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The Spoils of the Republican State Conquest

Get ready for more Scott Walkers as Republicans control 25 state capitals: tax cuts, pension reform, right to work, school choice.

In the war of ideas, a think tank is like a munitions factory, churning out the matériel to push the trench line a few miles forward. As luck would have it, Republican state lawmakers will be well equipped next year when they begin one of the largest conservative offensives in recent memory. Come January the GOP will hold “trifectas”—total control of both legislative chambers and the governorship—in 25 states, up from 10 in 2009.

If lawmakers have any questions about where to begin, one place with answers is the State Policy Network, a federation of 65 free-market think tanks ranging from Anchorage, Alaska, to San Juan, Puerto Rico. “At the end of the day, people want jobs. They want security. That’s our bread and butter,” says Tracie Sharp, the group’s president. “We feel like for such a time as this, we’ve built up this network. We need to

really run. This is a state moment.”

She seems to mean that in two ways. The first is the obvious: What can conservatives get done in capitals nationwide, and how can her think tanks help? Ms. Sharp says that lawmakers, especially in small states, are hungry for economic analysis: “If I raise taxes, what, really, does it do? Does it create jobs or does it drive jobs out?”

That doesn’t necessarily mean producing dusty policy reports. “In the early days, there was a lot of ivory tower, highfalutin, white paper stuff,” Ms. Sharp says. “That is one way I think the network has really evolved in the last 10 years is to be able to communicate and message the ideas to the average American.”

Take Tennessee, where earlier this year the network’s Beacon Center led what its president called an “all-out siege” on the state’s Hall Tax, a 6% levy on investment income. Beacon made a football-themed video ad arguing that the tax hurt seniors and drove jobs to Florida. The think tank then used what’s called “geo-fencing” to serve the ad to cellphones only within a certain set of coordinates—the capitol building.

It did the trick. In May the governor signed legislation that will phase out the Hall Tax by 2022. When the network’s think tanks gathered in October to compare notes—what’s working in one place that could be

adapted to another?—the Beacon Center presented an hour-long case study. “This Hall Tax,” Ms. Sharp says, “has got people inspired now.”

The second opportunity is that states could help untangle some of the legislative knots in Washington, D.C. As the new Congress contemplates repealing ObamaCare, perhaps the biggest challenge is how to avoid pulling the rug out from under Americans relying on it. “Whoever’s going to drive this has to give a very clear answer for that,” Ms. Sharp says. “You’re dealing with needy, chronically ill people that no one wants to see tossed out without insurance. They have to be taken care of.”

Here’s the kicker: “I think it can be best done locally, or state and locally.” The gist is that if Congress wants to send Medicaid back to the states through block grants, an idea floated in Paul Ryan’s “Better Way” agenda, Republican governors and legislatures will be ready. Ms. Sharp expresses similar sentiments about Donald Trump’s promised \$1 trillion spending on roads, bridges and airports: “There are better ways to build infrastructure: Devolve.”

State think tanks are still relatively new, founded in earnest beginning in the late 1980s. But the network has sprawled since then, from 26 groups in 1991, to 54 in 2008, to 65 today with four more in the works.

Combined revenues hit \$80 million two years ago, and total staff has

nearly doubled in the past six years to 525. “We have groups that are 20, 25, 30 years old, because we’ve built a durable infrastructure,” Ms. Sharp says.

“I think that is perhaps confounding to the left,” she adds. “They have been trying to launch state-based efforts over time. They usually are centrally controlled from a D.C. hub—this is my experience. They tend to have one or two donors. And then the tide changes, the donor changes their mind, and then it just doesn’t take root.”

Anyone wondering whether an advantage in the states truly matters should look at this year’s Electoral College map. In Wisconsin, union membership is down 133,000 since 2010, the year before Gov. Scott Walker’s Act 10 overhaul passed. Donald Trump’s margin of victory there? Less than 30,000. In Michigan, public-union membership is down 34,000 since 2012, the year before Gov. Rick Snyder’s right-to-work law kicked in. Mr. Trump’s margin? Only 11,000.

Ms. Sharp says she had always felt these two states were only “thinly blue,” and that the GOP has been put on better footing by the unions’ slide. “When you chip away at one of the power sources that also does a lot of get-out-the-vote,” she says, “I think that helps—for sure.”

So what can Republicans realistically accomplish in the next few years?

A quick survey of think tankers in states where the GOP gained on Nov. 8 suggests that the mood averages somewhere between bullish and giddy. Visions of tax cuts and tort reforms are dancing in their heads.

- *Kentucky*: “Republicans now control the Kentucky House of Representatives for the first time since 1921,” says Jim Waters, the president of the Bluegrass Institute. The GOP flipped 17 of the chamber’s 100 seats and defeated the sitting Democratic speaker. With all the levers of power in Republican hands, right-to-work legislation looks like a shoo-in.

Also likely, he thinks, is a law establishing charter schools. Kentucky is one of only a handful of states without charters. “The Republicans need to grab this opportunity,” Mr. Waters says. “Our biggest concern is that the Republican leadership will be too timid.” Somehow that seems unlikely: Gov. Matt Bevin has already suggested calling a special session in 2017 to revamp the tax code—and maybe even eliminate the income tax.

- *Missouri* : A new Republican governor, Eric Greitens, will replace term-limited Democrat Jay Nixon. “I think that we’re going to see bills that have been vetoed in the past, like right to work, go through quickly,” says Brenda Talent, the CEO of the Show-Me Institute. Last

year the Republican House tried to override Gov. Nixon's right-to-work veto but fell short by 13 votes.

Expanding charter schools, Ms. Talent predicts, will be an "easy lift," and tackling corporate welfare is a possibility. "To give you an idea of the magnitude of the problem," she says, "you could eliminate the corporate income tax in the state simply by eliminating economic development tax credits."

- *New Hampshire*: With the election of the first GOP governor in 12 years, add this to the pile of potential right-to-work states. "The odds certainly are better than they've ever been," says J. Scott Moody, the CEO of the Granite Institute. In 2011 the Democratic governor vetoed a right-to-work bill, and the House could not muster the votes to override.

- *Iowa*: Republicans retook the Senate, defeated the incumbent Democratic majority leader, and regained full control for the first time since 1998. Don Racheter of the Public Interest Institute says flatter tax rates are likely, as is a goal long-sought by social conservatives: defunding Planned Parenthood. In April the Republican House passed a bill to block Medicaid dollars from flowing to groups that provide abortions, but the language was stripped out by the Democratic Senate two days later. "Now," says Mr. Racheter, "I think that'll happen."

- *Pennsylvania*: In October the GOP House fell three votes short on a

bill to move newly hired public workers away from traditional pensions. As it happens, on Nov. 8 Republicans picked up three additional seats. “Every indication we have,” says Charles Mitchell, president of the Commonwealth Foundation, “is pension reform is coming back and it’s coming back soon.” The legislature may also put on the Democratic governor’s desk a “paycheck protection” bill, which would bar the government from collecting union political funds. “The dynamic has shifted considerably,” Mr. Mitchell says. “A lot of these issues were laughed out of the room, even under the last Republican governor.”

- *Minnesota*: A gain of six seats in the Senate put the legislature under total GOP control. “We’ve got about a \$1.4 billion budget surplus,” says John Hinderaker, president of the Center of the American Experiment. “I think our Republican legislators understand that if they don’t provide some tax relief people are going to say ‘Well, why the hell do we bother voting for Republicans?’ ”

The best targets for repeal, he suggests, are the state’s taxes on commercial property and on Social Security benefits. There’s also MNsure, the ObamaCare exchange. When open enrollment began Nov. 1, Minnesotans saw rate increases up to 67%. “Something is going to be done. Something’s *got* to be done,” Mr. Hinderaker says. “This is why the Republicans won the election, in large part.”

- *Illinois*: Democrats kept the House but lost their supermajority, which will give Republican Gov. Bruce Rauner's vetoes a bit more bite. It may also strengthen his hand in negotiations to end the 18-month budget stalemate. "You're [starting to get](#) the liberal chattering class in Illinois saying 'Come on Democrats, why don't you just agree to *one thing* that he wants to do,' " says Diana Rickert, vice president of communications at the Illinois Policy Institute.

She adds that there is more grumbling than ever—even from fellow Democrats—about Michael Madigan, the powerful House speaker who has held that office, excluding a two-year hiatus, since 1983. "We're trying to dismantle a political machine that's been in place for 40 years," Ms. Rickert says. "It takes time. But we are making a lot of progress."

None of these victories is assured. "I want to be clear: Sure, a lot of Republicans got elected," Ms. Sharp says. "That's no guarantee that they'll do the right thing. That's where our work is so important."

What imperils those efforts is Democratic zeal to force nonprofits like the network's think tanks to turn over the names of their donors. "We expect no fewer than 20 states in this next cycle to put forth some sort of disclosure bill," she says. This is pitched as transparency, but Ms. Sharp says few people realize how much harassment conservative groups

receive.

In 2011, during a dispute over a subsidy for an NHL hockey team, the president of the Goldwater Institute in Arizona had her home vandalized. “Someone gutted a rabbit and smeared the entrails across her front steps,” Ms. Sharp says. A year later the network’s headquarters in Arlington, Va., were broken into and ransacked.

The political left—or at least the segment of it that wields power—hasn’t been very sympathetic. But if anything can convince liberals of the unwisdom of forced donor disclosure, perhaps it’s President Donald Trump. Consider this recent phone call: “An ACLU chapter in a state,” Ms. Sharp says, “called the state think tank and said, ‘Hey, things have changed—we really want to talk about donor privacy.’ ”

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