

STATE AND LOCAL UPDATEFebruary 5, 2020

Policy and Politics**I. Trending Topics****Issue in Focus**

MEDICAID SPENDING IS TAKING OVER STATE BUDGETS: Health care in the United States is expensive. Health insurance premiums and out-of-pocket costs continue to [rise](#), driven largely by higher prices at hospitals and other health care providers. The costs of the two big government programs—Medicaid for lower-income people and Medicare for the elderly—also continue to rise. Recent research from Pew Charitable Trusts finds that since 2000, states are devoting more of their revenue to Medicaid. If costs don't come down, states are at risk of having Medicaid spending overrun the rest of their budgets. In 2000, states spent about 12% of their own revenue on Medicaid. Since then, the share has increased to over 17% (figure below), driven mostly by increases in enrollment. According to Pew, more than twice as many people were enrolled in Medicaid in 2017 than in 2000. Some of this increase was driven by job losses due to the recessions of 2001 and 2007 – 2009, which caused incomes to fall and made more people eligible for government assistance. State spending did not increase significantly until 2011, however, since the Federal Medicaid matching rate was increased in 2009 and 2010 as part of the American Recovery and Reinvestment Act. Once this rate returned to normal, state spending increased to cover the difference.

A. BUDGETS, TAXES, & REVENUE

AS STATES PREPARE FOR DISASTERS, THEY ACKNOWLEDGE THINGS WILL GET WORSE: State lawmakers across the country are [calling](#) for huge investments to mitigate the effects of wildfires, flooding, hurricanes, droughts and other natural disasters made more devastating and frequent by climate change. Following the hottest decade on record, which saw record-breaking wildfires in the West, extreme weather events like Superstorm Sandy, a years-long drought in California, and severe flooding in the Midwest, legislators in many states say it's long past time to treat such events as the new normal — and invest accordingly. The federal government is looking ahead as well. The Department of Housing and Urban Development is operating a \$16 billion program to help coastal states prepare for natural disasters, a shift from the typical funding model of providing money after disasters have happened. Even states whose leaders don't publicly acknowledge the existence of climate change, such as Texas and South Carolina, have applied for federal dollars citing "changing coastal conditions" or "unpredictability," the New York Times reported.

DOZEN STATES PUZZLING OUT HOW TO TAX FOREIGN INCOME: States have [struggled](#) for two years to give consistent and clear guidance on whether—and how—they will tax a new federal category of foreign income, causing confusion for multinational businesses confronting this patchwork of rules. But that could change this year. As many as a dozen states are expected to roll out new guidance or pass legislation on how state tax obligations are affected by the 2017 federal tax law's global intangible low-taxed income, or GILTI. States that are adopting GILTI—as well as those that aren't—are expected to act, with urgency the highest in a handful of states that have failed to push out any guidance.

STATES CONSIDER TAXING SERVICES AS CONSUMERS SPEND LESS ON RETAIL GOODS: The number of services [taxed](#) by each state varies fairly widely, according to a recently updated survey by the Federation of Tax Administrators. Only six states—Delaware, Hawaii, New Mexico, South Dakota, Washington and West Virginia—tax services broadly and few have expanded their tax bases. Perhaps most notable in the updated survey was how little things had changed from when it was last conducted, in 2007. Iowa and Kentucky both expanded their tax bases in 2018 to include a handful of

services (tanning, landscaping, subscription services), and Connecticut added dry cleaning and interior design work in 2019. (Connecticut has added 20 services over the last decade, the most in the country.) A significant majority of states, however, added fewer than 10, if any. But that may be changing. In a December special session, Utah lawmakers passed an extensive tax reform package. Along with lowering income taxes, restoring the full grocery tax and repealing exemptions on motor fuel taxes, the legislation also eliminates certain sales tax exemptions (college sporting events, newspaper subscriptions, external car washes) and expands the sales tax to certain services (pet grooming and care, streaming media, parking lots and dating referral sites, to name a few). The loud buzz the overhaul generated in the Beehive State will likely pique interest elsewhere. A revenue working group in Massachusetts is considering ways to tax services. The limited action on this front is due partly to the challenges in administering and defining taxation of services. Many services are complex and industry-specific, making them more difficult than tangible goods for states to value, define and determine how to audit.

STATES MOVING TO STOP AMAZON HQ2-LIKE TAX BIDDING WARS: As many as a dozen states are [considering](#) a non-aggression pact to halt the kind of tax-incentive bidding wars that permitted Amazon.com Inc. to squeeze nearly \$600 million in subsidies out of Virginia for its second world headquarters. A bipartisan group of state lawmakers from across the country have united as the Coalition to Phase out Corporate Tax Giveaways. Supporters say the pact would prevent expensive bidding wars for projects that frequently fail to produce the investments, jobs, and economic punch that the promoters promised. Lawmakers in Illinois joined the campaign, introducing legislation (H.B. 4138 and S.B. 2502) creating the Phase Out Corporate Giveaways Interstate Compact. Parallel legislation got a hearing the same day in the New Hampshire House Ways and Means Committee. Similar measures have been introduced over the last year in Arizona, Florida, Hawaii, Iowa, Maryland, Missouri, New York, and West Virginia.

STUDY FINDS TAX INCENTIVES FAIL TO SPUR ECONOMIC GROWTH: State and local governments are estimated to spend more than \$30 billion a year on business tax incentives, but new research finds that these deals do little to promote regional job growth. The research adds to growing skepticism over the practice of cities and states offering narrow, company-specific tax incentives as a means to attract jobs and economic development. Looking at incentive deals made between 2002 and 2017 that were worth more than \$5 million, researchers from the Princeton University and Columbia Business School found that companies received an average incentive deal worth \$178 million and promised an average 1,500 jobs—a cost of about \$120,000 per job. But the jobs created were within the industry of the project, and researchers said [there was little evidence](#) the incentives stimulated job growth in other industries or had an effect on county-wide employment.

NORTHAM PROPOSES GAS TAX INCREASE AS PART OF MAJOR TRANSPORTATION BILL: Virginia Gov. Ralph Northam is [proposing](#) a 4-cent increase in the state's gas tax to raise money to jump-start his \$3.7 billion landmark rail plan and shore up a fund used to pay for roads, transit and rail projects. The gas tax increase, which is expected to yield around \$1 billion over the next four years, is included as part of a broad transportation bill. The proposal was endorsed by two Democratic leaders in the General Assembly, boosting its prospects in the body that flipped blue in November. The money would be used to help pay for Northam's plan to double passenger rail service over the next decade and new efforts to lower traffic fatalities on state highways, while ensuring the state's transportation fund remains solvent to support critical transit, including Metro, and infrastructure projects.

CUOMO HINGES GAP-CLOSING PLAN ON PAST MANEUVERS: If you're [looking](#) for a flashy, innovative playbook for the state to twist its way out of a \$6.1 billion deficit, Gov. Andrew Cuomo isn't offering one. The governor's \$178 billion executive budget proposal focuses on methods he's used before — structural redesign for the state's Medicaid program

and expected trims across the system — to achieve financial solvency. “This is not the time to come up with creative although irresponsible revenue sources,” Cuomo said in his budget address in Albany. Cuomo’s budget excludes any significant new moneymakers such as new taxes — which have already proven a divisive topic among Democrats in an election year — or revenue from programs like casino expansion or legalizing recreational marijuana. In any case, most of the money from such programs would be unlikely to materialize quickly enough for the rest of this fiscal year, which ends in late March.

STATE LAWMAKERS STAKE OUT POSITION IN TAX CLASH: Democrats who control New York state government are [heading](#) for an intraparty clash over tax policy as they seek to plug a \$6.1 billion budget deficit. Assembly Speaker Carl Heastie, a Democrat from the Bronx, said that he would push for more funding for public schools, housing and mental-health services. Mr. Heastie later told reporters he would advocate for raising more revenue. “We prefer not to cut,” Mr. Heastie said. “I want to make sure we have enough revenue to cover what it is that we need.” Mr. Heastie has previously pitched raising income taxes on millionaires without success. But the state’s 213 legislators are all up for re-election in November, and face pressure to find ways to increase spending—not reduce it. The speaker’s position is at odds with Gov. Andrew Cuomo, who said that he wasn’t looking for additional revenue. Senate Majority Leader Andrea Stewart-Cousins, a Democrat from Yonkers, said Thursday that raising taxes wasn’t her first priority. Several of her colleagues, though, are already calling for the repeal of tax breaks on private planes and yachts. Republicans in both chambers said they oppose tax increases. Senate Minority Leader John Flanagan, a Republican from Long Island, said high taxes were contributing to the number of people leaving the state.

BGR Insights

BGR DIRECTOR OF STATE AFFAIRS RYAN DALTON WRITES ON WHY GOVERNOR WHITMER WAS THE SMART CHOICE FOR DEMS’ STATE OF THE UNION RESPONSE:

Last night, Michigan Governor Gretchen Whitmer delivered the Democratic response to President Trump’s last State of the Union before the election in November. On the surface, the choice seems obvious: Governor Whitmer won Michigan by 10 points, a state Trump won in 2016 and a must win for Democrats in 2020; Governor Whitmer is part of the next generation of future leaders within the party; and the Governor has already built a strong track record that has made her popular with constituents. But she’s also the Democrats’ ideal messenger in a year where their success hinges on winning Michigan, Wisconsin, and Pennsylvania.

These states share a lot in common both demographically and politically. President Trump notably carried all three of these states in 2016, and today, all three are governed by Democratic Governors and Republican-controlled legislatures. Winning these three states in November will require a practical, center-left set of priorities, like affordable healthcare, investing in infrastructure, strengthening the economy and leaving behind something better for the next generation – the issues that Democrats proactively and successfully ran on in the 2018 midterm elections.

In one regard, Governor Whitmer introduced herself last night as the new face of the Democratic party’s future — a successful leader who has delivered results at home while inspiring people across the country as one of the most visible women elected to executive positions in 2018. In another, Governor Whitmer’s straight-talk, pragmatic message and focus on kitchen table issues is exactly what continues to reliably appeal to voters in Michigan, Wisconsin and Pennsylvania. This is a winning combination that demonstrates where Democrats want to put their focus and drive contrasts in 2020.

In her State of the Union response last night, Governor Whitmer summed it up perfectly: "It doesn't matter what the president says about the stock market. What matters is that millions of people struggle to get by or don't have enough money at the end of the month after paying for: transportation, student loans, or prescription drugs. American workers are hurting. In my own state. Our neighbors in Wisconsin. And Ohio. And Pennsylvania. All over the country. Wages have stagnated, while CEO pay has skyrocketed."

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B. HEALTHCARE & INSURANCE

RURAL AMERICA'S HEALTH CRISIS SEIZES STATES' ATTENTION: Rural residents are in poorer health [than](#) those living elsewhere and have less access to treatment, partly because so many rural hospitals and health clinics have shuttered in recent years. As state legislatures begin their 2020 sessions, many lawmakers are struggling to find answers. Brock Slabach, senior vice president of the nonprofit National Rural Health Association, said big ideas are needed to truly change the trajectory of rural health. The good news is that because of scale, rural areas are promising places to test out innovations in the delivery and financing of health care. While the Affordable Care Act and Medicaid expansion brought health insurance to millions more Americans, including many rural residents, it has not ended many of the health care problems in rural areas: disparities in health outcomes, lack of access and an insufficient number of providers. Many states are focused on making improvements, both large and small, to address the deficiencies. Among the ideas: creating private-public partnerships to increase access to care, sending mobile medical units into remote areas, expanding telemedicine and encouraging young people in rural communities to go into health professions. Initiatives also are underway in several conservative states this year to join the 36 states that have expanded Medicaid, which would increase coverage in rural areas and increase revenue to rural hospitals. Some states are trying to help rural hospitals deliver preventive care and chronic illness management beyond their walls, improving the collective health of the community while reducing health care costs.

DOL REJECTS OBAMACARE WORK-AROUND: A health insurance venture that threatened to erode Obamacare and had the backing of seven Republican state attorneys general has been [rejected](#) by the U.S. Labor Department. The proposal, from an obscure company in Georgia that was the subject of a Bloomberg News article last month, won the support of states including Georgia and Louisiana, whose attorney general personally pitched it last year to senior White House officials. Among those pushing for the plan was a Washington lobbying firm whose senior adviser is Corey Lewandowski, Donald Trump's onetime campaign manager. The initiative would allow LP Management Services to create a data-sharing partnership that small firms could join; after agreeing to provide online user data, those in the network could then pay full premiums to buy into LP Management's health insurance. But in a highly technical advisory ruling, the Labor Department said on Jan. 24 that those joining the venture wouldn't be "bona fide partners" and "do not work for or through the partnership."

OBAMACARE CLINGS TO LIFE AS STATES EXPAND MEDICAID: Obamacare is a strange [paradox](#). On the one hand the law is perpetually on life support. Its latest setback was delivered by a federal appellate court that invalidated one of its key provisions. On the other it's a vibrant law that has vastly expanded Medicaid, the federal-state program that provides medical coverage for the poor and disabled, to persons who make up to 138 percent above the poverty line. Medicaid-expansion initiatives were overwhelmingly approved by voters in 2018 in the GOP strongholds of Idaho, Nebraska and Utah. A push for similar initiatives is expected this year in Oklahoma and Missouri. As of Jan. 10, Medicaid expansion had been adopted in 36 states and implemented in all but one of them, Nebraska, according to the Kaiser Family Foundation.

Kansas Gov. Laura Kelly and Senate Majority Leader Jim Denning had also [reached](#) an agreement on legislation to expand Medicaid in that state.

C. ECONOMY, TRADE & INFRASTRUCTURE

ARE STATE, LOCAL GOVERNMENTS PREPARED FOR THE NEXT RECESSION? Recessions are the inevitable result of fluctuations in the economy. Sometimes, they're enormous, like the Great Recession that began in 2008, and sometimes, they're relatively mild. But regardless of the size, fears are mounting over when the next recession will take place. In September 2019, the number of searches made about recessions on Google surpassed the level they hit in 2008, the previous peak in search queries about economic downturns.

BGR in the News

LISTEN UP: BGR Group Founding Partner Governor Haley Barbour was recently interviewed by National Review. You can read and listen to his full interview [here](#). Asked about the Democratic field running for president, Governor Barbour said:

"The Democratic agenda, as espoused by the presidential nomination field, is extreme by U.S. historical standards. All of the Democratic candidates are under immense pressure to buy into this left-wing agenda, and it is unlikely that pressure will subside.

Biden has a large following, much of it a result of his being Obama's vice president. It's plausible that his support will erode as it becomes better known that Obama won't endorse Biden. He's been criticized for poor performance at the podium and not being sure-footed. He may not be able to go the distance.

It's hard to imagine that the mayor of a small Midwestern city, a not very prosperous city, can win the nomination of one of the two major parties, but Buttigieg has developed a good following. If he wins the nod, it will be because he's the fallback nominee, the least objectionable to many people.

Warren and Sanders are further left than many Democrats prefer but they appeal to the hard-left, which appears to be a majority of Democrats as the party is now constituted. The problem for each is getting around the other without driving away the other's supporters. Warren should have the advantage, but her stumble on private health insurance offsets his age disadvantage.

The fact that nobody has pulled away explains the entries of Michael Bloomberg and Deval Patrick, who may be more of a factor than many people expect. But Bloomberg looms greater. His campaign is to have the money and the middle.

At some point, logic says there will be a hard-left candidate and a middle-left candidate, but it hasn't happened this year."

NOT EVERYONE IS BUYING INTO CASHLESS COMMERCE: By a 43-3 vote on Jan. 23rd, the New York City Council endorsed a proposal that will not only require retailers to accept cash, but will impose a \$1,000 fine for first-time violation of the new law. Subsequent violations will garner a \$1,500 fine. There are a few caveats – stores will not be required to accept bills large than \$20, nor will they have to accept cash for transactions conducted online – but for all intents and purposes everyone doing any kind of business with the public is going to have to make sure they have a working cash

register. That is a big win for those who see this more as a social justice issue than one just of technology or even basic commerce.

MORE STATES SEE ZONING AS LEVER TO LOWER HOUSING COSTS: While homebuilders in general have [cheered](#) proposals that would cut local requirements, city leaders and some residents have objected to bills that would reduce their control over land-use decisions. The proposals also have divided affordable housing advocates, with some fearing that they'll lead to more high-end apartments and expensive townhomes rather than units low-income people can afford. In California, "there is this debate between market dynamics and the need to invest in some sort of subsidized housing," said Matt Schwartz, president and CEO of the California Housing Partnership, a San Francisco-based nonprofit created by the legislature in 1988. Twenty-eight states and Washington, D.C., last year passed a variety of legislation that addresses the housing affordability problem, from tax credits for developers to rental assistance and eviction protections for residents, said Sarah Scherer, a policy associate at the National Conference of State Legislatures, a nonprofit with offices in Denver and D.C. California, Washington and Hawaii passed the most laws. This year, legislators in eight states pre-filed housing bills before their sessions began, Scherer said. Both Democratic and Republican governors are calling for affordable housing fixes. In New Hampshire, Republican Gov. Chris Sununu backs a pair of bills — filed by a bipartisan group of young lawmakers — that would offer localities more planning assistance and tax incentives and require planning and zoning boards to streamline building approvals.

CALIFORNIA MOVES TO PROTECT CONSUMERS: On January 10, 2020, California Governor Newsom [sent](#) the California Legislature his 2020-21 budget, which includes a proposal to overhaul the state's Department of Business Oversight ("DBO"), and rename it the Department of Financial Protection and Innovation ("DFPI"). The DFPI, which some observers are describing as a "mini-CFPB," would have enhanced regulatory powers, as well as responsibility to pursue now-unsupervised financial services providers. The [Governor's Budget Summary](#) cited the reason for the expansion as "[t]he federal government's rollback of the CFPB leaves Californians vulnerable to predatory businesses and leaves companies without the clarity they need to innovate." Specific new activities would include, among others: Licensing and examining new industries that are currently unregulated or under-regulated; Protecting consumers through enforcement against unfair, deceptive, and abusive acts and practices ("UDAAPs"); and, Establishing a new Financial Technology Innovation Office that would cultivate the responsible development of new consumer financial products. The budget also would provide funding to administer the California Consumer Financial Protection Law. The California Legislature will now begin a detailed review of the budget, a version of which must be passed before June 15, 2020.

D. EDUCATION & THE ENVIRONMENT

SIX EDUCATION TOPICS YOU'LL SEE IN 2020: While 2020 is [inherently](#) a big election year because it includes a presidential race, it is also a big election year for states: 11 states (plus American Samoa and Puerto Rico) are holding governors races, and 86 legislative chambers across 44 states have seats up for election. Like in any big election year, the issues that dominate the discussions in state capitols are likely to bubble up during campaign rallies and, later, mirror some of the motivators driving people to the polls in the fall. Education sometimes receives a sliver of that attention, vying for space among other big, conversational issues like the economy, climate change and health care. Yet the education spectrum is vast, and the issues numerous. In many states, education makes up more than 50% of the state budget, with significant policy implications. Through our legislative tracking, analysis of governors' priorities and in-person state visits, we identified six trending education topics sure to garner attention among state leaders in 2020. They are: early childhood education, school climate, K-12 funding, teaching, college affordability, and workforce development.

NEW JERSEY MARKS FIRST IN CLIMATE CHANGE FIGHT: New Jersey will [become](#) the first state to require that builders take into account the impact of climate change, including rising sea levels, in order to win government approval for projects, Gov. Philip D. Murphy recently announced. The move by Mr. Murphy, a Democrat, is part of a widening effort by states to use regulations to address worsening climate conditions and to aggressively counteract the Trump administration's push to roll back environmental regulations. New Jersey's initiative is believed to be the broadest, and most specific, attempt to leverage land-use rules to control where and what developers can build, and to limit the volume of emissions that are spewed into the air.

U.S. STATES JOIN GLOBAL PUSH TO BAN ANIMAL-TESTED COSMETICS: A growing number of U.S. states are [considering](#) a ban on the sale or import of cosmetics that have been tested on animals, as advocates argue testing products such as lotions, shampoos and makeup on rabbits, mice and rats is cruel and outdated. The cause has gained support from consumers and many cosmetics companies, but the biggest hurdle is China, which requires that cosmetics sold in its large, lucrative market undergo testing on animals. California, Nevada and Illinois all saw new laws take effect this year that ban the sale or import of animal-tested cosmetics. The laws, which apply to tests performed after Jan. 1, aren't expected to cause much disruption for the industry because many companies already use non-animal testing. Instead, they draw a line in the sand that puts pressure on the U.S. government to pass a nationwide ban and help end China's requirement that most cosmetics sold in that nation of more than 1.4 billion people undergo testing on animals by Chinese regulators.

What We Are Reading

GRETCHEN WHITMER RESPONDS TO TRUMP. BUT WHO IS SHE? Gretchen Whitmer [has](#) only been Michigan's governor for 13 months. She has yet to "fix the damn roads," as she repeatedly promised on the campaign trail. Beyond her state's borders, she is largely unknown. But Ms. Whitmer, who on Tuesday gave the Democratic response to the State of the Union, has something her party covets: proof that Democrats can still win in the Midwest. And those swing-state credentials help explain why Speaker Nancy Pelosi called to offer her a national audience. "She's fresh, she's smart, she's witty, she's bold — and she comes from a state that the Democrats need," said Kym Worthy, a Democrat who is the elected prosecutor in Wayne County, which includes Detroit.

GOP DOMINANCE LIKELY TO CONTINUE AT THE STATE LEVEL: Republicans [control](#) the legislature in every state that Donald Trump carried in 2016, while Democrats have the legislature in every state where Hillary Clinton won, except for the Minnesota Senate (which wasn't up for grabs in 2018). Currently, Republicans have 26 governorships to the Democrats' 24. The GOP controls the legislature in 30 states (with an asterisk on the Alaska House, which has a GOP majority but where a Democratic-led coalition is in charge), compared to 19 legislatures for the Democrats. Neither of those numbers is likely to shift markedly in 2020.

GOVERNORS ARE ABSENT FROM THE PRESIDENTIAL LANDSCAPE: The [absence](#) of a prominent candidate with experience as a state executive governor from this year's crop of Democratic presidential contenders has a multitude of causes. Changes in the media landscape have made it harder for politicians outside of Washington to attract substantial followings. The "outsider" positioning and rhetoric that was once governors' bread-and-butter has been adopted by others. And according to operatives who worked on this year's presidential campaigns, the Democratic National Committee's rule-making made it harder for governors to qualify for the debate stage.

TEXAS, SOUTH FACE POLITICAL CHANGES AS MOVERS ARRIVE: Texas, Arizona and parts of the South are [seeing](#) the nation's largest population bumps — and the people moving there from more liberal states may be feeding political

change in those red-state conservative bastions. As people from California and New York discover the South and Southwest, they're finding friendly people and lower costs but aren't sure how they'll fit in politically. There's dispute over whether the newcomers will change state politics in the South, as they may have in North Carolina, which elected a Democratic governor in 2016, or are "leftugees" fleeing liberal policies who will embrace conservatism. Republican Texas Gov. Greg Abbott made a point, in his State of the State address last year, of saying movers from other states were "fed up with big government policies increasingly running their lives and imposing burdensome regulations."

E. TECHNOLOGY & PROCUREMENT

WASHINGTON STATE TAKES ANOTHER RUN AT ITS OWN CONSUMER PRIVACY ACT: As Washington state's legislative session [opened](#), lawmakers resumed their talks about creating a comprehensive consumer-privacy law for their residents on par with a landmark measure that just went into effect in California. At a press conference, Democratic State Sen. Reuven Carlyle said his new bill — an update of one he introduced last year — is based on the best practices taken from the European Union's General Data Protection Regulation and the new California Consumer Privacy Act. Though Washington's previous run at such law fizzled in the state House of Representatives last spring after passing the Senate 46-1, Carlyle has a new ally this year in Katy Ruckle, the state's newly appointed chief privacy officer. Ruckle, who had led the Washington Department of Social and Health Services' privacy operations since 2006, developing policy for hospitals on records management and compliance, joined Washington Technology Solutions as the statewide privacy chief on Jan. 2. In her new role, much of Ruckle's work will overlap with that of Chief Information Security Officer Vinod Brahmapuram, conducting annual privacy reviews, training agency staff and evaluating data-collection and retention practices when a state agency launches a new IT project.

BIPARTISAN GROUP OF SENATORS INTRODUCE LEGISLATION TO BOOST STATE CYBERSECURITY LEADERSHIP: A bipartisan group of senators introduced legislation that would [establish](#) a federally funded program to put in place state cybersecurity leaders nationwide, increasing the ability of states to respond to cyberattacks. The Cybersecurity State Coordinator Act would create a federal program named after the bill that would ensure every state has a cybersecurity coordinator, with this person responsible for working with all levels of government to prepare for, prevent and respond to cyberattacks. The program would be housed within the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency, an agency that works closely with state and local governments on issues including defending against cyber threats to elections. The bill would also increase coordination on cyber issues between the federal government and state and local governments, boost efforts to prepare for and respond to cyberattacks, and increase sharing of cyber threat information.

LOUISIANA SECRETARY OF STATE BLASTS MANAGED SERVICE PROVIDERS OVER CYBERSECURITY CONCERNS: Louisiana Secretary of State Kyle Ardoin lit [into](#) a major sector of the government-technology industry on Friday, saying that many managed service providers — the companies that many government organizations pay to host and manage various IT functions — do not offer security products sufficient to fend off cyberthreats that could target election systems. Ardoin offered his criticism of MSPs, as the vendors are known, during a presentation on his state's recent experience with ransomware attacks, several of which began as attacks on providers, which then filtered down to local governments.

WHAT'S NEXT FOR STATE, LOCAL INFRASTRUCTURE TECHNOLOGY IN 2020? Election security discussions are heating up and mobile voting apps, while still on the periphery, are worth watching. Chief privacy officers are becoming

a more common role within state government, now with 13 such dedicated roles in states. NASCIO is set to release new research later this year as it prepares for its midyear conference in May. These and other topics are discussed on the latest StateScoop [podcast](#) featuring: Colin Wood, managing editor, StateScoop; Benjamin Freed, tech editor, StateScoop, Amy Glasscock, senior policy analyst, NASCIO; and, Meredith Ward, director of policy and research, NASCIO.

CHIEF DATA OFFICERS IN PLACE IN OVER HALF OF U.S. STATES: In July 2018, the last time *Government Technology* [made a list](#), 21 states had a CDO. (California, Massachusetts and Michigan were mistakenly omitted.) That number has [climbed](#) to 28, not counting Washington, D.C., and given several caveats: Four are not technically called CDOs, but similar or equivalent positions like “data management architect” or “director of applications”; three are currently filled by an interim or acting staff member; and eight are currently vacant or hiring.

NASCIO, NGA PROMOTE MORE STATE-LOCAL COOPERATION ON CYBERSECURITY: A new report [published](#) jointly by the National Association of State Chief Information Officers and National Governors Association urges state governments to embrace partnerships with their localities to beef up the cybersecurity postures of all parties. The document comes after a year in which many state IT organizations were called upon by counties and cities for assistance following incidents like ransomware attacks. Both NASCIO and NGA have been nudging their members to embrace what the groups call a “whole-of-state” approach on cybersecurity, in which all stakeholders — including IT agencies and other departments with roles in business operations, public safety and emergency management — collaborate on information security.

BGR Insights

BGR POLICY ANALYST MAX MEIZLISH WRITES ON THE WAYS LOCAL RACES IMPACT CONGRESSIONAL REPRESENTATION: The 2020 census is well [underway](#), and the outcome of this decennial undertaking will ultimately result in new state and congressional district maps. It is assumed that these maps are drawn by governors and legislators or by commissions appointed by the state. Increasingly, however, district maps are being thrown out or redrawn altogether by state judges who work with their political allies to draw the maps more to their political party’s advantage. The impact that these judges have on federal electoral outcomes is remarkable and severely underappreciated.

According to an April 2019 [analysis](#) of state and congressional district maps drawn by politicians following the 2010 census, nearly 40 percent were struck down by the courts and tossed back to partisan legislatures or redrawn by the judges presiding over them. This would be fine if the judges were largely unbiased and apolitical, but the data suggests otherwise.

Research recently [published](#) in the University of Denver’s *Law & Policy* journal shows that judges are “calculating political actors whose redistricting decisions have profound consequences for the dynamics of congressional elections.” And while there are bad actors on both sides of the aisle, the research suggests that “Republicans are not engaging in partisan calculation with the same regularity as Democratic judges, who systematically increase the Democratic vote share in Republican districts.” This is not to say that judges are corrupt or that they should be barred from adjudicating discrepancies in the political mapmaking process. Far from it. But these revelations highlight a pervasive problem in our body politic.

Groups such as the National Democratic Redistricting Committee (NDRC) – led by former Attorney General Eric Holder – are dominating efforts to tilt the playing field in the redistricting process which Republicans dominated a decade ago through its Redistricting Majority Project (REDMAP). The GOP rationale was straightforward: Controlling the redistricting

process in key states would have the greatest impact on determining how both state legislative and congressional district boundaries would be drawn.

According to former Governor Scott Walker, who leads the National Republican Redistricting Trust, Holder's [objective](#) today is to "sue until it's blue." The NDRC's strategy is to challenge state and congressional district maps in court, giving partisan judges the opportunity to throw out the maps or rewrite them themselves. And for Democrats, the result has been an overwhelming success.

In February 2018, for instance, the Pennsylvania Supreme Court issued a new congressional district map for the state that many believed would put at risk up to [ten seats](#) won by President Trump in the 2016 election. And for a year, liberal groups in North Carolina sued the government, challenging the state's legislative maps in hopes of redrawing district lines to their electoral favor. It is now believed Democrats [could](#) pick up as many as two new seats in the 2020 congressional race.

The NDRC has [raised](#) \$52 million, dedicating much of it to breaking up single party control in states led by Republicans and supporting Democratic judges running in state supreme court races. And as a result, in 2018 alone, Democrats won state supreme court races in North Carolina, Michigan, and Wisconsin. Republicans are scrambling to catch up in advance of 2020 state Supreme Court races in West Virginia, Arkansas, Alabama, Ohio and Louisiana – states where Republicans maintain control of the legislature.

The increased involvement of groups like the NDRC in electing our country's judges has resulted in [more](#) multi-million dollar state supreme court races than ever before. But despite the fact that nearly 90 percent of voters [think](#) political spending on judicial elections has either "some" or "a great deal" of influence on judges' decisions, according to the National Institute of Money in Politics, [more than](#) half a billion dollars were spent in the last twenty years on contributions to state-level lower, appellate, and supreme court races – and of that, only half came from individual donors. The other half [came from](#) labor unions, corporations, political action committees, and various other special interest groups.

Both parties are building campaign war chests to support elected judges, and state and federal PACs should pay attention as the outcomes of the local races will ultimately help determine the outcome of control in state capitals and in Washington. It is a vicious cycle – and the 2020 elections are where it will all start.

At BGR, Max Meizlish provides research and analysis on a range of federal, state, and local matters. He supports several of the firm's practice areas, including the State & Local and International teams. Max can be reached at mmeizlish@bgrdc.com.

CAN STATE INFRASTRUCTURE TECHNOLOGY WORK COMPETE WITH PRIVATE SECTOR COMPETITION? On the same day a county schools computer system was the apparent target of a cyberattack, Administration Secretary Allan McVey on Thursday [told](#) members of the Senate Finance Committee approximately 22 percent of positions in the state's Office of Technology are unfilled. We're on it. We're going to help them through it," McVey said of the school system, whose identity he did not disclose. He said it is too early to know if the cyberattack involved ransomware. With cybersecurity a growing issue, McVey said, staffing that office is increasingly important. Comparatively low pay and better opportunities in the private sector, he said, have contributed to the vacancies.

MEDICAID INFRASTRUCTURE TECHNOLOGY FINALLY READY TO MOVE OUT OF DARK AGES: For more than a decade, the federal Centers for Medicare and Medicaid Systems (CMS) has been [pushing](#) states to upgrade their Medicaid

IT systems. The feds want states to break their enormous systems into separate units that can be updated more quickly and easily. They also want states to move systems to the cloud and to make greater use of private vendors. Most of all, they want states to be able to collect and report comparable data. The number of major categories that CMS expects states to be able to report on in such a way will double this spring. The feds want all this so much that they're willing to pay for it, or at least most of it. Washington now pays 90 percent of Medicaid IT upgrade costs, which is a higher share than it pays for Medicaid administrative costs generally. There isn't a state Medicaid program that doesn't support the federal goals, at least in theory. Some even describe them as "noble." But there are still hurdles toward meeting those goals. Upgrading and modernizing Medicaid management information systems has been a difficult process that drags on for years. Finishing the job will take yet more years to come. "It's a reasonable request on CMS' part," says Emily Blanford, a health policy expert with the National Conference of State Legislatures, "but getting there has been really tough."

II. Politics

A. GOVERNORS & ATTORNEYS GENERAL

RAIMONDO BACKS BLOOMBERG FOR PRESIDENT: Billionaire presidential candidate Michael Bloomberg [snagged](#) his first endorsement from a governor on Wednesday, as Rhode Island Gov. Gina Raimondo called him the right leader to take on President Donald Trump. Raimondo, a longtime political ally of Bloomberg's, was due to appear with him at a morning event in Providence to officially endorse him, the Bloomberg campaign told The Associated Press. Raimondo will also act as a national campaign co-chair. Raimondo was among the prominent Democrats to whom Bloomberg's team reached out before the news broke in November that he was considering a 2020 White House run. At the time, she was head of the Democratic Governors Association and held back from endorsing him, but she praised his record and called him a friend.

NEWSOM'S TOP STRATEGIST RETIRING AFTER DECADES SHAPING CALIFORNIA POLICY: Gov. Gavin Newsom's top strategist Daniel Zingale [announced](#) that he will retire from full-time state service to focus on his health and family. Zingale, who turns 60 this year, said he'll continue to work as the governor's senior adviser on strategy and communications as Newsom prepares to deliver his State of the State speech sometime in the next several weeks. Zingale plans to continue informally advising Newsom as a volunteer and is open to working part-time in the future on "anything that comes up where I can be helpful," he said. Zingale has served in the cabinets of three of California's last four governors.

24 AGs STEP UP TO DEFEND CFPB: A coalition of two dozen state attorneys general has [filed](#) a brief with the Supreme Court arguing that the Consumer Financial Protection Bureau's regulatory powers should be protected. The coalition, led by New York Attorney General Letitia James, filed an amicus brief in *Seila Law, LLC v. Consumer Financial Protection Bureau*. The case stems from a 2017 investigation by the CFPB into Seila Law, a California law firm, for its debt-relief practices. Seila Law sued to block the investigation entirely, arguing that the CFPB's structure was unconstitutional because its director could only be removed for cause. Seila Law maintained that this for-cause provision violated the Constitution's separation of powers clause. Both the US District Court for the Central District of California and the Court of Appeals for the Ninth Circuit rejected Seila Law's argument, and the firm has now appealed the case to the Supreme Court. The law firm is arguing that Title X of the Dodd-Frank Act – which includes the provisions that created the CFPB – must be struck down as unconstitutional. The coalition of attorneys general vehemently dispute that claim. The coalition's brief argues that the CFPB's structure is constitutional, and that even if the for-cause provision is invalid, the CFPB itself should survive. The brief also highlights other provisions of Title X that give states tools to fight consumer fraud.

14 STATES SUE TRUMP ADMINISTRATION OVER FOOD STAMP RULE: A coalition that includes attorneys general in 14 states, the District of Columbia and New York City are [suing](#) the Agriculture Department over a plan to impose stricter work requirements on millions of food stamp recipients. The lawsuit, filed by mostly Democratic-led states, argues that USDA unlawfully limited states' discretion to exempt certain adults from work requirements for an extended period of time based on local employment conditions. California, Michigan, Massachusetts, New Jersey, Pennsylvania and Virginia are among the states participating in the lawsuit.

3 AGs SUE TO HAVE EQUAL RIGHTS AMENDMENT ADDED TO CONSTITUTION: Three attorneys general of states that recently ratified the Equal Rights Amendment are [suing](#) to have the amendment added to the Constitution, challenging a Justice Department opinion that the deadline for passage expired decades ago. In a complaint filed Thursday, the attorneys general of Virginia, Illinois and Nevada are asking the US District Court in Washington, DC, to force the archivist of the United States, who administers the ratification process, to "carry out his statutory duty of recognizing the complete and final adoption" of the ERA as the 28th Amendment to the Constitution. The ERA would ban discrimination on the basis of sex and guarantee equality for women under the Constitution.

5 REPUBLICAN AGs WHO MAY DROWN A DEMOCRATIC WHITE HOUSE: While Democratic presidential contenders scrap over the finer details of Medicare for All and how to tackle climate change, Republican attorneys general across the country are ready to undercut a progressive agenda if Donald Trump is ousted. Republican state attorneys general have [steadily](#) gained influence since they organized to sue tobacco companies in the 1990s, and Washington has been increasingly inundated with lawsuits from them since a 2007 Supreme Court ruling exposed the federal government to more state litigation. Now, these top legal officers on the right — many who honed their tactics during the Obama administration — are standing by to throw sand in the gears if a Democratic administration comes to power. If Democrats retake the White House in November, here are five Republican attorneys general they'll have to outmaneuver: Ken Paxton, Jeff Landry, Patrick Morrisey, Ashley Moody, and Daniel Cameron.

EPA SUED BY 15 AGs OVER RMP CHANGES: 15 state attorneys general and the City of Philadelphia [filed](#) a lawsuit against the U.S. Environmental Protection Agency (EPA) for "gutting" the Obama-era Chemical Disaster Rule amendments to Risk Management Program (RMP) regulations, the coalition's leader, New York Attorney General Letitia James, announced in a release. The agency removed the Chemical Disaster Rule from the RMP regulations in a final rule published in November 2019, stating that eliminating the additional regulations was intended to get rid of "burdensome, costly, unnecessary" amendments and improve security at chemical and petroleum plants. One of the chemical industry's foremost trade organizations, the American Chemistry Council, issued a statement commending the EPA for the changes to the RMP program. The coalition includes attorneys general from the District of Columbia, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New Mexico, Oregon, Pennsylvania, Rhode Island, Vermont, Wisconsin, as well as the City of Philadelphia.

19 AGs JOIN SUIT AGAINST EPA URGING FOR PROTECTION FROM "FOREVER CHEMICALS": California's Attorney General is [part](#) of a multi-state coalition — urging the U.S. Environmental Protection Agency to protect communities from what they say are dangerous chemicals. Attorneys General from 19 states, including California's Xavier Becerra are urging the EPA to proceed with rulemaking to cover the entire family of PFAS chemicals. PFAS are dubbed "forever chemicals" as they don't break down in the environment and can accumulate in human bodies. They're widely used in consumer products from nonstick cookware, water- and wrinkle-resistant clothing, to food packaging, even in firefighting foam. Becerra filed the letter as part of a coalition including the attorneys general of New York, Connecticut, Delaware, Illinois, Iowa, Maine, Maryland, Massachusetts, Michigan, New Jersey, New Mexico, Oregon, Pennsylvania, Rhode Island, Virginia,

Washington, and Wisconsin. The multi-state coalition wants to see the EPA more closely regulate the amount that is released each year.

DOJ, STATE AGs MEET TO DISCUSS GOOGLE: Justice Department officials [met](#) on Tuesday with representatives of state attorneys general to discuss their investigations of search and advertising giant Google. The Justice Department and nearly all state attorneys general have opened investigations into allegations that Alphabet's Google has broken antitrust law. The probes focus on search bias, advertising and management of Google's Android operating system. Google, Facebook, Amazon and Apple are all the focus of federal, state and congressional investigations following complaints that the four tech giants abused their clout in dealings with smaller companies.

B. STATE LEGISLATURES & MAYORS

REDISTRICTING POWER AT STAKE IN 2020 LEGISLATIVE ELECTIONS: The reins of political power in the U.S. for the next decade could be [determined](#) in this year's elections — not necessarily by who wins the presidency, but by thousands of lower-profile contests for state legislative seats across the country. In many states, the winners of those legislative races will have a role in drawing new districts for Congress or state legislatures based on the 2020 census. If a political party can win control of those state legislative chambers now, it can draw voting districts to boost its chances in future elections. Voters will be electing more than 5,000 state lawmakers in 35 states who will play a significant role in crafting or passing new maps for Congress or state House and Senate districts. Voters also will be electing governors in eight states who could enact or veto those maps. The Constitution requires a census once every 10 years. That population count then is used to redraw districts for the U.S. House of Representatives and state legislative chambers. States that grow rapidly can gain congressional seats while those that fail to keep pace can lose seats. Migration among cities, suburbs and rural areas also can lead to changes in district lines to try to equalize the number of residents in each voting jurisdiction. Seven states have only one congressional district because of their small populations. Of the remaining 43 states, eight use redistricting commissions for Congress that leave little or no role for the state legislature. Eleven of the 50 states rely on independent commissions for redistricting their state House and Senate seats. The rest involve lawmakers in the process, and most also give governors a say.

HANDICAPPING THE 2020 STATE LEGISLATURE RACES: Over the past few election cycles, America's increasingly polarized political culture has ironed out many partisan outliers in the state legislatures. These days, reliably blue states at the presidential level tend to have reliably Democratic legislatures, and strongly red states tend to have strongly Republican legislatures. This has left roughly a dozen states — mostly battlegrounds in the presidential race — that will play host to competitive fights over legislative control in one or both chambers. The Cook Political Report is [out](#) with its first handicapping of state legislative control of the 2020 election cycle.

DEMOCRATS REGROUP AFTER GOP SCORES EASY WIN IN TEXAS HOUSE SPECIAL ELECTION: State and national Democrats are regrouping after a tough loss in a recent special election runoff for a Texas House seat that they had targeted in their drive to flip the chamber in November. The result — a 16-point win by Republican Gary Gates over Democrat Eliz Markowitz — left Democrats insisting the seat will be more competitive in November and citing unique factors like Gates' self-funding capacity. But they also acknowledged they could have some lessons to learn after a race that drew a flood of out-of-district attention — and the higher stakes that came with it.

COURTING MAYORS, BLOOMBERG SAYS HE WILL BRING DATA-DRIVEN, 'SMART' POLICIES TO WHITE HOUSE: Former New York Mayor Michael Bloomberg recently [courted](#) more than 270 mayors to support his bid for the Democratic Party's presidential nomination by framing his potential presidency as a continuation of his "smart city" policies around transportation, infrastructure and environmental protection. Bloomberg, who joined a crowded

Democratic field in late November, made his pitch to U.S. Conference of Mayors winter meeting in Washington. During the presentation, which was preceded by attendees receiving “Mayors for Mike” brochures, he revealed an infrastructure plan designed to create “smarter, faster, safer, and greener” roads, railways, bridges and power and energy grids. To do so, Bloomberg said, he’ll commission the creation of the first-ever “national map” to trace the routes of all road, rail, transit, air and freight routes in the United States. The idea is to leverage public and private sector data to find gaps and obstacles in the current transportation ecosystem. At the core of this plan, which would invest well over \$1 trillion into national infrastructure improvements, is a reliance on data and measured accountability that Bloomberg said is lacking in federal infrastructure grants today. The plan also bears similarities to the 2007 “PlaNYC” initiative Bloomberg launched while mayor.

BGR in the News

OLE MISS STUDENTS GET CLOSE-UP LOOK AT GOVERNMENT IN D.C.: While many of their peers slept in or otherwise relaxed during the winter break, eight University of Mississippi students eagerly [tackled](#) the topics of campaigns, elections and advocacy in the United States, thanks to a partnership between Study USA and the Haley Barbour Center for the Study of American Politics. These Ole Miss students spent early January in the classroom to begin the intersession, examining how political science can inform the real-world campaign environment. To strengthen the connection with practical applications, the course culminated with a trip to Washington, D.C., where students met several professionals, including elected officials, lobbyists, campaign managers, staffers, fundraisers and more. Among leaders meeting with the group were U.S. Sens. Roger Wicker, Cindy Hyde-Smith and Mitch McConnell and U.S. Rep. Michael Guest. “This year, we had another great group of students and we had a program packed with outstanding speakers,” Barbour said. “The students went to the White House and heard from White House staff; went to the Capitol and heard from senators, congressmen and Hill staff; and had two full days of classes about campaigns and elections, taught by some of the top political professionals in Washington. The students immersed themselves in it from the start.” BGR, Barbour’s lobbying firm, was instrumental in making the trip happen, organizing meetings and providing access to D.C. decision-makers and other movers and shakers.

MAYORS SEEK SOLUTIONS TO RECYCLING CRISIS: Mayors representing cities [across](#) the United States are increasingly questioning whether their cities can continue to absorb the rising costs to recycle plastics, paper and glass. When Schenectady, New York, recently went out to bid for a new contract to dispose of recyclables, the price jumped from \$38 to \$70 a ton, said Gary McCarthy, the city’s mayor. “It’s twice as much to get rid of recyclables and it’s going to force it to go back into the trash,” he said, speaking after listening to presentations at panel on the first day of the U.S. Conference of Mayors event. Mayors gathered at the session to hear from federal officials and industry representatives about potential solutions to a problem that has increasingly plagued cities since China stopped accepting most foreign recyclables, including plastics and paper, in 2017. Industry representatives asked mayors to continue supporting recycling efforts, promising that investments to modernize recycling infrastructure are on the way.

C. BALLOT INITIATIVES & POLITICS

GERRYMANDERING POTENTIAL SWAYS STATE LEGISLATIVE TARGETS: National political parties are targeting a handful of competitive state legislative chambers this year, where the majority parties can draw favorable district lines — with the potential for gerrymandering — after the 2020 census. The state legislative campaign arms of both parties said wins in Florida, Georgia, North Carolina, Pennsylvania, Texas and Wisconsin would help win congressional majorities

for the next decade. Those six states send a total of 116 representatives to the U.S. House — more than a quarter of the entire voting body. Republicans outnumber Democrats in their combined delegations, 69-46, with one vacancy in Wisconsin. Both chambers of the legislature in all six states are now held by Republicans, and all empower their legislatures to draw congressional district lines. The first election cycle of a decade carries added importance because the winners will use the new census to draw district lines, which generally stay in place for 10 years. By percentage, the closest chamber to flipping is the Pennsylvania House, where Democrats would need to win 4.9 percent of seats now vacant or held by Republicans for a majority. The greatest gap is in the Georgia Senate, where Democrats would have to flip 14.3 percent of all seats.

Campaign News

HAWAII

CALDWELL RAISES NEARLY \$300K FOR 2022 GOVERNOR'S RACE: Honolulu Mayor Kirk Caldwell still has a few months left in his county job, but if recent campaign spending reports are any indication, he's already got his [sights set](#) on the fifth floor of the State Capitol. Caldwell reported raising \$280,000 between July and December in his 2022 bid to be governor, according to campaign finance reports filed Friday. That far outpaces some of the only other candidates who have shown an interest in running for governor this far out. Lt. Gov. Josh Green and Mufi Hannemann raised \$45,000 and \$4,500, respectively, over the same six-month period.

INDIANA

HOLCOMB NOT YET BACKING ATTORNEY GENERAL CHALLENGER: Gov. Eric Holcomb isn't yet [throwing](#) his support behind a top official of his administration in challenging the state attorney general who is awaiting the outcome from an investigation into allegations of drunkenly groping four women. Holcomb filed paperwork for the Republican nomination seeking a second term in the 2020 election but said afterward it was "all premature" to say whether he would endorse a challenger to embattled Republican Attorney General Curtis Hill. Holcomb said he believed the four women's accusations against Hill and that nothing had changed his mind since calling for Hill's resignation in July 2018 after those allegations become public. Adam Krupp formally announced last week he would resign as state revenue department commission to challenge Hill for the attorney general nomination in June's state Republican convention. Hill, who announced his reelection bid in November, has denied wrongdoing during the March 2018 party at an Indianapolis bar for state lawmakers, legislative staffers and lobbyists. The Indiana Supreme Court's Disciplinary Commission is seeking a two-year suspension of Hill's law license, which would put his job as state government's top lawyer in jeopardy. Holcomb said he would have more to say once the state Supreme Court decides whether to punish Hill.

HILL TO RECEIVE CHALLENGER: The head of the Indiana Department of Revenue has [decided](#) to challenge embattled state Attorney General Curtis Hill's bid seeking the Republican nomination for the office. Republican Adam Krupp will challenge current officeholder Curtis Hill for the seat. Hill has faced calls to resign since sexual misconduct allegations against him first came to light in 2018.

KENTUCKY

FIRED HAMPTON STAFFER ANNOUNCES BID FOR CARROLL'S SENATE SEAT: A former deputy chief of staff for Lt. Gov. Jenean Hampton has [filed](#) to run for the District 7 state Senate seat. Adrienne Southworth, of Lawrenceburg, filed for the race, becoming the fifth Republican candidate to do so. Southworth was fired by Gov. Matt Bevin's administration last summer. Blake Brickman, who was then the governor's chief of staff, later took responsibility for the termination, according to the Courier Journal. A letter to Southworth about the dismissal gave no reason for her termination. She joins a primary with other Republican candidates: Amazon employee Cleaver Crawford, Open Hands Pantry manager Katie Howard, Realtor Calen Studler and salon owner Linda Thompson. State Rep. Joe Graviss, D-Versailles, announced his candidacy for the position last year, as incumbent Sen. Julian Carroll announced his intention to retire at the end of this term.

NEVADA

SISOLAK HAS \$2.3 MILLION IN CASH MORE THAN THREE YEARS OUT FROM NEXT ELECTION: Gov. Steve Sisolak [raised](#) more than \$1.6 million and substantially padded his campaign war chest during the first year of his term, giving the state's first Democratic governor in 20 years a significant financial advantage ahead of an expected re-election campaign in 2022. Sisolak's Contributions and Expenses report shows the governor's campaign spent \$164,000 throughout the year while pushing his cash on hand total to more than \$2.3 million. The report covers all contributions and expenses in 2019. Almost all of the funds raised came after the close of the 120-day legislative session, owing to a state law that prohibits the governor, lieutenant governor and members of the Legislature from accepting campaign contributions during and immediately before and after the body is in session.

NEW YORK

HE WORKED FOR OBAMA, BLOOMBERG. COULD HE BE NYC'S NEXT MAYOR? Shaun Donovan, a former housing secretary and budget director under President Barack Obama, [filed](#) paperwork on Monday to run for mayor of New York City. Mr. Donovan was housing secretary from 2009 to 2014 before becoming budget director until Mr. Obama left office. During his time at the White House, he worked on expanding access to health care, an administration priority, and helped coordinate efforts the help the city recover after Hurricane Sandy. For years, speculation has surrounded Mr. Donovan's interest in a City Hall bid. His background as a member of Mr. Obama's cabinet and his familiarity with the city, as housing commissioner when Michael R. Bloomberg was mayor, could give him credibility among voters. For all of Mr. Donovan's experience, he faces steep hurdles. He is not well known outside policy circles in New York and Washington, and he has never run for office before. He also has not formally begun to raise money or assemble a staff, putting him well behind other, more established candidates. Mr. Donovan, 54, is also a white man, a demographic already well represented in the race so far. Of the three leading candidates in terms of name recognition and money raised, all are men, and two are white. They include Eric L. Adams, the Brooklyn borough president, who is black, and the city comptroller, Scott M. Stringer, and the City Council speaker, Corey Johnson, who are white.

NORTH CAROLINA

FOREST BLEEDS CASH AS COOPER BREAKS RECORD IN GUBERNATORIAL RACE: Lt. Gov. Dan Forest [raised](#) only \$1.4 million in the second half of 2019, yet managed to spend \$1.5 million, a burn rate of 107% during the off-year. Meanwhile, Gov. Roy Cooper raised nearly \$4 million in the second half of 2019, putting the campaign at more than \$8.2 million in cash-on-hand. Cooper's 2019 fundraising broke records for fundraising in the year before the election.

OHIO

GOP SUPREME COURT CANDIDATES OUTRAISE DEMOCRATS: Republican sitting Ohio Supreme Court justices [raised](#) nearly 15 times more than their Democratic challengers, according to newly released campaign finance reports. Combined, Justices Sharon Kennedy and Judith French raised just over \$1.1 million. Democrats John O'Donnell and Jennifer Brunner raised together just under \$76,000. The Ohio Supreme Court has seven justices. Two are Democrats. Democrats have a chance to gain a majority on the court, but they have to win both seats.

VERMONT

ASSISTANT AG GRAY ANNOUNCES RRUN FOR LIEUTENANT GOVERNOR: Assistant Attorney General Molly Gray [announced](#) that she is running for lieutenant governor, joining a crowded field of Democrats seeking the post this year. Gray, a prosecutor in the attorney general's criminal division who previously worked as a congressional aide to U.S. Rep. Peter Welch, D-Vt., and as a law clerk with the 2nd U.S. Circuit Court of Appeals, has never held elected office. But her announcement Monday came with several major endorsements, including the backing of former Gov. Madeleine Kunin, Chittenden County State's Attorney Sarah George, and Jane Stetson, a former finance chair of the Democratic National Committee and large Democratic donor.

WEST VIRGINIA

MORRISEY FILES FOR THIRD TERM AS ATTORNEY GENERAL: Attorney General Patrick Morrisey [filed](#) for reelection, highlighting his work on the opioid crisis, church sex abuse and opposition to the Affordable Care Act. Morrisey, a Republican, formally turned in his 2020 candidacy paperwork with a gaggle of GOP lawmakers at the secretary of state's office. He framed his bid for a third term as a way to handle "unfinished business." "The opioid epidemic is devastating for our state. That will be a top priority. We must continue to target the root causes of this problem with everything in our arsenal," Morrisey said. As the state's top prosecutor, Morrisey has overseen multiple lawsuits against opioid makers that have led to about \$84 million in settlements to the state, including a \$37 million deal with the drug distributor McKesson. Some, including U.S. Sen. Joe Manchin, have criticized the settlement with McKesson with as insufficient. Morrisey also sued the Diocese of Wheeling-Charleston, accusing it of knowingly employing pedophiles, in a case brought under the state's consumer protection act, which several attorneys said was a first-of-its kind move. He suffered

a setback in the case late last year, when a circuit judge dismissed the suit until the state Supreme Court decides whether it violates rules about the separation of church and state. Morrissey said he expects a hearing in the spring.
