

AMERICAN LEGISLATIVE EXCHANGE COUNCIL

A National Association for America's State Legislators ■ Jeffersonian Principles in Action!

MEMORANDUM

TO: TAX AND FISCAL POLICY TASK FORCE MEMBERS

FROM: JONATHAN WILLIAMS, TASK FORCE DIRECTOR

DATE: OCTOBER 27, 2011

**RE: 35 DAY MAILING—ALEC'S STATES AND NATION POLICY SUMMIT:
TAX AND FISCAL POLICY TASK FORCE**

The American Legislative Exchange Council will host its States and Nation Policy Summit from November 30th to December 2nd at the Westin Kierland Resort in Phoenix, Arizona. **The Tax and Fiscal Policy Task Force will meet on Friday, December 2nd from 2:30 p.m. until 5:30 p.m.**

The **21st Century Commerce and Taxation Working Group** will convene on Wednesday, November 30th from 8:00 a.m. until 9:00 a.m. The **Fiscal Federalism Working Group** will also convene on Wednesday from 9:15 a.m. until 11:00 a.m. The **Fiscal Policy Reform Working Group** will convene on Thursday, December 1st from 2:45 p.m. until 5:00 p.m. The **Public Pension Reform Working Group** will also convene on Thursday, December 1st from 2:30 p.m. until 3:30 p.m.

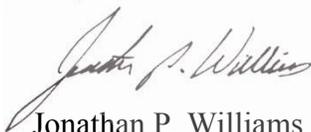
Please find the following materials enclosed:

- States and Nation Policy Summit Tentative Schedule
- Task Force Meeting Tentative Agenda
- Draft Model Legislation
- Annual Meeting Minutes
- Articles of Interest
- ALEC Mission Statement
- ALEC Task Force Operating Procedures
- ALEC Meeting Reimbursement Policies

Travel and Accommodations: ALEC's States and Nation Policy Summit and all Task Force meetings will be held at the **Westin Kierland Resort in Phoenix, Arizona**. Visit www.alec.org today to register and arrange housing. Please call (202)-742-8538 if you have any questions about registration.

I look forward to seeing all of you in Phoenix for what is sure to be an excellent meeting. If you have any questions or comments regarding the meeting, please contact me at 202-742-8533 or by e-mail at jwilliams@alec.org.

Cordially,



Jonathan P. Williams
Tax and Fiscal Policy Task Force Director

STATES & NATION POLICY SUMMIT

PHOENIX, AZ
NOV. 30 - DEC. 2, 2011

Tuesday, November 29th

Joint Board of Directors Meetings

Registration

ALEC Joint Board Reception and Dinner

7:30 am – 5:00 pm

12:00 pm – 5:00 pm

6:00 pm – 9:30 pm

Wednesday, November 30th

Registration

Task Force Subcommittee Meetings

Exhibits

State Chairs Meeting

New Legislator Orientation

Opening Plenary Luncheon

Task Force Chairs Meeting

Workshops

Welcome Reception

7:30 am – 5:00 pm

8:00 am – 11:30 am

9:00 am – 5:00 pm

9:00 am – 11:00 am

10:15 am – 11:15 am

11:30 am – 1:15 pm

1:30 pm – 2:45 pm

1:30 pm – 4:15 pm

6:30 pm – 8:30 pm

Thursday, December 1st

Registration

Plenary Breakfast

Exhibits

Workshops

Plenary Luncheon

Task Force Meeting:

- Civil Justice
- Commerce, Insurance, and Economic Development
- Education
- Telecommunications and Information Technology

7:30 am – 5:00 pm

8:00 am – 9:15 am

9:00 am – 5:00 pm

9:30 am – 12:15 pm

12:30 pm – 2:15 pm

2:30 pm – 5:30 pm

National Chairman's Reception, *by Invitation Only*

Gala Holiday Reception

Hospitality Suite

5:30 pm – 6:30 pm

6:30 pm – 8:30 pm

9:00 pm – 11:00 pm

Friday, December 2nd

Registration

Plenary Breakfast

Exhibits

Workshops

Plenary Luncheon

Task Force Meetings:

- Energy, Environment and Agriculture
- Health and Human Services
- International Relations
- Public Safety and Elections
- Tax and Fiscal Policy

State Delegation Night

7:30 am – 2:30 pm

8:00 am – 9:15 am

9:00 am – 5:00 pm

9:30 am – 12:15 pm

12:30 pm – 1:45 pm

2:00 pm – 5:00 pm

Beginning at 6:30 pm



COMMON CAUSE
Holding Power Accountable

AMERICAN LEGISLATIVE EXCHANGE COUNCIL
ALEC

TAX AND FISCAL POLICY TASK FORCE MEETING
ALEC'S 2011 STATES AND NATION POLICY SUMMIT
PHOENIX, ARIZONA
FRIDAY, DECEMBER 2ND, 2:00 P.M. – 5:00 P.M.

Indiana Sen. Jim Buck – Public Sector Chair
Bob Williams – Private Sector Chair
Jonathan Williams – Task Force Director

- 2:00 Call to Order, Welcome, and Introductions**
Indiana Sen. Jim Buck
Bob Williams – Freedom Foundation
- 2:05 Old Business – Approval of Annual Minutes**
- 2:10 A Report from the Public Pension Reform Working Group**
- 2:15 A Report from the Fiscal Policy Reform Working Group**
- 2:20 A Report from the 21st Century Commerce and Taxation Working Group**
- 2:25 State Budget Solutions**
Bob Williams – Freedom Foundation
- 2:35 Kansas Budget Reforms**
Steve Anderson – Kansas Budget Director
- 2:45 In Defense of Capitalism**
Dr. Tim Nash – Northwood University
- 3:00 Budget Reform in Colorado**
Penn Piffner – Independence Institute
- 3:15 Consideration of Proposed Model Legislation**
- I. A Resolution Opposing State Bailouts by the Federal Government**
Brian Costin – Illinois Policy Institute
 - II. Federal Receipts Reporting Requirements Act**
Utah Sen. Wayne Niederhauser
 - III. Model Legislation for Universal Regulatory Tax Credits**
Steve Slivinski – Goldwater Institute
 - IV. Public Pension Accounting Responsibility Act**
Rich Danker – American Principles Project

V. Amendments to ALEC's Balanced Budget Amendment Policy
Indiana Senator Jim Buck

4:45 New Business

5:00 Adjournment



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Bill Summaries

A Resolution in Opposing State Bailouts by the Federal Government

This resolution declares that the Federal Government should not take any action to redeem, assume, or guarantee state debt. It also asks that the Secretary of the Treasury report to Congress any negotiations to this effect.

Federal Receipts Reporting Requirements Act

This bill requires state agencies and political subdivisions to report all receipts of federal funds and the percentage of their budget that comes from federal funding. Agencies and political subdivisions are also required to create and report a plan in case of a reduction in federal funding.

Universal Regulatory Tax Credits Act

This bill creates a Universal Regulatory Tax Credit which taxpayers may claim if they have incurred costs and expenses as a result of excessive regulations imposed by the state, state agencies, or political subdivisions. It also requires that the Office of the Treasurer adopt rules and procedures by which taxing authorities may recoup these lost revenues from the entity that imposed the excessive regulation.

Public Pension Accounting Responsibility Act

In order to promote accountability in state retirement systems, this bill requires the chief executive and chief financial officers of the state to certify the accuracy of the information presented in the Comprehensive Annual Financial Report (CAFR). It also requires them to establish internal controls to monitor the state's retirement system.

Amendments to ALEC's Balanced Budget Amendment Policy

These amendments provide an Article V Constitutional convention for the purpose of discussing the adoption of a Balanced Budget Amendment to the U.S. Constitution. The Balanced Budget Amendment would require that annual federal spending not exceed estimated revenue, except in an emergency.

1 **A Resolution in Opposing State Bailouts by the Federal Government**

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WHEREAS each State of the Union is a sovereign entity with a constitution and authority to issue sovereign debt;

WHEREAS the legislature of each State of the Union has the authority to reduce spending or raise taxes to pay the obligations to which the State has committed itself;

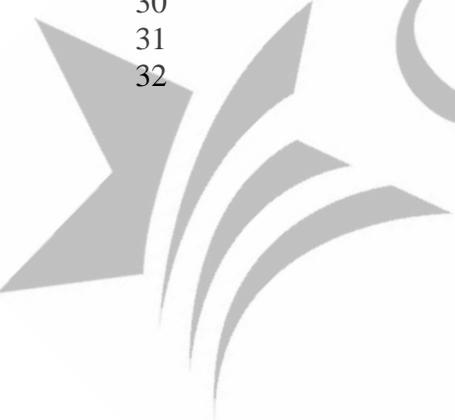
WHEREAS the officials of each State of the Union have the legal obligation to fully disclose the financial condition of the State to investors who purchase the debt of such State;

WHEREAS Congress has rejected prior requests from State creditors for payment of defaulted State debt; and

WHEREAS during the financial crisis in 1842, the Senate requested that the Secretary of State report any negotiations with State creditors to assume or guaranty State debts, to ensure that no promises of Federal Government support were proffered:

NOW THEREFORE, LET IT BE RESOLVED THAT:

- (1) the Federal Government should take no action to redeem, assume, or guarantee State debt; and
- (2) the Secretary of the Treasury should report to Congress negotiations to engage in actions that would result in an outlay of Federal funds on behalf of creditors to a State.



COMMON CAUSE
Holding Power Accountable

Federal Receipts Reporting Requirements Act

Summary

This bill requires all state agencies and political subdivisions to disclose (i) total federal receipts; (ii) the percentage such receipts are of their respective budget, and (iii) what their specific contingency plan is if federal receipts are diminished.

Model Legislation

{Title, enacting clause, etc.}

Section 1 {Title} This act may be cited as the Federal Receipts Reporting Requirements Act.

Section 2 {Definitions.}

(A) As used in this section:

- (1) "Designated state agency" means the [list state departments].
- (2) "Designated state agency" does not include the judicial branch, the legislative branch, or an office or other entity within the judicial branch or the legislative branch.
- (3) "Political Subdivision" means [list political subdivisions].
- (4) "Federal receipts" means the federal financial assistance, as defined in 31 U.S.C. Sec. 7501, that is reported as part of a single audit.
- (5) "Single audit" is as defined in 31 U.S.C. Sec. 7501.

Section 2 {Federal Receipts Reporting Requirements.}

(A) Designated state agencies and political subdivisions shall each year, on or before October 31, prepare a report that:

- (1) reports the aggregate value of federal receipts the designated state agency or political subdivision received for the preceding fiscal year;
- (2) reports the aggregate amount of federal funds appropriated by the Legislature to the designated state agency or political subdivision for the preceding fiscal year;
- (3) calculates the percentage that constitutes federal receipts of the total budget for the designated state agency or political subdivision received for that fiscal year; and
- (4) develops a plan(s) for operating the designated state agency or political subdivision if there is a reduction of:
 - (a) 5 percent or more in the federal receipts that the designated state agency or political subdivision receives; and

46 (b) 25 percent or more in the federal receipts that the designated state agency or
47 political subdivision receives.
48

49 (B) The designated state agencies and political subdivisions shall submit the report to the
50 [Division of Finance] on or before November 1 of each year.
51

52 (C) (1) The [Division of Finance] shall, on or before November 30 of each year, prepare a
53 report that:
54

55 (a) compiles and summarizes the reports the [Division of Finance] receives in
56 accordance with Subsection 2(B); and

57 (b) compares the aggregate value of federal receipts each designated state agency
58 and political subdivision received for the previous fiscal year to the aggregate
59 amount of federal funds to the total budget of the designated state agency or
60 political subdivision for that fiscal year.
61

62 (2) The [Division of Finance] shall, as part of the report required by Subsection
63 2(C)(1), compile a list of designated state agencies and political subdivisions that
64 do not submit a report as required by this section.
65

66 (D) The [Division of Finance] shall submit the report required by Subsection 2(C) to the
67 [Appropriations Committee] on or before December 1 of each year.
68

69 (E) Upon receipt of the report required by Subsection 2(C), the [chair(s) of the
70 Appropriations Committee] shall place the report on the agenda for review and
71 consideration at the next [Appropriations Committee] meeting.
72

73 (F) When considering the report required by Subsection 2(C), the [Appropriations
74 Committee] may elect to:
75

76 (1) recommend that the Legislature reduce or eliminate appropriations for a
77 designated state agency or political subdivision;

78 (2) take no action; or

79 (3) take another action that a majority of the committee approves.

Universal Regulatory Tax Credits Act

Summary

This bill creates a Universal Regulatory Tax Credit which taxpayers may claim if they have incurred costs and expenses as a result of excessive regulations imposed by the state, state agencies, or political subdivisions. It also requires that the Office of the Treasurer adopt rules and procedures by which taxing authorities may recoup these lost revenues from the entity that imposed the excessive regulation.

Model Legislation

{Title, enacting clause, etc.}

Section 1 {Title} This act may be cited as the Universal Regulatory Tax Credits Act.

Section 2 {Definitions.}

(A) In this section, unless the context otherwise requires:

- (1) "Regulation" means any legislation, administrative rule, or executive action by the state, its agencies or political subdivisions, which is governmental in nature and not proprietary, that has the force of law and a) requires individuals or private organizations to act in one or more ways, b) restricts or prohibits individuals or private organizations from acting in one or more ways, or c) restricts or prohibits one or more property conditions.
- (2) "Excessive regulation" means: a) any regulation that does not protect individuals from verifiable and substantial damage to their health and safety; b) any regulation that primarily serves esthetic or cultural purposes; c) any regulation that restricts or prohibits ordinarily harmless property conditions; d) any regulation that restricts or prohibits ordinarily harmless action by individuals or organizations; e) any regulation that restricts or prohibits the ordinarily harmless exercise or enjoyment of an individual or organization's legal right(s); and f) any regulation that mandates individuals or organizations take action that is i) unlikely to promote public health or safety, and ii) likely to cause substantially more economic costs than benefits.
- (3) "Creditable cost" means the loss of the fair market value of property incurred as a direct result of an excessive regulation.
- (4) "Creditable expense" means any actual expense that is incurred as a direct result of an excessive regulation; including, but not limited to, the fair market value of time spent fulfilling regulatory requirements.
- (5) "Taxpayer" means the individual or entity upon which any tax authorized by Titles _____ is imposed or assessed.

Section 3 {Universal Regulatory Tax Credit.}

47 (A) A credit is allowed against the taxes imposed, levied, assessed or authorized by Titles
48 _____ for the creditable costs and creditable expenses of excessive regulation
49 incurred by a taxpayer after December 31, 2011.

50
51 (B) The credit allowed under this section is the total amount of creditable costs and
52 creditable expenses incurred by a taxpayer in the corresponding taxable year.

53
54 (C) Subject to the following limitations, the taxpayer may claim a credit under Titles
55 _____ in the corresponding taxable year and the taxpayer may carry forward for up
56 to ten consecutive taxable years the unclaimed amount of the credit. The following
57 limitations apply to the amount of a credit that may be claimed:

58
59 (1) The taxpayer may claim a credit in an amount that is up to 10 percent of that
60 taxpayer's aggregate tax liability under any of Titles _____ in the taxable year in
61 which the creditable costs and expenses are incurred.

62 (2) If any portion of the credit is carried forward into a consecutive taxable year, then
63 the taxpayer may claim a credit in an amount that is up to 100 percent of that
64 taxpayer's aggregate tax liability under any of Titles _____ in that taxable year
65 ratably to the extent that any excessive regulation giving rise to any portion of the
66 carried-over credit had not been previously repealed or rescinded.

67
68 **Section 4 {Filing Requirements.}**

69
70 (A) For each applicable taxable year, the taxpayer shall claim the credit on a singular
71 form prescribed by the Office of the Treasurer, tendered to the relevant taxing
72 authority under Titles _____ when the related tax liability is due, in which the
73 taxpayer shall identify:

74
75 (1) Each excessive regulation giving rise to any portion of the credit and the
76 corresponding amount of creditable costs and creditable expenses attributable to
77 each such excessive regulation;

78 (2) The state agency and/or political subdivision directly responsible for enacting,
79 promulgating and/or enforcing each such excessive regulation;

80 (3) The nature, source, and amount of any tax liability to which the claimed credit is
81 applied;

82 (4) The taxpayer's aggregate tax liability under Titles _____;

83 (5) The total amount of any portion of the credit that will be applied in the current
84 taxable year; and

85 (6) The total amount of any portion of the credit that will be carried over into
86 consecutive taxable years.

87 (7) In the case of any failure to comply with this subsection, the taxing authority shall
88 disallow the credit until the taxpayer is in full compliance.

89
90 (B) All or part of any unclaimed amount of any credit allowed under this section may be
91 assigned under the following conditions:

92

- 93 (1) A single assignment may involve one or more assignees; but an assignee may not
94 again assign the credit.
- 95 (2) Both the assignor and assignee must submit together a single written notice of the
96 assignment to the Office of the Treasurer within thirty (30) days after the
97 assignment. The notice shall include a processing fee equal to two hundred
98 dollars. The notice shall include: a) the name of the assignor and assignee; b) the
99 date of the assignment; c) the amount of the assignment; d) the assignor's tax
100 credit balance before the assignment and the remaining balance after the
101 assignment; and e) all tax identification numbers for both assignor and assignee.
- 102 (3) In submitting any claim for a credit, the assignee must furnish the relevant taxing
103 authority with a genuine copy of the foregoing notice.
- 104 (4) In the case of any failure to comply with this subsection, the taxing authority shall
105 disallow the tax credit until the assignor and assignee are in full compliance.
106

107 **Section 5 {Rules for Recouping Revenues.}**
108

109 (A) The Office of the Treasurer shall adopt rules and publish and prescribe forms and
110 procedures as necessary to allow taxing authorities under Titles _____ to recoup
111 revenues attributable to any claimed credit under this section from any distinct state
112 agency or political subdivision that is directly or jointly responsible for enacting,
113 promulgating and/or enforcing each excessive regulation giving rise to any portion of
114 the credit in a corresponding amount. The rules promulgated hereunder shall provide:
115

- 116 (1) The Office of the Treasurer shall have authority to establish a secure electronic
117 clearinghouse whereby demands for recoupment may be claimed and paid
118 through electronic debits and credits to the accounts of the respective taxing
119 authority, state agency, or political subdivision.
- 120 (2) The taxing authority shall promptly make demand for recoupment upon each
121 responsible state agency or political subdivision in a form that communicates all
122 relevant information supplied by the taxpayer.
- 123 (3) Each responsible state agency or political subdivision receiving said demand shall
124 be liable for the same and promptly pay the amount demanded ratably.
- 125 (4) If the state agency or political subdivision receiving said demand does not have
126 sufficient funds to pay the amount demanded, and will not have sufficient funds to
127 pay the amount demanded without engaging in new borrowing or imposing new
128 or increased taxes or fees, then each underlying excessive regulation identified by
129 the taxpayer, and all related enforcement proceedings or penalties, shall be
130 immediately deemed void ab initio and without lawful effect, and not replaced
131 with any substantially equivalent regulation, for each tax year in which the tax
132 credit has been or could have been claimed, whereupon the demand shall be
133 deemed paid in full.
134

135 (B) The Office of the Treasurer shall maintain annual data on the total amount of monies
136 credited pursuant to this section, and shall provide those data, both aggregated and
137 disaggregated, categorized according to excessive regulation, taxing authority and

138 responsible state agency and/or political subdivision, without the personal identifying
139 information of any taxpayer, to the public electronically on demand.

140

141 (C) Neither a taxing authority nor a state agency or political subdivision that is
142 responsible for excessive regulation may engage in new borrowing or impose new or
143 increased taxes or fees to offset the fiscal impact of any credit allowed under this
144 section. Accordingly, if the fiscal impact of any credit allowed by this section
145 threatens public health and safety by requiring the discontinuation of essential
146 governmental services, then the underlying excessive regulation identified by the
147 taxpayer, and all related enforcement proceedings or penalties, shall be immediately
148 deemed void ab initio and without lawful effect, and not replaced with any
149 substantially equivalent regulation, for each tax year in which the tax credit has been
150 or could have been claimed, whereupon the tax credit shall be disallowed upon
151 corresponding notice given to the taxpayer.

152

153 (D) The Office of the Treasurer shall adopt rules and publish and prescribe forms and
154 procedures as necessary to effectuate this section and its purposes of furnishing
155 taxpayers with compensation for excessive regulation and encouraging responsible
156 state agencies and political subdivisions to repeal or rescind excessive regulation.

157

158 **Section 6 {Construction and Severability.}**

159

160 (A) If a provision of this section or its application to any person or circumstance is held
161 invalid for any reason, the invalidity does not affect other provisions or applications
162 of this section that can be reasonably be given effect without the invalid provision or
163 application, and to this end the provisions of this section are severable. In any court
164 challenge to the validity of this section, taxpayers shall have standing to intervene.



COMMITTEE ON HOUSE
Holding Power Accountable

Public Pension Accounting Responsibility Act

Summary

In order to provide accountability in state retirement systems, The Act applies standards similar to Sarbanes-Oxley to the principal executive and financial officers of the State. Officers are charged with certifying that the Comprehensive Annual Financial Report (CAFR) is, to the best of their knowledge, accurate. They are further required to establish effective internal controls for monitoring state retirement systems. Knowingly violating any provision of this Act shall result in a fine, imprisonment, or both.

Model Legislation

{Title, enacting clause, etc.}

Section 1 {Title} This act may be cited as the Public Pension Accounting Responsibility Act.

Section 2 {CAFR Certification Requirements.} The principal executive officer or officers and the principal financial officer or officers, or persons performing similar functions, of the State and each incorporated municipality and the principal officers of the retirement system shall certify annually that--

- (A) The signing officer has reviewed the Comprehensive Annual Financial Report (CAFR) of the retirement system;
- (B) Based on the officer's knowledge, the CAFR does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading;
- (C) Based on such officer's knowledge, the financial statements, and other financial information included in the CAFR, fairly present in all material respects the financial condition and results of operations of the issuer as of, and for, the periods presented in the CAFR;
- (D) The signing officers—
 - (1) are responsible for establishing and maintaining internal controls;
 - (2) have designed such internal controls to ensure that material information relating to the issuer and its consolidated subsidiaries is made known to such officers by others within those entities, particularly during the period in which the periodic reports are being prepared;
 - (3) have evaluated the effectiveness of the issuer's internal controls as of a date within 90 days prior to the CAFR; and

46 (4) have presented in the CAFR their conclusions about the effectiveness of their
47 internal controls based on their evaluation as of that date;

48

49 (E) The signing officers have disclosed to the issuer's auditors and the audit committee of
50 the trustees (or persons fulfilling the equivalent function)--

51 (1) all significant deficiencies in the design or operation of internal controls
52 which could adversely affect the issuer's ability to record, process, summarize,
53 and report financial data and have identified for the issuer's auditors any
54 material weaknesses in internal controls; and

55 (2) any fraud, material misrepresentation, or failure to present information in a
56 non-misleading fashion either to investors or beneficiaries, whether or not
57 material, that involves management or other employees who have a significant
58 role in the issuer's internal controls; and

59

60 (F) The signing officers have indicated in the CAFR whether or not there were significant
61 changes in internal controls or in other factors that could significantly affect internal
62 controls subsequent to the date of their evaluation, including any corrective actions
63 with regard to significant deficiencies and material weaknesses. Whoever knowingly
64 violates any provision hereof shall be fined under this title, imprisoned not more than
65 20 years, or both.



COMMONS
Holding Power Accountable

1 **Amendments to ALEC’s Balanced Budget Amendment Policy**

2
3 **Summary**

4 These amendments provide an Article V Constitutional convention process in order to discuss
5 adopting a Balanced Budget Amendment to the U.S. Constitution.

6
7 **Model Legislation**

8
9 **{Title, enacting clause, etc.}**

10
11 For a Convention to Propose a Balanced Budget Amendment

12 Be it resolved by the legislature of the State of _____:

13
14 **Section 1.**

15
16 The legislature of the State of _____ hereby applies to Congress, under the provisions of
17 Article V of the Constitution of the United States, for the calling of a convention of the states
18 limited to proposing an amendment to the Constitution of the United States requiring that in the
19 absence of a national emergency the total of all Federal appropriations made by the Congress for
20 any fiscal year may not exceed the total of all estimated Federal revenues for that fiscal year
21 [together with any related and appropriate fiscal restraints].

22
23 **Section 2.**

24
25 The secretary of state is hereby directed to transmit copies of this application to the President and
26 Secretary of the Senate and to the Speaker and Clerk of the House of Representatives of the
27 Congress, and copies to the members of the said Senate and House of Representatives from this
28 State; also to transmit copies hereof to the presiding officers of each of the legislative houses in
29 the several States, requesting their cooperation.

30
31 **Section 3.**

32
33 This application is to be considered as covering the same subject matter as the presently-
34 outstanding balanced budget applications from other states, including but not limited to
35 previously-adopted applications from _____, and this application shall be aggregated with
36 same for the purpose of reaching the two thirds of states necessary to require the calling of a
37 convention, but shall not be aggregated with any applications on any other subject.

38
39 **Section 4.**

40
41 This application constitutes a continuing application in accordance with Article five (V) of the
42 Constitution of the United States until the legislatures of at least two-thirds of the several states
43 have made applications on the same subject. It supersedes all previous applications by this
44 legislature on the same subject.

45
46

**American Legislative Exchange Council
Tax and Fiscal Policy Task Force
Annual Meeting
New Orleans, Louisiana
August 4th, 2011**

Welcome and Introduction:

Bob Williams and **Indiana Sen. Jim Buck** welcomed everyone and called the meeting to order.

Minutes from the 2011 Spring Task Force Summit were unanimously approved.

Speakers and Discussion:

Dr. Barry Poulson gave a report from the **Public Pension Reform Working Group** and **Utah Sen. Wayne Niederhauser** gave a report from the **Fiscal Policy Reform Working Group**. New Hampshire **Rep. Ken Weyler** gave a report from the **21st Century Commerce and Taxation Working Group**.

Jonathan Williams presented on the latest edition of *Rich States, Poor States*.

Jim Carter from Emerson Electric and **Scott Hodge** from the Tax Foundation presented on **Corporate Taxes and International Competitiveness**.

Joe Crosby from the Council on State Taxation discussed **Multistate Corporate Tax Policy**.

Bob Williams discussed **State Budget Solutions**.

Peter Ferrara, author of *America's Ticking Bankruptcy Bomb* presented on **The Peril of State Income Taxes**.

Model Bill Discussion/Votes:

The Public Pension Accounting Responsibility Act was introduced by **Bob Williams** of Freedom Foundation. The bill was tabled for a later meeting.

Bob Williams also introduced **ALEC's Statement of Principles on Fixing State and Local Government Defined Benefit Plans**, which was amended and passed unanimously by voice vote.

The Unfunded Pension Liabilities Accounting and Transparency Act was introduced by **Bob Williams** and was amended and passed unanimously by voice vote.

Bob Williams lastly introduced the **Amendments to ALEC's Defined-Contribution Pension Reform Act**, which was amended unanimously and passed with one private sector vote against.

Ted Dabrowski, of Illinois Public Policy Institute, introduced the **Pension Funding and Fairness Act**, which was amended and passed unanimously by voice vote.

The Resolution Supporting the Mobile Workforce State Income Tax Simplification Act was introduced by **Joe Crosby** of COST. The bill passed unanimously by voice vote.

The Resolution Urging Congress to Cut the Federal Corporate Tax Rate was introduced by Tax Foundation's **Joe Henchman**. The bill passed unanimously by voice vote.

Two bills introduced by **Utah Sen. Wayne Niederhauser**, the **Performance Note Act** and the **Resolution on Streamlined Sales and Use Tax**, were withdrawn so that they may be revised and reintroduced at a later date.

New Business

No new business.

Adjournment

A motion to adjourn was called and unanimously approved.

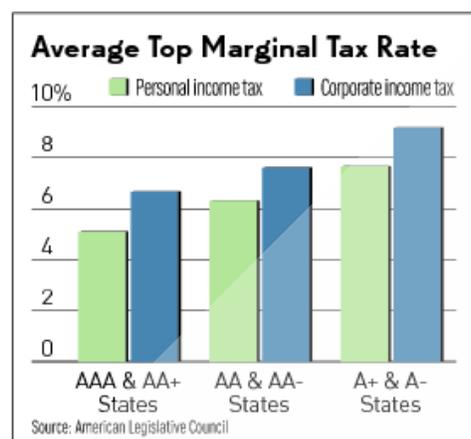


COMMON CAUSE
Holding Power Accountable

Judge Economic Policies By State's Credit Ratings

By JAMES CARTER AND CHRISTINE HARBIN

Posted 10/18/2011 06:14 PM ET



The Tenth Amendment and America's federalist structure give the states the right to be "laboratories of democracy" — each with the opportunity to implement unique public policies within the confines of their borders.

Writing for the dissent in an early 1932 Supreme Court case, Justice Louis Brandeis celebrated this right, declaring:

"It is one of the happy incidents of the federal system that a single courageous State may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country."

In the nearly eight decades since Brandeis issued his opinion, divergent state-level economic policies have led some states to prosper while others have learned — sometimes painfully — that not all "experiments" succeed. Divergent policies bring divergent outcomes.

Imperfect as they are, state credit ratings speak volumes about the underlying quality of a state's economic policies.

But what are they saying?

What are highly rated states doing right?

What are the lowest rated states — California and Illinois, in particular — doing wrong?

- States with strong credit ratings have a few key traits in common. For one, they tend to keep taxes low.

The average top marginal personal income-tax rate for states boasting the S&P's AAA and AA+ credit ratings (the two highest ratings) is 5.1%. This figure rises to 6.3% for states in the middle-rated group (AA and AA-) and 7.7% in states in the lowest-rated group (A+ and A-).

The average top marginal corporate income-tax rate for states boasting the S&P's AAA and AA+ credit ratings is 6.7%. This figure rises to 7.6% for states in the middle-rated group and 9.2% in states in the lowest-rated group.

The overall state and local tax burden is lowest in the highest-rated group and highest in the lowest-rated group.

- State governments with strong credit ratings tend to carry less debt and spend less on debt service. On average, the highest-rated states spend 7.8% of their annual tax revenue on debt service. States in the middle-rated group (AA and AA-) spend 8.4% while those in the lowest-rated group (A+ and A-) spend 9.2%.

- State governments with strong credit ratings are far more likely to be a "right-to-work" state. Roughly half of the states with AAA and AA+ credit ratings give employees the right to decide whether to join or financially support a union.

Fewer than one in three states in the middle-rated group, and none of the states in the lowest-rated group, give employees that right.

- States with strong credit ratings maintain quality legal systems that are conducive to economic growth. As a group, states with the highest credit ratings score the highest in the U.S. Chamber of Commerce's "State Liability Systems Ranking Study." States with the lowest credit ratings tend to fare among the worst in the study.

- States with strong credit ratings tend to maintain those ratings for extended periods of time. That is, credit ratings may rise and fall for most states, but the highest-rated states tend to maintain consistently high credit ratings.

For example, Missouri, North Carolina, Virginia and Utah have each held AAA credit ratings for at least 45 years while Maryland has held that distinction for 50 years.

None of this should come as a surprise. States that keep taxes and spending in check have a greater untapped capacity to meet their debt obligations and deal with budget problems as they arise.

States that maintain policies conducive to economic growth are less likely to encounter debt and budget crises and, over time, benefit from a healthier tax base.

Justice Brandeis believed in the usefulness of having states "try novel social and economic experiments."

But with decades of divergent policies and divergent outcomes behind us, the lesson going forward should be clear to anyone willing to listen.

- Carter was a deputy assistant secretary of the U.S. Treasury under President George W. Bush and served on the staff of the Senate Budget Committee. Harbin is a research manager for the American Legislative Exchange Council, a nonpartisan group of state legislators.

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Holding Power Accountable

N.M. Can Remove Its Own Obstacles To Economic Future Full of Promise

By Jonathan Williams / Tax and Fiscal Policy Task Force director, American Legislative Exchange Council on Thu, Sep 15, 2011

Why is it that some states prosper today, while many others continue to struggle? Incorporating data from the 2010 census and many other respected sources, the latest edition of the American Legislative Exchange Council's "Rich States, Poor States" publication explains why some states have enjoyed population, income and job growth over the past decade, while others suffered from economic malaise.

Through statistical and anecdotal evidence, "Rich States, Poor States" makes a compelling case that pro-growth fiscal policy is what really makes the difference.

No state has ever taxed, borrowed or spent its way to prosperity. States that allow the government to heavily interfere with economic transactions through increased tax rates, burdensome regulations and bloated spending have lost economic vitality and have seen residents migrate to states with lower taxes and more competitive business climates.

More than just an engaging economic study, the award-winning "Rich States, Poor States" offers policymakers a valuable road map to revitalizing their state economy through fiscal reform, based on free-market, limited government principles. This book compiles numerous case studies on the success of pro-growth economic and tax policies. The authors offer the states solutions on how to tackle budget deficits without raising taxes, what to do about underfunded state pension systems and how to create new businesses and private-sector jobs.

Furthermore, the fourth edition of "Rich States, Poor States" contains the much-anticipated 2011 ALEC-Laffer State Economic Competitiveness Index. It analyzes the real effects of current policies within each state and ranks the states according to their economic growth.

The publication outlines two sets of state rankings. An economic performance ranking is based on the past 10 years of economic data and takes into consideration income, population and job growth. An economic outlook ranking uses 15 policy variables, including various tax burdens, recently legislated tax changes, regulatory burdens and labor policy.

We encourage policymakers to examine how their state ranks in this year's edition, as well as how their economic policies compare to the rest of the nation.

The beauty of the American experiment is that we have 50 "laboratories of democracy" that we can study to replicate the policies that have worked and avoid those that have failed. "Rich States, Poor States" is an indispensable 50-state resource for legislators tasked with guiding their states through these tumultuous economic times. Armed with

the reliable facts and detailed analysis, this publication is a tool that gives lawmakers in each and every state realistic suggestions to improve their state's economic outlook.

According to the rankings, New Mexico performed relatively well over the past decade with an economic performance ranking of 5. Contributing factors to this strong showing include the relative fiscal constraint of the Johnson years and the significant tax relief enacted during the Richardson years.

Unfortunately, New Mexico's outlook is not so bright. It still faces significant tax and regulatory obstacles, which led us to give it a ranking of 39th in terms of economic outlook.

New Mexico – like any other state – holds its economic future in its own hands. Despite national economic woes, there are great opportunities for reform and improvement. We hope “Rich States, Poor States” can contribute to making the right policy decisions.

Learn more about the policies that will lead to growth and prosperity in this year's edition of “Rich States, Poor States.” The full-text PDF is available for free on ALEC's website: www.alec.org/rsps.

Jonathan Williams is a co-author of “Rich States, Poor States.”



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'Rich States, Poor States:' How Does Georgia Rank? How Can It Improve?

By Jonathan Williams and Kailee Tkacz

Three years after the economic downturn, many wonder: What are the key drivers for growth in Georgia and what can be done to make the state more fiscally competitive?

The latest edition of the American Legislative Exchange Council's "Rich States, Poor States," uses 2010 census data to explain why some states have prospered in the last decade while others have continued to suffer economic decline. Through statistical and anecdotal evidence, the analysis makes a compelling case that pro-growth economic policy is what really makes the difference in achieving long-term growth in Georgia.

The fourth edition of "Rich States, Poor States" outlines two sets of state rankings. The first ranks economic performance based on the past 10 years of economic data such as income, population and job growth. The second ranks economic outlook by using 15 policy variables that include tax and regulatory burdens, recently legislated tax changes and labor policy.

So, where does the Peach State rank compared to other states?

The 2011 ALEC-Laffer State Economic Competitiveness Index ranks Georgia 33rd in the nation for economic performance and 11th for economic outlook.

Georgia levies no inheritance or estate tax. It's a right-to-work state and keeps its minimum wage at the federal floor level of \$7.25. These factors give Georgia an overwhelmingly competitive economic advantage in comparison to many other states across the nation.

In addition, Georgia keeps its excise taxes low relative to neighboring states. Georgia has the lowest cigarette tax at 37 cents per pack in the Southeast region and the second lowest gas tax, at 20.8 cents per gallon. By keeping tax rates lower than surrounding states, Georgia proves that it is open and ready for business.

While Georgia fares relatively well, research in neighboring states such as Florida and Tennessee (eighth), which both have no personal income tax.

	Georgia	Tennessee	Florida	Alabama
Economic Outlook Rank	11	8	10	20
Economic Performance Rank	33	36	8	23

If Georgia wishes to compete against its neighbors, it should follow their lead and seriously consider repealing the state's personal income tax. To further attract businesses, Georgians should also consider lowering the corporate income tax rate.

Georgia needs to remember that no state has ever taxed, borrowed or spent its way to prosperity. "Rich States, Poor States" shows that states that allow the government to heavily interfere with economic transactions through increased tax rates, burdensome regulations and bloated spending have lost economic vitality. Many states have even seen taxpayers migrate to states with lower taxes and more competitive business climates.

The beauty of the American experiment is that there are 50 "laboratories of democracy" that can replicate the policies that have worked and avoid those that have failed. "Rich States, Poor States" offers solutions on how to tackle budget deficits without raising taxes, what to do about underfunded state pension systems and how to encourage the creation of new businesses and private-sector jobs. The book delivers reliable facts and detailed analysis that can help Georgia policy-makers revitalize the state's economy through free-market, limited government principles.

Like any other state, Georgia holds its economic future in its own hands. By creating an environment where businesses can invest, develop and create jobs, Georgia can lead the way for economic competitiveness not only in the Southeast, but also across the nation.

Georgia's economic rankings will continue to improve over the next few years, given the recently launched Georgia Competitiveness Initiative that is uniting state agencies and the business community in seeking innovative solutions for long-term economic growth and job creation.

To learn more about the policies that will lead to growth and prosperity in Georgia, register for the [2011 Georgia Legislative Policy Briefing](#) on September 30, 2011. Find the fourth edition of "Rich States, Poor States." at <http://www.alec.org>.

Jonathan Williams is co-author of "Rich States, Poor States" and Tax and Fiscal Policy Task Force Director at the American Legislative Exchange Council (ALEC). Kailee Tkacz is an ALEC Research Analyst. This commentary was written for the Georgia Public Policy, an independent think tank that proposes practical, market-oriented approaches to public policy to improve the lives of Georgians. Nothing written here is to be construed as necessarily reflecting the views of the Georgia Public Policy Foundation or as an attempt to aid or hinder the passage of any bill before the U.S. Congress or the Georgia Legislature. © Georgia Public Policy Foundation (September 23, 2011). Permission to reprint in whole or in part is hereby granted, provided the authors and their affiliations are cited.

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Mission Statement

The American Legislative Exchange Council's mission is...

To advance the Jeffersonian Principles of free markets, limited government, federalism, and individual liberty through a nonpartisan public-private partnership among America's state legislators, concerned members of the private sector, the federal government, and the general public.

To promote these principles by developing policies that ensure the powers of government are derived from, and assigned to, first the People, then the States, and finally the Federal Government.

To enlist state legislators from all parties and members of the private sector who share ALEC's mission.

To conduct a policy making program that unites members of the public and private sector in a dynamic partnership to support research, policy development, and dissemination activities.

To prepare the next generation of political leadership through educational programs that promote the principles of Jeffersonian democracy, which are necessary for a free society.

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American Legislative Exchange Council TASK FORCE OPERATING PROCEDURES

I. MISSION OF TASK FORCES

Assume the primary responsibility for identifying critical issues, developing ALEC policy, and sponsoring educational activities which advance the Jeffersonian principles of free markets, limited government, federalism, and individual liberty. The mission will be accomplished through a non-partisan, public and private partnership between ALEC's legislative and private sector members in the specific subject areas assigned to the Task Force by the Board of Directors.

II. TASK FORCE RESPONSIBILITIES

- A. Task Forces have the primary responsibility for identifying critical issues and developing ALEC's official policy statements and model legislation appropriate to the **specific subject areas** of the Task Force.
- B. Task Forces serve as forums for an exchange of ideas and sharing of experiences between ALEC's state legislator and private sector members.
- C. Task Forces are responsible for developing and sponsoring the following educational activities appropriate to the specific subject area of the Task Force:
 - publications that express policy positions, including, but not limited to State Factors and Action Alerts;
 - educational communication and correspondence campaigns;
 - issue specific briefings, press conferences and press campaigns;
 - witness testimony and the activities of policy response teams;
 - workshops at ALEC's conferences; and
 - specific focus events.
- D. The Executive Director is to develop an **annual budget**, which shall include expenses associated with Task Force meetings and educational activities. A funding mechanism to finance all meetings and educational activities proposed by Task Forces must be available before they can be undertaken.

III. GENERAL PROCEDURES

- A.** Requests from ALEC members for policy statements, model legislation and educational activities shall be directed by the Executive Director to the appropriate Task Force, or the Board of Directors if the issue does not fall within the **jurisdiction** of any Task Force. The appropriate Public and Private Sector Task Force Co-Chairs determine the agenda for each Task Force meeting, and the meetings will be called and conducted in accordance with these Operating Procedures.

The Director of Policy with the consent of the Executive Director assigns a model bill or resolution to the most appropriate Task Force based on Task Force content and prior jurisdictional history 35 days before a Task Force Meeting. All Task Force Co-Chairs will be provided an email or fax summary of all **model bills and resolutions 35 days before** the Task Force meeting

If both the Co-Chairs of a Task Force are in agreement that they should have jurisdiction on model legislation or a resolution, the legislation or resolution will be considered by the Task Force. If the other Task Force Co-Chairs believe they should have jurisdiction or if the author of the model bill or resolution does not agree on the jurisdictional assignment of the bill, they will have **10 days after the 35-day mailer deadline** to submit in writing or by electronic appeal to the Director of Policy their intent to challenge the jurisdiction assignment. The Director of Policy will notify the Executive Director who will in turn notify the National Chair and the Private Enterprise Board Chair. The National Chair and the Private Enterprise Board Chair will in turn refer the matter in question to the Board of Directors Task Force Board Committee. The Director of Policy will establish a conference call for the Task Force Board Committee co- chairs, the author, the affected Task Force Co-Chairs and the Director of Policy at a time convenient for all participants.

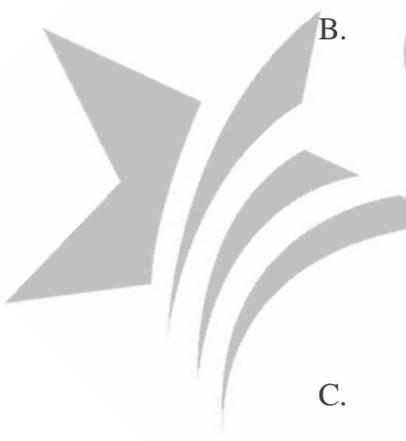
The Task Force Board Committee Co-Chairs shall listen to the jurisdictional dispute by phone or in person within 10 days of the request. If both Task Force Board Committee Co-Chairs are in agreement that the Director of Policy made an incorrect jurisdictional referral, only then will the model bill or resolution be reassigned to a committee as they specify once agreed upon by the **National Chair and the Private Enterprise Board Chair**. The bill or model resolution is still eligible to be heard in whatever Task Force it is deemed to be assigned to as if submitted to the correct Task Force for the 35-

day mailer. The National Chair and the Private Enterprise Board Chair decision is final on this model bill or resolution.

Joint referral of model legislation and/or resolutions are allowed if all the affected Task Force Co-Chairs agree. All model legislation and resolutions that have been referred to, more than one Task Force must pass the identical language in both Task Forces within two consecutive Task Force meetings. It is at the Task Force Co-Chairs discretion how they will handle the hearings of the model legislation or resolution. Both sets of co-chairs have the ability to call a working group, subcommittee, or simply meet consecutively or concurrently if necessary.

If the Task Force co-chairs both agree to waive jurisdiction, they may do so as long as another Task Force still has jurisdiction.

The National Chair and the Private Sector Board Chair will rely upon the Task Force Board Committee Co-Chairs for advice and recommendations on model legislation or resolutions when no jurisdiction in any of the existing Task Forces in operation can be found. The Task Force Board Committee Co-Chairs will work with the Executive Director and the Director of Policy to identify public and private sector Task Force members (not alternates) from the existing Task Forces should their expertise be of assistance to the Task Force Board Committee in reaching a determination and recommendation for approval by the National Chair and the Private Enterprise Board Chair.

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- B. **The National Chair and the Private Sector Board Chair** will rely upon the Task Force Board Committee Co-Chairs for advice and recommendations on model legislation or resolutions when no jurisdiction in any of the existing Task Forces in operation can be found. The Task Force Board Committee Co-Chairs will work with the Executive Director and the Director of Policy to identify public and private sector Task Force members (not alternates) from the existing Task Forces should their expertise be of assistance to the Task Force Board Committee in reaching a determination and recommendation for approval by the National Chair and the Private Enterprise Board Chair.
- C. **The Board of Directors** shall have ultimate authority over Task Force procedures and actions including the authority to create, to merge or to disband Task Forces and to review Task Force actions in accordance with these Operating Procedures. Nothing in these Operating Procedures prohibits the Board of Directors from developing ALEC policy; however, such a practice

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should be utilized only in exceptional circumstances. Before the policy is adopted by the Board of Directors, it should be sent to the Public and Private Sector Task Force Co-Chairs under whose jurisdiction the matter falls for review and comment back to the Board of Directors.

- D. The **operating cycle of a Task Force** is two years. A new operating cycle begins on January 1 of each odd numbered year and ends on December 31 of the following even numbered year. Task Force activities shall be planned and budgeted on an annual basis within each two-year operating cycle.
- E. If a Task Force is **unable to develop an operating budget**, the Board of Directors will determine whether to continue the operations of the Task Force. This determination will be made according to: (1) the level of membership on the Task Force, and (2) the need for continued services developed by the Task Force for ALEC.
- F. **The Board of Directors** shall have the authority to allocate limited general support funds to finance the annual operating budget of Task Forces that meet the requirements prescribed in Section III (E). The Executive Director shall determine, and report to the Board of Directors, the amount of general support funds available to underwrite such Task Forces.

IV. **MEMBERSHIP AND MEMBER RESPONSIBILITIES**

- A. The membership of a Task Force consists of legislators who are members in good standing of ALEC and are duly appointed to the Task Force, in accordance with Section VI (A) and private sector organizations that are full members of ALEC, contribute to the assessment for the Task Force operating budget, and are duly appointed to the Task Force, in accordance with Section VI (B). Private sector organizations that were full members of ALEC and contributed the assessment for the Task Force's operating budget in the previous year, can be appointed to the Task Force for the current year, conditional upon renewal of full ALEC membership and receipt of the current year's assessment for the Task Force operating budget prior to March 31st, unless an alternative date has been approved by the Executive Director.
- B. Each Task Force shall have least two **Co-Chairs**; a Public Sector Task Force Co-Chair and a Private Sector Task Force Co-Chair. The Public Sector Task Force Co-Chair must be a member of the Task Force and appointed in

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accordance with Section VI (A). The Private Sector Co-Chair must represent a private sector member of the Task Force and be appointed in accordance with Section VI(B). The Co-Chairs shall be responsible for:

- (1) calling the Task Force and the Executive Committee meetings to order, setting the agenda and co-chairing such meetings;
- (2) appointing and removing legislators and private sector members to and from the Task Force Executive Committee and subcommittees;
- (3) creating subcommittees, and determining each subcommittee's mission, membership limit, voting rules, deadlines, and term of service; and
- (4) selecting Task Force members to provide support for and against Task Force policies during formal Board reviews.

C. Each Task Force shall have an **Executive Committee** appointed by the Public and Private Sector Task Force Co-Chairs that is appropriate in number to carry out the work product and strategic plan of ALEC and the Task Force. The Executive Committee shall consist of the Public Sector Task Force Co-chair, the Private Sector Task Force Co-Chair, the subcommittee co-chairs, and the remainder will be an equal number of legislative and private sector Task Force members. The Executive Committee will be responsible for determining the operating budget and proposing plans, programs and budgets for the succeeding year in accordance with (Section V (B)); determining if a proposed educational activity conforms to a previously approved model bill, resolution or policy statement in accordance with (Section IX (F)); and determining if an emergency situation exists that justifies waiving or reducing appropriate time limits in accordance with (Section VIII (H)).

D. Each Task Force may have any number of **subcommittees**, consisting of Task Force members and advisors to focus on specific areas and issues and make policy recommendations to the Task Force. The Task Force Co-chairs, shall create subcommittees and determine each subcommittee's mission, membership limit, voting rules, deadlines, and term of service. Any model bill, resolution or policy statement approved by a subcommittee must be approved by the Task Force before it can be considered official ALEC policy.

E. Each Task Force may have advisors, appointed in accordance with Section VI (G). **Advisors** shall assist the members and staff of the Task Force. They shall be identified as advisors on official Task Force rosters, included in all official

Task Force mailings and invited to all Task Force meetings. Advisors may also have their expenses paid at Task Force meetings covered by the Task Force operating budget with the approval of the Task Force Co-Chairs. An advisor cannot be designated as the primary contact of a private sector Task Force member, cannot be designated to represent a private sector Task Force member at a Task Force, Executive Committee, or subcommittee meeting, and cannot offer or vote on any motion at a Task Force, Executive Committee, or subcommittee meeting.

V. Task Force Budgets

- A. Each Task Force shall develop and operate a yearly budget to fund meetings.
- B. The **operating budget** shall be used primarily to cover expenses for Task Force meetings, unless specific funds within the budget are authorized for other use by the Task Force. The operating budget shall be assessed equally among the private sector members of the Task Force. The Executive Director, in consultation with the Task Force Co-Chairs shall determine which costs associated with each meeting will be reimbursed from the operating budget. Any funds remaining in a Task Force's operating budget at the end of a year are transferred to ALEC's general membership account.
- C. The operating budget shall not be used to cover Task Force meeting expenses associated with **alternate task force members'** participation, unless they are appointed by their State Chair to attend the Spring Task Force Summit with the purpose to serve in place of a Task Force Member who is unable to attend. Task Force meeting expenses of alternate task force members shall be covered by their state's scholarship account.
- D. The **programming budget** shall be used to cover costs associated with educational activities. Contributions to the programming budget are separate, and in addition to operating budget contributions and annual general support/membership contributions to ALEC. The Executive Director shall determine the contribution required for each educational activity.

VI. PROCESS FOR SELECTING TASK FORCE MEMBERS, CHAIRS, COMMITTEES AND ADVISORS

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- A. Prior to February 1 of each odd-numbered year, the current and immediate past National chairman will jointly select and appoint in writing **three legislative members and three alternates to the Task Force** who will serve for the current operating cycle, after receiving nominations from ALEC's Public and Private State Chairs, the Executive Director and the ALEC Public and Private Sector members of the Board. At any time during the year, the National Chairman may appoint in writing new legislator members to each Task Force, except that no more than three legislators from each state may serve as members of any Task Force, no legislator may serve on more than one Task Force and the **appointment cannot be made earlier than thirty days** after the new member has been nominated. In an effort to ensure the nonpartisan nature of each Task Force, it is recommended that no more than two legislators of any one political party from the same state be appointed to serve as members of any Task Force. A preference will be given to those ALEC legislator members who serve on or chair the respective Committee in their state legislature. A preference will be given to legislators who sponsor ALEC Task Force model legislation in the state legislature.
- B. Prior to January 10 of each odd-numbered year, the current and immediate past National Chairman will jointly select and appoint in writing **the Task Force Chair** who will serve for the current operating cycle, after receiving nominations from the Task Force. Nominations will be requested by the outgoing Task Force Chair and may be placed in rank order prior to transmittal to the Executive Director no later than December 1 of each even-numbered year. No more than five names may be submitted in nomination by the outgoing Task Force chair. The current and immediate past National Chairmen will jointly make the final selection, but should give strong weight to the recommendations of the outgoing Task Force Chair. In an effort to empower as many ALEC leaders as possible, State Chairs and members of the Board of Directors will not be selected as Task Force Chairs. Task Force Chairs shall serve for one operating cycle term. Where special circumstances warrant, the current and immediate past National Chairmen may reappoint a Task Force Chair to a second operating cycle term.
- C. Prior to February 1 of each odd numbered year, the Public and Private Sector Task Force Co-Chairs will select and appoint in writing the legislative and private sector members of the **Task Force Executive Committee**, who will serve for the current operating cycle. The Public and Private Sector Task Force Co-Chairs will select and appoint in writing the legislative and private sector members and advisors to any subcommittee.

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- D. Prior to February 1 of each year, the Private Enterprise Board Chair and the immediate past Private Enterprise Board Chair will select and appoint in writing the private sector members to the Task Force who will serve for the current year. The appointment letter shall be mailed to the individual designated as the primary contact for the private sector entity. At any time during the year, the Chair of the Private Enterprise Board may appoint in writing **new private sector members** to each Task Force, but no earlier than thirty days after the new member has qualified for full membership in ALEC and contributed the assessment for the appropriate Task Force's operating budget.
- E. Prior to January 10 of each odd-numbered year, the Chair of the Private Enterprise Board and the immediate past Private Enterprise Board Chair will select and appoint in writing the **Task Force Private Sector Co-Chair** who will serve for the current operating cycle, after receiving nominations from the Task Force. Nominations will be requested by the outgoing Task Force Private Sector Chair and may be placed in rank order prior to transmittal to the Chair of the Private Enterprise Board. The Chair and the immediate past Chair of the Private Enterprise Board will make the final selection, but should give strong weight to the recommendations of the outgoing Private Sector Task Force Co-Chair. In an effort to empower as many ALEC private sector members as possible, Private Enterprise State Chairs and members of the Private Enterprise Board will not be selected as Private Sector Task Force Co-Chairs. Private Sector Task Force Co-Chairs shall serve for one operating cycle term. Where special circumstances warrant, the current and immediate past Chair of the Private Enterprise Board may reappoint a Task Force Private Sector Chair to a second operating cycle term.
- F. Prior to February 1 of each odd-numbered year, the Task Force Private Sector Co-Chair will select and appoint in writing the **private sector members of the Task Force Executive Committee**, who will serve for the current operating cycle. The Task Force Private Sector Co-Chair shall select and appoint in writing the private sector members of any subcommittees.
- G. The Public and Private Sector Task Force Co-Chairs, may jointly appoint subject matter experts to serve as **advisors** to the Task Force. The National Chair and the Private Enterprise Board Chair may also jointly recommend to the Task Force Co-Chairs subject matter experts to serve as advisors to the Task Force.

VII. REMOVAL AND VACANCIES

- A. The National Chair may remove any Public Sector **Task Force Co-Chair** from his position and any legislative member from a Task Force with or without cause. Such action will not be taken except upon thirty days written notice to such Chair or member whose removal is proposed. For purposes of this subsection, cause may include failure to attend two consecutive Task Force meetings.
- B. The Public Sector Task Force Co-Chair may remove any legislative member of an **Executive Committee or subcommittee** from his position with or without cause. Such action shall not be taken except upon thirty days written notice to such member whose removal is proposed. For purposes of this subsection, cause may include failure to attend two consecutive meetings.
- C. The Chairman of the Private Enterprise Board may remove any **Private Sector Task Force Co-Chair** from his position and any private sector member from a Task Force with cause. Such action shall not be taken except upon thirty days written notice to such Chair or member whose removal is proposed. For purposes of this subsection, cause may include but is not limited to the non-payment of ALEC General Membership dues and the Task Force dues. .
- D. The Private Sector Task Force Co-Chair may remove any **private sector member of an Executive Committee or subcommittee** from his position with cause. Such action shall not be taken except upon thirty days written notice to such member whose removal is proposed. For purposes of this subsection, cause may include but is not limited to the non-payment of ALEC General Membership dues and the Task Force dues.
- E. The Public and Private Sector Task Force Co-Chairs may remove an **advisor** from his position with or without cause. Such action shall not be taken except upon thirty days written notice to such advisor whose removal is proposed.
- F. Any member or advisor may **resign** from his position as Public Sector Task Force Co-Chair, Private Sector Task Force Co-Chair, public or private sector Task Force member, Task Force advisor, Executive Committee member or subcommittee member at any time by writing a letter to that effect to the Public Sector and Private Sector Task Force Co-Chairs. The letter should specify the

effective date of the resignation, and if none is specified, the effective date shall be the date on which the letter is received by the Public and Private Task Force Co-Chairs.

- G. All **vacancies** for Public Sector Task Force Co-Chair, Private Sector Task Force Co-Chair, Executive Committee member and subcommittee member shall be filled in the same manner in which selections are made under Section VI. All vacancies to these positions must be filled within thirty days of the effective date of the vacancy.

VIII. MEETINGS

- A. **Task Force meetings** shall only be called by the joint action of the Public and Private Sector Task Force Co-Chairs. Task Force meetings cannot be held any earlier than thirty-five days after being called, unless an emergency situation has been declared pursuant to Section VIII (H), in which case Task Force meetings cannot be held any earlier than ten days after being called. It is recommended that, at least once a year, the Task Forces convene in a common location for a joint Task Force Summit. **Executive Committee meetings** shall only be called by the joint action of the Public and Private Sector Task Force Co-Chairs and cannot be held any earlier than three days after being called, unless the Executive Committee waives this requirement by unanimous consent.
- B. **At least forty-five days** prior to a task force meeting any model bill, resolution or policy must be submitted to ALEC staff that will be voted on at the meeting. At least thirty-five days prior to a Task Force meeting, ALEC staff shall distribute copies of any model bill, resolution or policy statement that will be voted on at that meeting. This requirement does not prohibit modification or **amendment** of a model bill, resolution or policy statement at the meeting. This requirement may be waived if an emergency situation has been declared pursuant to Section VIII(H).
- C. **All Task Force meetings are open** to registered attendees and invited guests of ALEC meetings and conferences. Only regular Task Force Members may introduce any resolution, policy statement or model bill. Only Task Force members will be allowed to participate in the Task Force meeting discussions

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and be seated at the table during Task Force meetings, unless otherwise permitted by the Public and Private Sector Task Force Co-Chairs.

- D. ALEC private sector member organizations may only be represented at Task Force and Executive Committee meetings by the individual addressed in the **appointment letter** sent pursuant to Section VI (D) or a designee of the private sector member. If someone other than the individual addressed in the appointment letter is designated to represent the private sector member, the designation must be submitted in writing to the Public and Private Sector Task Force Co-Chairs before the meeting, and the individual cannot represent any other private sector member at the meeting.
- E. All Task Force and Executive Committee meetings shall be conducted under the guidelines of **Roberts Rules of Order**, except as otherwise provided in these Operating Procedures. A copy of the Task Force Operating Procedures shall be included in the briefing packages sent to the Task Force members prior to each meeting.
- F. A majority vote of legislative members present and voting and a majority vote of the private sector members present and voting, polled separately, are required to approve any motion offered at a Task Force or Executive Committee meeting. A vote on a motion to reconsider would be only with the sector that made the motion. Members have the right, in a voice vote, to abstain and to vote present by roll-call vote. In all votes a member can change their vote up until the time that the result of the vote is announced. Only duly appointed members or their designee as stated in Section VIII (D) that are present at the meeting may vote on each motion. **No proxy, absentee or advance voting is allowed.**
- G. The Public Sector Task Force Co-Chair and the Private Sector Task Force Co-Chair, with the concurrence of a majority of the Executive Committee, polled in accordance with Section VIII (F), may schedule a **Task Force vote by mail or any form of electronic communication** on any action pertaining to policy statements, model legislation or educational activity. The deadline for the receipt of votes can be no earlier than thirty-five days after notification of the vote is mailed or notified by any form of electronic communication, unless an emergency situation is declared pursuant to Section VIII (H), in which case the deadline can be no earlier than ten days after notification is mailed or notified by any form of electronic communication. Such votes are exempt from all rules in Section VIII, except: (1) the requirement that copies of model legislation and

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policy statements be mailed or notified by any form of electronic communication with the notification of the vote and (2) the requirement that a majority of legislative members voting and a majority of the private sector members voting, polled separately, is required to approve any action by a Task Force.

- H. For purposes of Sections VIII(A), (B) and (G), an **emergency situation** can be declared by:
- (1) Unanimous vote of all members of the Task Force Executive Committee present at an Executive Committee meeting prior to the meeting at which the Task Force votes on the model bill, resolution or policy statement; or
 - (2) At least three-fourth majority vote of the legislative and private sector Task Force members (voting in accordance with Section VIII (F)) present at the meeting at which the members vote on the model bill, resolution or policy statement.
- I. Ten Task Force members shall **constitute a quorum** for a Task Force meeting. One-half of the legislative and one-half of the private sector members of an Executive Committee shall constitute a quorum for an Executive Committee meeting.

IX. **REVIEW AND ADOPTION PROCEDURES**

- A. All Task Force policy statements, model bills or resolutions shall become **ALEC policy** either: (1) upon adoption by the Task Force and affirmation by the Board of Directors or (2) thirty days after adoption by the Task Force if no member of the Board of Directors requests, within those thirty days, **a formal review by the Board of Directors**. General information about the adoption of a policy position may be announced upon adoption by the Task Force.
- B. The Executive Director shall notify the Board of Directors of the approval by a Task Force of any policy statement, model bill or resolution within ten days of such approval. Members of the Board of Directors shall have thirty days from the date of Task Force approval to review any new policy statement, model bill or resolution prior to adoption as official ALEC policy. Within those thirty days, any member of the Board of Directors may request that the policy be

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formally reviewed by the Board of Directors before the policy is adopted as official ALEC policy.

- C. A member of the Board of Directors may request a formal review by the Board of Directors. The **request must be in writing** and must state the cause for such action and a copy of the letter requesting the review shall be sent by the National Chairman to the appropriate Task Force Chair. The National Chairman shall schedule a formal review by the Board of Directors no later than the next scheduled Board of Directors meeting.
- D. The review process will **consist of key members of the Task Force**, appointed by the Task Force Chair, providing the support for and opposition to the Task Force position. Position papers may be faxed or otherwise quickly transmitted to the members of the Board of Directors. The following is the review and adoption procedures:
- **Notification of Committee:** Staff will notify Task Force Chairs and the entire task force when the Board requests to review one of the Task Forces' model bills or resolutions.
 - **Staff Analysis:** Will be prepared in a neutral fashion. The analyses will include:
 - History of Task Force action
 - Previous ALEC official action/resolutions
 - Issue before the board
 - Proponents arguments
 - Opponents arguments
 - **Standardized Review Format:** To ensure fairness, a set procedure will be used as the format to ensure the model bill/resolution has a fair hearing before the Board.
 - Task Force Chair(s) will be invited to attend the Board Review
 - Task Force Chair(s) will decide who will present in support and in opposition for the model bill/resolution before the Board.
 - Twenty minutes that is equally divided will be given for both sides to present before the Board.
 - It is suggested that the Board not take more than twenty minutes to ask questions of the presenters.
 - Presenters will then be excused and the Board will have a suggested twenty more minutes for discussion and vote.

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- All votes will be recorded for the official record.
 - **Notification of Committee:** The Director of Policy will notify presenters immediately after the vote. If the Board votes to send the model bill/resolution back to the task force, the Board will instruct the Director of Policy or another board member what to communicate.
- E. **The Board of Directors can:**
- (1) Vote to affirm the policy or affirm the policy by taking no action, or
 - (2) Vote to disapprove the policy, or
 - (3) Vote to return the policy to the Task Force for further consideration providing reasons therefore.
- F. Task Forces may only undertake educational activities that are based on a policy statement, model bill or resolution that has been adopted as official ALEC policy, unless the Task Force votes to undertake the educational activity, in which case the educational activity is subjected to the same review process outlined in this Section. It is the responsibility of the Task Force Executive Committee to affirm by three-fourths majority vote conducted in accordance with Section VIII that an educational activity conforms to a policy statement, model bill or resolution.

X. EXCEPTIONS TO THE TASK FORCE OPERATING PROCEDURES.

Exceptions to these Task Force Operating Procedures must be approved by the Board of Directors.

SCHOLARSHIP POLICY BY MEETING

ALEC Spring Task Force Summit:

1. ***Spring Task Force Summit Reimbursement Form:*** ALEC Task Force Members are reimbursed by ALEC up to \$350.00 for travel expenses. Receipts must be forwarded to the ALEC Policy Coordinator and approved by the Director of Policy.
2. ALEC Task Force Members' room & tax fees for up to a two-night stay at the host hotel are covered by ALEC.
3. Registration fees are not covered; however, Task Force Members may submit registration expenses for payment from their state scholarship account upon approval of the State Chair.
4. *Official Alternate Task Force Members* (chosen by the State Chair and whose names are given to ALEC more than 35 days prior to the meeting to serve in place of a Task Force Member who cannot attend) are reimbursed in the same manner as Task Force Members.
5. ***State Scholarship Reimbursement Form:*** Any fees above the set limit, or expenses other than travel and room expenses can be submitted by Task Force Members for payment from their state scholarship account upon the approval of the State Chair. Receipts must be submitted to the State Chair, who will submit the signed form to the Director of Membership.
6. *Non-Task Force Members* can be reimbursed out of the state scholarship fund upon State Chair approval. Receipts must be submitted to the State Chair, who will submit the appropriate signed form to the Director of Membership.

ALEC Annual Meeting:

State Scholarship Reimbursement Form: State scholarship funds are available for reimbursement by approval of your ALEC State Chair. Expenses are reimbursed after the conference, and may cover the cost of travel, room & tax, and registration. Receipts are to be submitted to the State Chair, who will then submit the signed form to the Director of Membership.

ALEC States & Nation Policy Summit:

1. ***States & Nation Policy Summit Reimbursement Form:*** ALEC offers two scholarships per state to cover the cost of travel, room & tax, and registration not to exceed \$1,000.00 per person for a total of \$2,000.00 per state. ALEC scholarship recipients must be named by the ALEC State Chair. Expenses are submitted to the State Chair and reimbursed after the conference. The State Chair submits the signed form to the Director of Membership.
2. ***State Scholarship Reimbursement Form:*** Any other fees or payments must come out of the state scholarship account, with the approval of the State Chair. Receipts must be submitted to the State Chair, who submits the signed form to the Director of Membership.

ALEC Academies:

Academy Reimbursement Form: Attendees of ALEC Academies are reimbursed by the Task Force Committee hosting the Academy. Attendees will receive a form at the Academy, and will be reimbursed up to \$500.00 for travel, and room & tax fees for a two-night stay by ALEC. Receipts must be forwarded to the appropriate Task Force Director and approved by the Director of Policy.