

NOVEMBER 14, 2005



SCANNEWS
★★★★★
THE LATEST NEWS IN GOVERNMENT AFFAIRS
FROM THE INTERNATIONAL COUNCIL OF SHOPPING CENTERS

CALIFORNIA

Initiatives Defeated in Special Election

Governor Arnold Schwarzenegger (R) suffered a political setback last week at the polls as voters defeated a host of initiatives championed by the administration and opposed by labor unions. Proposition 76, aimed at slowing the growth of state expenditures, and Proposition 77, which would have redrawn legislative districts, were both overwhelmingly rejected. Two other initiatives supported by the Governor – Proposition 73 and Proposition 74 – were also defeated. Proposition 73 would have restricted political spending by employee unions and Proposition 74 would have increased the length of time teachers would have to work before receiving tenure.

Board Pursues Regulations on Construction

The San Joaquin Valley Air Pollution Control District (Air Board) is pursuing two new regulations - Rule 9510 and Rule 3180 - that would impose costly new taxes and fees on every new home, small and large business and other new construction project within the Central Valley counties of Fresno, Madera, Merced, Kern, Kings, San Joaquin, Stanislaus and Tulare. These regulations could end up costing small and large businesses, retailers, industrial and commercial developers hundreds of millions of dollars in new taxes, hurting the region's economy and eventually costing consumers through higher prices for goods and services. The ICSC and the California Business Properties Association (CBPA) are working with a broad and diverse coalition to defeat these two regulations.

COLORADO

Voters Approve Suspension of Taxpayers' Bill of Rights

Referendum C passed on November 1, suspending the Taxpayers' Bill of Rights (TABOR) for the next five years. While the suspension does not allow new taxes to be implemented without voter approval, it will allow the state and counties to keep all revenues collected for the next five years. This will ease the financial burden that was expected statewide and in all areas of the budget if the referendum did not pass, therefore lessening the likelihood that new fees will be implemented.

MASSACHUSETTS

Senate Advances Plan to Stimulate Economy

The Senate recently approved a plan to invest \$473 million in the state's biotechnology sector, higher education system and infrastructure improvements. The Senate Ways and Means Committee unanimously approved the so-called Commonwealth Investment Plan, with chairwoman Therese Murray calling it "comprehensive, well rounded, and economically sensible." It's also significantly more expensive than the \$345 million bill that has already cleared the House. The Senate plan includes \$273 million in immediate state funding, and authorizes \$200 million in bonds. Its highlights include: \$10 million to expedite the commercial permitting process; \$15 million for historical preservation tax credits; \$25 million for workforce development grants; \$9 million for Science, Technology, Engineering, and Math (STEM) programs; \$21 million for tourism

11/14/05

and cultural facilities; \$55 million for the Fenway, Kenmore Square and Longwood areas of Boston; \$25 million for a new highway ramp off Route 24; and additional funding for adult basic education programs.

House Passes Universal Health Plan with Business Assessment

In response to an outcry from the business community, House leadership changed its original bill to include a business levy to decrease the financial impact to businesses that already provide health coverage. This change has aligned the House more closely with the Senate, which so far only has the outline of a plan described by Senate President Robert Travaglini (D) but which relies on a “free rider” penalty to cover the uninsured. Travaglini voiced opposition to the House business levy, but said the branches enjoy good relations, share common goals and will take all the time necessary to work out differences on universal health care.

The House bill expands Medicaid, sets up a system to create new health insurance products and offer them to people who traditionally forgo coverage, and extracts health-targeted dollars from citizens who can afford coverage but don’t buy it. These items, and the business levy, are not easy votes but continue Massachusetts’ tradition of “bold and courageous leadership,” House Speaker Salvatore DiMasi (D) told his members during debate.

House Concurs With Senate on Tax Loopholes, Vote Close on Capital Gains

Legislators are grappling with possible resolutions to a problem with new capital gains taxes imposed in 2002 after the courts ruled that taxes must be imposed for a whole year, and not for a portion thereof. Two approaches discussed would entail refunding

the \$250 million in new taxes paid in the last part of that year or retroactively collecting \$175 million in additional taxes to account for the entire year’s levy. The House settled Tuesday on the approach already supported by the Senate, which would retroactively collect additional funds. The approach would also close \$85 million in “tax loopholes.” The House voted 95-56. According to Revenue Committee Chairman Representative John Binienda (D) the vote represented a significant divide. The split was largely suburban-urban, with many rank-and-file House Democrats also joining Republicans in opposing the bill. Some business leaders object to the use of “loopholes” in describing the measure and say it is simply a tax hike.

Revenue Collections Continue Huge Growth

Collections in October were up 10.8 percent, boosted in part by the largest tax settlement in state history. Even without that \$30 million related to valuations in the WorldCom bankruptcy case, revenues would still be running \$193 million above projection for the year to date.

Panel Approves Growth Bill

In October, lawmakers advanced a proposal to reimburse cities and towns that are forced to spend additional money on education as a result of adopting smart growth zones. According to the ad hoc group Commonwealth Housing Task Force, implementation of the plan will cost \$2 million beginning in fiscal 2008. That price tag will rise to \$36.6 million in fiscal 2014, according to the task force. The bill was redrafted and approved during a joint meeting of the Housing and Community Development and Small Business committees.

11/14/05

NEW JERSEY

Corzine Wins, Democrats Gain Seat in the Assembly

It cost more than \$70 million. It featured what seemed like a nonstop barrage of television ads that seldom discussed public policy. However, Democrat Jon Stevens Corzine was elected Governor of New Jersey Tuesday, defeating Republican Douglas R. Forrester by a decisive 10-point margin of 53 to 43 percent, with Corzine carrying 13 of the state's 21 counties. Corzine will leave the United States Senate, where he has served since 2001, to become Governor in January. He will appoint a new U.S. Senator.

Democrats picked up one Assembly seat, defeating GOP incumbents Jack Gibson and Kirk Conover, and adding the 36th district seat vacated by Paul DiGaetano, but lost two seats with incumbent Bob Morgan appearing to have lost his seat to Red Bank Councilwoman Jennifer Beck. Morgan's running mate, Michael Panter, is locked in a tight race with Republican Declan O'Scanlon, a Little Silver Councilman. O'Scanlon leads by 317 votes, without absentee ballots. Morgan trails Panter by just 64 votes - 1,264 behind Beck.

The 14th district remains split, with Republican Bill Baroni and Democrat Linda Greenstein winning decisive victories. Baroni ran almost 8,000 votes ahead of Democrat Dan Benson, a Hamilton Councilman. Greenstein ran 5,000 votes ahead of her GOP opponent, former South Brunswick Police Chief Mike Paquette.

Republican incumbents Sean Kean and Steve Corodemus won a narrow victory over Democrats Matt Doherty and Jim Reilly. The

Republican incumbents won despite being outspent 8 to 1 during the campaign.

Assemblyman Jack Gibson lost by a wide margin to Democrat Nelson Albano, an advocate of tougher drunk driving laws. Incumbent Jeff Van Drew won a landslide victory, while Albano beat Gibson by almost 8,000 votes.

In the state's most expensive legislative race, former Atlantic City Mayor James Whelan easily defeated Conover. Republican Frank Blee was re-elected, edging out Democrat Damon Tyner by nearly 2,300 votes. Democrats say that the number of uncounted absentee ballots outnumber Blee's margin of victory over Tyner.

A referendum to create the post of Lieutenant Governor passed by a 56%-44% margin.

NEW YORK

Election Day Results

New York City Mayor Bloomberg (R) scored an overwhelming victory over Democratic challenger Fernando Ferrer, giving Republicans an historic fourth straight mayoral victory over the Democratic Party.

Also on the ballot were two major statewide proposals. The first, Proposition One, a constitutional amendment that would shift the budgetary powers from the Governor to the Legislature in any year that the budget was not enacted on time, was defeated 64 percent to 36 percent. Critics of this proposal argued that giving the upper hand to the Legislature would lead to increase spending and higher taxes. Supporters argued that this would be a significant help in achieving more on time state budgets and in balancing the power between the Governor and Legislature.

11/14/05

Proposition Two, The Transportation Bond Act, was approved 55 percent to 45 percent. This bond act will allow the state to borrow 2.9 billion dollars to build and repair highways, bridges, tunnels and subways.

2006 Outlook

2006 is a major election year. All 212 seats in the State Legislature, plus the Governor, Attorney General and Comptroller are on the ballot at the state level, in addition to federal races including a US Senate seat and 29 seats in Congress. Governor George E. Pataki (R) announced in July that he would not be seeking a fourth term. Current Attorney General Eliot Spitzer (D) is the leading contender to replace the Governor, bolstered by his highly publicized crusades against Wall Street and the insurance industry and a large and quickly growing war chest.

A Republican candidate has yet to emerge as a serious contender, but the list of notables includes former Massachusetts Governor William Weld, former Assembly Minority Leader John Faso and Independence Party founder and billionaire businessman Thomas Golisano. Senator Hilary Clinton is running largely unopposed in her bid to re-capture her Senate seat, as no credible Republican candidate has emerged. The Attorney General race is so far dominated by news regarding Democratic candidates, including former HUD Secretary Andrew Cuomo, the son of former Governor Mario Cuomo.

The absence of any big name New York Republicans on the top of the ticket could spell trouble for the Republicans in the Senate, who are clinging to a narrow majority in a very blue state. The fear of a high turnout among Democrats, coupled with a low turnout for Republicans will force the Senate Majority to work harder to maintain control, and will

have a significant impact on their legislative agenda this coming session.

TEXAS

Governor Names Texas Tax Reform Commission

Governor Rick Perry (R) has named the membership of the Texas Tax Reform Commission, a bipartisan group of 24 Texans who will develop proposals to modernize the state tax system and provide long-term property tax relief as well as financing for public schools. Perry announced in September that he was creating the advisory commission and named John Sharp, a Democrat and former Texas Comptroller to head the group. Perry said, "The commission members will provide a broad, fresh perspective on the challenges ahead as we look to modernize our tax structure, reduce property taxes, and provide a long-term, stable source of revenue for our public schools." Sharp said, "I look forward to working with this talented group of individuals to design a plan that will make our tax system fairer, encourage continued economic growth and win support in both chambers of the Texas legislature."

Upcoming Alliance Meetings

- Illinois Alliance Program Chicago, IL February 13
- West Michigan Alliance Luncheon Grand Rapids, MI March 7

University of Shopping Centers

- March 6 – 8, 2006, The Wharton School of the Univ. of Pennsylvania, Philadelphia, PA

New Partners for Smart Growth Conference

- Mark your calendar for the “not-to-be-missed” 5th Annual New Partners for Smart Growth Conference, January 26-28, 2006 in Denver, Colorado. For more information and to register, visit: <http://www.NewPartners.org>

To submit items to SCANews, please contact Stephanie Spooner at sspooner@icsc.org.
ICSC Government Relations
1399 New York Ave. N.W., Suite 720
Washington, DC 20005