee to convert Medicaid into a block grant, a proposal that, if approved, could be the first in the nation. Imposing block grants in Medicaid has long been a major conservative goal, and with time running down in President Trump's first term, the administration is facing pressure to approve a plan advocates argue may not be legal without congressional approval. Congress already rejected block grants when the GOP's Obamacare repeal bill failed in 2017. Allowing states to impose those same changes by statutory waiver would be extremely controversial and have widespread implications about the use of executive power.

MORE KIDS ON MEDICAID TO GET HEALTH CARE IN SCHOOL: A mountain of [evidence](#) proves it: Good health translates to better student performance. Children who have high blood pressure or are obese [perform worse](#) academically than others. Children with asthma [miss far more school](#). Students who have healthy diets, who are physically active, who abstain from alcohol and illicit drugs, [get better grades](#). With that in mind, more than a dozen states are finally taking advantage of a five-year-old federal policy change that would make it easier for schools to provide health care to millions of children across the country. Before the change, the federal government barred school-based clinics and providers from billing Medicaid, the joint state-federal health care program for the poor, for care provided to children on the Medicaid rolls. The federal government reversed that policy in 2014, but only now are some states taking advantage of the shift. About 45 million children are enrolled in Medicaid. One possible reason for the delay is that officials at the U.S. Centers for Medicare and Medicaid Services, or CMS, tend to communicate with their counterparts at state Medicaid agencies and health departments, not departments of education. Now that they can bill Medicaid, more schools will be able to help students manage chronic conditions such as asthma, diabetes and food allergies; offer mental health and addiction treatment; and provide dental, vision, hearing and speech services. Schools that have been providing those services with their own money can now spend it on other things.

BGR Insights

BGR DIRECTOR OF STATE AFFAIRS RYAN DALTON WRITES ON THE BURGEONING INFLUENCE OF LIEUTENANT GOVERNORS: With more partisan rhetoric than enacted legislation coming out of Congress, Governors have found themselves in a time of tremendous opportunity and challenge. Delivering results for their constituents today means they are making a larger share of the decisions about how to allocate federal formula funding, setting and improving policy, and not waiting for Congress in the meantime.

As states and Governors are taking on a larger share of key decision-making, Lieutenant Governors are growing in influence, too. This influence is growing beyond the seven states in the south where Lieutenant Governors control the bill introduction process. Tasked with expanding portfolios, Lieutenant Governors around the country are rising to the challenge by seizing opportunities to lead and deliver results.

Look no further than New York's prolific Lieutenant Governor, Kathy Hochul, who was tapped as chair of the Democratic Lieutenant Governor's Association this fall after winning re-election in November. Lt. Governor Hochul is chair of the regional economic development councils across the state, responsible for determining how New York distributes more \$700 million in grants, loans and bonds under its economic development programs each year.

After taking office this past January, New Mexico Governor Michelle Lujan Grisham immediately tapped Lieutenant Governor Howie Morales -- who began his career as an educator and was a vocal advocate for education reform in the State Senate -- to serve as cabinet secretary for the Public Education Department and overhaul the state's K-12 program.

Wisconsin Lieutenant Governor Mandela Barnes is drawing national and global attention for his work leading a statewide climate change task force. Lt. Governor Barnes recently keynoted the opening session of the U.S. Climate Action Center at COP25 in Madrid to talk about the action Wisconsin is taking.

In Georgia, Lieutenant Governor Geoff Duncan chaired a Task Force on Healthcare Access and Cost. The task force included the Governor's Office, key legislators, and stakeholders from the healthcare community, all focused on pinpointing improvements that can be made to tackle cost and access burdens before the start of legislative session in January 2020.

Hochul, Morales, Barnes, and Duncan are just a few examples of Lieutenant Governors who are stepping up to the plate as second in command -- becoming powerful and effective partners to Governors who are adapting to wielding more responsibility and influence in the current political climate. Fifteen current Governors were once Lieutenant Governors; Governors are realizing and utilizing their Lieutenant Governors. Look for these individuals and other Lieutenant Governors around the country to keep driving policy in 2020.

Prior to joining BGR, Ryan Dalton served as a senior policy advisor to New York Governor Andrew Cuomo and as Deputy Director of his Washington, D.C. office. Ryan can be reached at rdalton@bgrdc.com.

C. ECONOMY, TRADE & INFRASTRUCTURE

TOP FIVE STATES WITH BEST ECONOMIC OUTLOOKS: Of the 50 states [reviewed](#) by the American Legislative Exchange Council-Laffer Economic Outlook, here are the five states with the best economic outlook: Utah, Idaho, North Dakota, Nevada, and Indiana.

HOW MUCH HAVE STATES PAID FOR TRUMP'S TARIFFS? An analysis by free trade organization Tariffs Hurt the Heartland showed that President Donald Trump's tariffs have cost importers a collective \$42 billion since they were first enacted in February 2018. In response to the U.S. tariffs, other countries have set retaliatory tariffs on U.S. goods. THtH compared exports of goods targeted by these tariffs from January to October 2017, and from January to October 2019. It found that state exports of these goods have fallen by a median \$269 billion, led by Texas, which has seen a \$3.9 billion decrease in exports of targeted goods.

Thirteen states have paid more than \$1B in tariffs

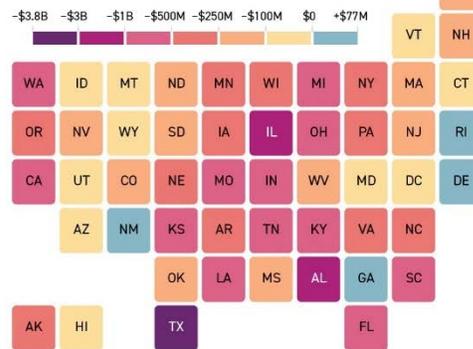
TOTAL TARIFFS PAID TO DATE, FEBRUARY 2018 THROUGH OCTOBER 2019



Source: Tariffs Hurt the Heartland

Exports of tariffed goods fell in 46 states and DC

CHANGE IN EXPORTS SUBJECT TO RETALIATION BY VALUE, FROM JAN-OCT 2017 TO JAN-OCT 2019



By Taylor Miller Thomas, POLITICO Pro DataPoint

Source: Politico

D. EDUCATION & THE ENVIRONMENT

IGE BACKS PAY HIKES TO RECRUIT, RETAIN TEACHERS: Hawaii's governor plans to [announce](#) support for pay increases to help recruit and retain teachers in special education, rural schools and Hawaiian language immersion, officials said. Democratic Gov. David Ige scheduled a public announcement today to express his support for pay differentials for those teaching categories, Hawaii Public Radio reported. The estimated cost for 1,691 special education teachers in fiscal year 2020 is \$8.4 million, with the estimate rising to \$16.9 million for fiscal year 2021, officials said. Ige is working with the Hawaii Department of Education and the state Board of Education to address teacher shortages, the governor's office said. There were 154 special education vacancies for the 2019-2020 school year, officials said.

BESHEAR REORGANIZE KENTUCKY BOARD OF EDUCATION FOR FIRST TIME: Gov. Andy Beshear is [poised](#) to become the first Kentucky governor since the passage of a landmark education reform law in 1990 to completely overhaul the state's education board by executive order, a move he has pledged to make on the first day of his administration. Such a sweeping reorganization could ultimately wind up in court if disputed by any of the 11 current voting board members appointed by Republican Gov. Matt Bevin. Beshear, as attorney general, sued Bevin over his 2017 reorganizations of education-related boards, but the Kentucky Supreme Court sided with Bevin in a unanimous decision. That ruling, Beshear has said, gives him authority to reconstitute the state board once he takes office Dec. 10. Board member Rich Gimmel, one of four voting members whose terms expire on April 14, said he thinks Beshear's action should be challenged "if there is evidence that that is not legal."

STATES SPLIT ON CLIMATE: When the United States formally withdraws from the 2015 Paris Agreement in less than a year, [nearly](#) half of states — or at least their governors — will remain committed to meeting the goals of the global

compact to reduce greenhouse gas emissions to stave off the worst effects of climate change. Collectively, the 24 states that have formed the U.S. Climate Alliance are nearly on pace to reach the emissions targets set forth in the agreement, and governors say their progress in the absence of federal leadership is a success story. But even where states have succeeded in shrinking their carbon footprint, they've been hampered by the Trump administration's rollbacks to regulations on power plants and vehicle emissions. And scant progress in the remaining 26 states, which produce more than half of the country's emissions, shows the limits of state action in meeting the national milestones that scientists say are essential.

STUDY SHOWS STATES SLASHED 4,400 ENVIRONMENTAL AGENCY JOBS IN PAST DECADE: A new report [warns](#) that spending cutbacks at state environmental protection agencies have led to thousands of job cuts at a time when the federal government is rolling back regulations. The study from the advocacy group Environmental Integrity Project found that states have eliminated 4,400 positions at agencies responsible for protecting the environment over the past decade. The group argues that the cuts have been especially damaging under the Trump administration and deregulation at places like the Environmental Protection Agency (EPA).

What We Are Reading

WHAT HAPPENS WHEN GOVERNORS AND LEGISLATORS DON'T GET ALONG? In most states with divided government, there still isn't the outward rancor that's [evident](#) daily in Washington. Personalities still count for a lot. That said, there are plenty of states where the governor is barely on speaking terms with top legislative leaders who hail from the other party.

STATES BRACE FOR MASSIVE VOTER TURNOUT IN 2020: State elections officials are [preparing](#) for a massive surge in voter turnout in 2020 after elections this year broke participation records across the country. In interviews, secretaries of state said they paid close attention to elections in Kentucky, Louisiana and Virginia this year, all states where more voters than ever showed up for what are usually sleepy off-year contests. Several said they had seen a sharp increase in turnout in their own backyards, even in nonpartisan school board elections. Those results, coupled with higher-than-expected turnout in the 2018 midterms and polls that show voters are extremely enthusiastic about next year's presidential election, are stark warnings to elections administrators who are already making preparations for what could be record-breaking turnout.

E. TECHNOLOGY & PROCUREMENT

STATE CIO PRIORITIES IN 2020: The National Association of State Chief Information Officers [released](#) its annual State CIO Top 10 Priorities list. The list seldom surprises and this year is no different, with cybersecurity, digital government, cloud services and consolidation occupying the top four slots, though a closer look reveals a shift in mindset among state CIOs. Small movements and one new addition to the 2020 list — which takes its rankings from NASCIO's state technology leader polling data — indicate that CIOs are settling into their roles as integral business leaders and thinking more about the future. This trend is demonstrated most clearly through the introduction of a new item emerging at No. 10: "Innovation and Transformation through Technology." The reappearance of "legacy modernization" this year, after falling from the list in 2018, might also indicate that CIOs are now more heavily evaluating their capabilities using their existing technology and thinking about what new emerging technologies they will need, Ward said. The role of the state CIO has in recent years shifted away from that of a back-office fix-it person to that of a business leader who — to use a favorite

NASCIO phrase — “brokers” relationships and transactions between a growing host of vendors, customer agencies and other constituencies.

ARKANSAS HOPES CYBERSECURITY TASK FORCE INCREASES AWARENESS: The state of Arkansas has [convened](#) a new task force that will work to advance computer science and cybersecurity education, Gov. Asa Hutchinson’s office announced. Created through executive order, the Computer Science and Cybersecurity Task Force is the latest in a number of steps the state has taken to advance education around these issues. According to the announcement, the task force will look at areas including industry pathways into IT and cybersecurity, post-secondary alignment strategies and goals, data science and cybersecurity in curricula, and work-based learning opportunities for students in these areas.

SENATE PASSES NASCIO-BACKED CYBERSECURITY AID BILL: The U.S. Senate unanimously [passed](#) a bill creating new grants and other programs designed to help states and localities with their cybersecurity efforts, potentially advancing efforts to make more federal resources available for lower rungs of government that have been struggling to fend off a seemingly open-ended series of [ransomware attacks](#) and other threats. The State and Local Government Cybersecurity Act, introduced by Sens. Gary Peters, D-Mich., and Rob Portman, R-Ohio, allows the National Cybersecurity and Communications Integration Center — the federal government’s hub for sharing information about cyberthreats to the nation’s critical infrastructure — to provide more tools to lower levels of government, authorize the sharing of more classified information with chief information officers and other top state and local officials, and create more training programs for IT workers.

STATE PRIVACY LEGISLATION STALLS DESPITE HIGH HOPES: Frustrated [with](#) a lack of action by Congress on federal privacy legislation and hearing from constituents worried about the security of their personal information online, lawmakers in more than two dozen states set out this year to pass privacy bills. The efforts aimed to follow the lead set by California, which last year adopted sweeping privacy legislation. The California Consumer Privacy Act vastly expands consumers’ rights over how information about them is collected and used, and also gives them the ability to opt out of having their data sold. Yet more than a year after California lawmakers voted unanimously to approve the bill, no other state has adopted its own comprehensive measure.

BGR in the News

BGR LOBBYISTS RANKED AS BEST IN 2019: 2019 was a frenetic year for K Street, with a number of high-profile fights on legislative and regulatory issues, even as Washington was riveted by impeachment drama and a contentious 2020 presidential election took shape. BGR’s Haley Barbour, Loren Monroe, Remy Brim and Erskine Wells were [recognized](#) by *The Hill* for their work in Washington, representing client needs in these tumultuous times.

II. Politics

A. GOVERNORS & STATEWIDE OFFICES

DEMOCRAT GOVERNORS MAKE A COMEBACK: At the start of President Trump’s term, Republicans had [solidified](#) control in Washington and their hold on state governments across the country, with 33 GOP governors in power. Democrats were at their lowest numbers in nearly a century — down to just 16 Democratic governors and having control of only 13 state legislatures. But now Democrats are seeing their fates flip across the country in a rebuke to Trump. Last month, Democrat Andy Beshear defeated Kentucky Republican Gov. Matt Bevin in a state Trump carried by 30 points.

With Beshear's inauguration, Democrats are returning to near-parity with their GOP counterparts when it comes to gubernatorial control — 26 Republicans and 24 Democrats. It's a similar pattern to what happened during the last administration. At the start of President Barack Obama's term, Democrats held 28 governors' offices and controlled both chambers of 27 state legislatures. By the time Obama left office, Democrats were at a nadir and had full control of just 13 state legislatures. According to Quorum, it was the biggest loss suffered under a president since Dwight Eisenhower. The first big shift came during the 2010 GOP wave. After that electoral backlash to Obama and the Affordable Care Act, 29 governors were Republicans, compared with just 20 Democrats — a drop of eight governorships from just two years prior. The advantage Republicans claimed during those midterms resonated throughout the decade.

RAIMONDO SHAKES UP STAFF: Governor Gina M. Raimondo is [shaking up](#) her staff. She named Senior Advisor David Ortiz as her new Chief of Staff. The Governor's current Chief of Staff, Brett Smiley, will become the Acting Director of Administration following DOA Director Mike DiBiase's departure in early January. Former Senate Majority Leader Dan Connors will join the Governor's team as her new Senior Advisor. Presently, Connors is a lobbyist. Smiley's stay at Administration is expected to be short-lived as he is expected to be a candidate for Providence Mayor in 2022.

IOWA DOT DIRECTOR RESIGNS AT GOVERNOR'S REQUEST: The director of Iowa's Department of Transportation, which is engaged in major interstate projects affecting thousands of drivers across the state, was [ousted](#) by Gov. Kim Reynolds who "decided to seek a change in leadership," her office said. At Reynolds' request, Mark Lowe resigned from the \$156,000-a-year job effective Jan. 10. A transition plan to appoint a new director has not been announced, said Iowa DOT spokeswoman Andrea Henry. In his resignation letter, Lowe said it was a "terrific privilege" to have served as director.

DEMOCRATIC GOVERNORS ELECT GOV. PHIL MURPHY AS NEXT DGA CHAIR: America's Democratic governors [voted](#) to elect New Jersey Governor Phil Murphy to serve as the new Chair of the Democratic Governors Association for 2020. Gov. Murphy has served as DGA Vice Chair since 2018, alongside Chair Gov. Gina Raimondo of Rhode Island.

LUJAN GRISHAM SELECTED VICE CHAIR OF DEMOCRATIC GOVERNORS ASSOCIATION: Gov. Michelle Lujan Grisham has been [selected](#) as the vice chair of a national association for Democratic governors, the group announced this week. The Democratic Governors Association tapped Lujan Grisham as vice chair of the group at an annual meeting in San Francisco and selected her to chair the association in 2021 — a move that could boost her national profile during her expected reelection campaign that year, although her office has said her concerns lie in New Mexico.

BULLOCK DROPS PRESIDENTIAL BID, WON'T RUN FOR SENATE: Montana Gov. Steve Bullock formally [dropped](#) out of the race for the Democratic presidential nomination, ending a long-shot campaign that failed to catch fire even as he attracted support from senior party officials and operatives. Bullock, 53, was the only candidate in the Democratic contest who won election in a red state on the same day President Trump won the White House. He based his campaign on a promise to win back areas where Democrats have lost voters in recent years.

DEMOCRATIC LIEUTENANT GOVERNORS ASSOCIATION ANNOUNCES NEW CHAIR: The Democratic Lieutenant Governors Association [announced](#) that New York Lt. Governor Kathy Hochul will serve as the organization's Chair in 2020. Hochul takes over a revamped organization that will be completing its first full year as a recognized political committee and has seen its membership grow from 14 to 24 Lieutenant Governors since its formation.

FOX ELECTED PRESIDENT OF NATIONAL ASSOCIATION OF ATTORNEYS GENERAL: Montana Attorney General Tim Fox was [elected](#) president of the National Association of Attorneys General during its Capital Forum, Dec. 9-11. Attorney General Fox has selected "Transformational Leadership and Civility" as his presidential initiative.

REPUBLICANS BOOST TRUMP'S JUDICIAL 'FARM TEAM' AFTER AG ELECTIONS: Republicans have successfully [boosted](#) President Trump's "farm team" for the federal judiciary after going undefeated in attorney general (AG) races last month, and are now setting their sights on 2020 presidential hopeful Michael Bloomberg. Republican Attorneys General Association (RAGA) Executive Director Adam Piper told Fox News the GOP's clean sweep of AG races on election night has drawn attention to the group and will help provide future judicial picks for the president to choose from. Piper highlighted several key policy issues but said energy remains one of the group's top concerns, while Bloomberg remains one of their top targets.

B. STATE LEGISLATURES & MAYORS

ELECTION REFORM, REDISTRICTING TO OCCUPY STATE LAWMAKERS IN 2020: With a highly contentious presidential race [coming](#) in 2020, election issues promise to occupy the attention of many state lawmakers. The focus in states where Republicans control the legislature and governor's office is likely to be on restricting access to the ballot box by those who are ineligible to vote, through such measures as tightening voter ID requirements, reducing early voting periods and purging inactive voters from registration rolls. The focus in states where Democrats control the levers of government will likely be on increasing voter access by expanding early voting periods, implementing automatic voter registration and restoring voting rights for former felons, among other things. That applies to the newly blue state of Virginia, where Democrats - who won control of the House and Senate in November - [signaled their intention to make voter access a priority next year](#). States where control of the government is split between Democrats and Republicans, meanwhile, could see horse trading [like that which occurred in Pennsylvania this year](#). Other election matters bound to be addressed in 2020 include voting system security, primary election date changes, [ranked-choice voting](#), ["faithless electors"](#) and the [National Popular Vote Interstate Compact](#). Redistricting - The U.S. Census Bureau is conducting its once-a-decade headcount of American households next year. So state lawmakers will be occupying themselves first with making sure that count is conducted in a way that is most beneficial for their respective states and then - in states where redistricting isn't [done by an independent commission](#) - with drawing new legislative and congressional boundaries. Given the [U.S. Supreme Court's ruling in June](#) that refereeing partisanship in the drawing of political districts is "beyond the reach of the federal courts," the upcoming redistricting cycle could be particularly divisive. A [potential push by some states to draw legislative boundaries based on the population of legal citizens rather than total population](#) could also touch off a legal battle that could end up at the Supreme Court.

TWO LIBERAL GROUPS TO SPEND \$7 MILLION TO FLIP STATE HOUSES: After watching Republicans quietly build power in school boards and state Houses across the country for years, progressive Democrats are [ready](#) to take a lesson from their rivals. Two groups, Arena and Future Now Fund, are planning to spend \$7 million to try to flip GOP-controlled state legislatures in Florida, Arizona, Michigan and North Carolina. "If you look at where the important states are, the places most people are watching are the Electoral College to secure the White House," said Daniel Squadron, co-founder of the Future Now Fund. "But the truth is that when you talk about the impact of 2020, electoral control of the state legislatures is critical." The organizations said their funding represents "the largest coordinated-side commitments to date in North Carolina, Michigan and Florida for the 2020 cycle." Under former President Barack Obama, Democrats lost more than 1,000 state and congressional seats. The devastating losses left many Democratic activists and insiders believing that they needed to do more to focus beyond the White House.

VIRGINIA DEMOCRATS WEIGH MARIJUANA DECRIMINALIZATION: Virginia Democratic leaders will [push](#) next year for decriminalizing marijuana possession and wiping clean the records of thousands of people convicted of using the drug — proposals they expect to succeed with their party in control of the statehouse. During an all-day summit convened by Attorney General Mark R. Herring, members of a new General Assembly Cannabis Caucus explored the best

approaches to eliminating criminal penalties of as much as 30 days in jail for pot possession. They also consulted with officials from states that have legalized recreational marijuana about doing the same thing in Virginia, though several of the lawmakers said that might take a few years. Herring, a potential Democratic candidate for governor in 2021, organized the summit to build momentum for getting rid of punitive marijuana laws that he said have led to unnecessary criminal convictions, blocking tens of thousands of Virginians from finding good jobs, qualifying for loans or receiving other kinds of assistance.

KENTUCKY LEGISLATURE SUPPORTING BILL TO STRIP GOVERNOR OF POWER: State Senate leaders are [backing](#) a bill that would limit the governor's power to name a Kentucky Transportation Cabinet secretary, essentially shifting that role to a citizen board nominated by influential business and government groups. The [newly created board](#) would develop the first draft of the state's two-year road budget and base it on an "objective scoring system." The governor's administration now creates the plan sent to legislators. Among other duties, the nine-member Kentucky Transportation Board would compile a list of candidates for Transportation Secretary, then send the names to the governor. He or she would choose from that list. The bill also would make the Transportation Secretary subject to Senate confirmation – the only cabinet leader in a governor's administration with that requirement. The measure is sponsored by three Republicans in the GOP-controlled legislature – Sen. Jimmy Higdon; vice chair of the Senate Transportation Committee; committee chair Sen. Ernie Harris; and Senate President Robert Stivers. It was prefiled on Nov. 5, the day Democratic Gov. Andy Beshear defeated incumbent Republican Gov. Matt Bevin.

PENNSYLVANIA REP. JOHNSON-HARRELL CHARGED WITH \$500K THEFT, RESIGNS: One day after being [charged](#) with taking more than \$500,000 from her own nonprofit, Rep. Movita Johnson-Harrell submitted her resignation, saying she would leave the Pennsylvania legislature. The West Philadelphia Democrat was charged with theft, perjury, tampering with public records, and related crimes.

INDIANA HOUSE SPEAKER BOSMA TO RETIRE AFTER 34 YEARS: With thousands of teachers rallying at the Statehouse as a backdrop, House Speaker Brian Bosma [announced](#) he will retire at the end of the 2020 legislative session. While educators clearly feel the state has unfinished business, Bosma leaves office having accomplished the majority of Republicans' to-do list since taking total control of the General Assembly earlier this decade. In a 40-minute floor speech, Bosma ticked off lowering taxes, reducing regulations, enacting school choice and fostering a business environment as accomplishments. He received a bipartisan standing ovation. "It's time for someone else to create their things-to-do list for Indiana," he said. Bosma, 62, made the announcement during Organization Day, the ceremonial first-day of the legislature before the 2020 session starts in earnest in January. He is the state's longest-serving House Speaker, holding the reins of the chamber since the 2011 session, after previously leading from 2004-06.

U.S. MAYORS SAY PRIORITY ISSUES FOR 2020 ELECTION REVOLVE AROUND TECH: An association of America's mayors has [announced](#) its priority issues for the 2020 election, and it put transportation, wastewater systems, clean energy tech and digital government on the shortlist. In a [32-page "call to action"](#) released Wednesday, and in advance of a presidential candidate forum the group is hosting on Friday, the U.S. Conference of Mayors outlined context and recommendations for a dozen focus areas for voters and candidates to consider. These ranged from civil rights issues to immigration reform, affordable housing, the tax code and climate change, but four focus areas hinged on technology. In a conference call with national media, USCM President and Mayor Bryan Barnett of Rochester Hills, Mich., said the report built on policies that USCM supported in the past. He said 99 mayors, including Republicans, Democrats and independents from every geographic region in the United States, saw or contributed to the document, which went through a senior USCM leadership and about a dozen different committees for input and approval. The group has

historically issued a policy agenda on the year before each presidential election, and this one urges that the next president focus on three I's: infrastructure, innovation and inclusion.

C. BALLOT INITIATIVES & POLITICS

CITIZEN-LED BALLOT MEASURES GAINING STEAM IN OKLAHOMA: Apparently frustrated by [years](#) of inaction, Oklahomans are increasingly circumventing the Legislature and instead trying to create laws at the ballot box. Oklahomans have long had the power to create and change laws at the ballot box. But prior to 2016, they rarely found enough public support to use the state's initiative petition process. In the nearly 23 years leading up to 2016, citizen-led petitioners only managed to collect enough signatures to put eight measures before voters. But since January 2016, voters already have weighed in on five citizen-initiated ballot measures and gave their stamp of approval to three. Those dealt with criminal justice reform and medical marijuana legalization. A sixth ballot measure — tackling Medicaid expansion — seems all but guaranteed to make the 2020 ballot.

Campaign News

Campaign Race Ratings

2020 GOVERNOR RACE RATINGS: According to the Cook Political Report's latest gubernatorial race [ratings](#) for 2020, DE-Carney and WA-Inslee are rated SOLID D while NC-Cooper is rated LEAN D and the race in MT is open. Additionally, for the seven Republican-held seats, NH-Sununu and VT-Scott are rated LIKELY R while IN-Holcomb, MO-Parson, ND-Burgum, and WV-Justice are rated SOLID R. UT, an open seat, is also rated SOLID R.

NORTH CAROLINA

WHY ARE SO MANY RUNNING FOR LT. GOV.? With just [days](#) left to file to run in the 2020 election, one statewide office has enough candidates for a basketball game. So far, 14 people are running for lieutenant governor. Incumbent Lt. Gov. Dan Forest, a Republican, is running for governor and couldn't seek another term anyway, because there's a two-term limit. It's a crowded candidate field among both parties for an office that doesn't come with as much power as people might think. It does come with a six-figure salary — the same pay as eight other executive-branch positions that are likewise elected statewide and separately from the governor, collectively known as the Council of State. The lieutenant governor presides over the Senate but doesn't make committee appointments or present bills. And while many seek the office because they have higher aspirations beyond it, there's no guarantee the lieutenant governor's office is the way to get there.

TEXAS

MEET THE CANDIDATES VYING FOR CONTROL OF TEXAS: The 2020 elections will [feature](#) a broad field of Democratic and Republican candidates in a fight that will determine control of Texas. Last Monday was the last day candidates could file for the March 3 primaries, the prelude to the much-anticipated general election featuring President Donald Trump's

reelection bid, high-profile congressional races in Texas and a rumble for control of the Texas House. With former U.S. Housing secretary and former San Antonio mayor Julián Castro struggling to gain traction in most Democratic presidential polls, former Vice President Joe Biden, Sen. Elizabeth Warren of Massachusetts or Sen. Bernie Sanders of Vermont will look to capitalize in Castro's home state. With a half-dozen Republicans retiring from Congress and a handful of others facing stiff challenges, Texas will also be an active battleground in the bigger tussle for control of the U.S. House in 2020. But the most intense drama is expected to involve the Texas House. Democrats need nine seats to take control and have targeted at least 22 occupied by Republicans, who are trying to reclaim the 12 seats they lost in 2018. Much of the action will be in races in Dallas, Tarrant, Collin and Denton counties.

UTAH

COX LEADS HUNTSMAN IN LATEST 2020 UTAH GOVERNORS POLL: The [latest poll on Utah's 2020 race for governor shows](#) Spencer Cox with a sizable lead over Jon Huntsman and a big gap between these frontrunners and the rest of the Republican field. The poll was conducted by [UtahPolicy.com](#) and Y2 Analytics and released late Friday. Cox, the lieutenant governor, received 41% of the support from Republican voters who will select their party's nominee in a June primary, which is likely to be a crowded affair. Huntsman, a former Utah governor who recently served as the U.S. ambassador to Russia, came in at 29%. This is not significantly different than [the last poll in this race](#), which was sponsored by the Salt Lake Chamber and conducted by Dan Jones and Associates in June. That poll showed Cox at 41% and Huntsman at 26%. After Huntsman, the next highest level of support in the UtahPolicy poll went to Rep. Rob Bishop at 9%. Bishop, who is leaving the U.S. House in 2020, has not declared his candidacy and may not join this race. The new poll included 911 registered voters who were contacted between Nov. 19 and Dec. 7. UtahPolicy identified the margin of error for these Republican only questions at 4.6 percentage points.

WASHINGTON

EYMAN ANNOUNCES BID FOR GOVERNOR: A career anti-tax initiative promoter who has been [accused](#) by the state attorney general of using campaign donations for his personal use has announced he's running for governor in 2020. Tim Eyman made the announcement Thursday while testifying at a Sound Transit board meeting in Seattle. The board talked about next steps following the passage of Initiative 976, the \$30 car tabs measure backed by Eyman. The state has said the measure will lead to deep cuts in road and public transit projects. Eyman joins a handful of lesser-known candidates who have already declared against Democratic incumbent Gov. Jay Inslee. Eyman has been the subject of a long-running lawsuit by Attorney General Bob Ferguson, who says that Eyman violated state campaign-finance laws and covertly used his initiative drives to enrich himself.

LARKIN ANNOUNCES AG CHALLENGE TO FERGUSON: A Woodinville Republican and former Pierce County deputy prosecutor will [run](#) to be Washington state's next attorney general. Matt Larkin, a business development manager and chief legal counsel for Bothell's Romac Industries, recently announced his 2020 campaign. State Attorney General Bob Ferguson, a Democrat, announced in August that he will seek a third term. Ferguson announced after Gov. Jay Inslee dropped out of the presidential race and said he will seek another term as governor. Ferguson is considered a potential candidate for governor after Inslee decides not to seek re-election.