

Canada – United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
Canada – États-Unis
Section canadienne

**Report of the Canadian Parliamentary Delegation
respecting its participation at the Annual Legislative Summit
of the National Conference of State Legislatures (NCSL)**

Canada–United States Inter-Parliamentary Group

**Boston, Massachusetts, United States of America
6–9 August 2017**

Report

DELEGATION MEMBERS AND STAFF

From 6–9 August 2017, Senator Michael L. MacDonald, Co-Chair of the Canadian Section of the Canada–United States Inter-Parliamentary Group (IPG), led a delegation to the annual legislative summit of the National Conference of State Legislatures (NCSL) in Boston, Massachusetts. The other members of the delegation were Senator Jim Munson, Mr. Brian Masse, M.P., Vice-Chair, Mr. Jamie Schmale, M.P. and Mr. Marc Serré, M.P. The delegation was accompanied by Ms. Miriam Burke, Executive Secretary of the Canadian Section, and Ms. June Dewetering, the Canadian Section’s Senior Advisor.

THE EVENT

Founded in 1975, the NCSL is a bipartisan organization serving the legislators and legislative staff of the 50 U.S. states, as well as its commonwealths and territories. It provides research, technical assistance and a venue for the exchange of ideas on state issues. As well, it advocates state interests before the U.S. Congress and federal agencies.

The NCSL is governed by an executive committee, and has nine standing committees on which legislators participate. These committees are:

- Budgets and Revenue
- Communications, Financial Services and Interstate Commerce
- Education
- Health and Human Services
- Labor and Economic Development
- Law, Criminal Justice and Public Safety
- Legislative Effectiveness
- Natural Resources and Infrastructure
- Redistricting and Elections.

As well, legislators participate on the following nine NCSL task forces:

- Agriculture
- Cybersecurity

- Energy Supply
- Immigration and the States
- Innovations in State Health Systems
- Insurance
- International Relations
- Military and Veterans Affairs
- State and Local Taxation.

ACTIVITIES AND DELEGATION OBJECTIVES FOR THE EVENT

At the legislative summit, presentations were made on a variety of subjects, many of which have relevance for Canada; at these sessions, delegates from the IPG's Canadian Section benefitted from information that will inform their legislative work. Typically, the sessions at the NCSL's legislative summit address such topics as agriculture, budgets, criminal justice, economic development, education, elections, employment, energy, the environment, financial services, health, human services, immigration, information technology, insurance, natural resources, pensions, rural development, taxation, trade and transportation.

The interaction with state legislators on the range of issues discussed at the NCSL's annual legislative summit enables members of the IPG's Canadian Section to achieve better the aim of finding points of convergence in respective policies, initiating dialogue on points of divergence, encouraging exchanges of information and promoting better understanding on shared issues of concern. Moreover, the meetings with state legislators provide members of the Canadian Section with an important means to give input to, and gather information about, state-level issues that affect Canada.

In addition to attending the sessions designed to inform state legislators, members of the IPG's Canadian Section participated in some of NCSL's International Program activities. This year, representatives from more than 20 countries/regions were involved in this program.

This report summarizes the discussions that occurred at selected sessions.

FROM POLITICS TO STATESMANSHIP: SOLVING PROBLEMS IN A BIPARTISAN WORLD

Governor Charlie Baker, *State of Massachusetts*

- Legislators "have their ear to the ground" and know what is "going on" in their community.

- The United States' opioid crisis is an issue that is “everywhere” and is affecting “everyone”; in resolving the crisis, focus, diligence and persistence are needed, as are efforts directed to prevention, education, treatment and recovery.
- Creativity is important; the “path to success” may not be immediately obvious.

Speaker Robert DeLeo, *Massachusetts House of Representatives*

- Republicans and Democrats work together on some issues; however, it may take time for them to get legislation passed.
- Legislators should try to build a bipartisan consensus, and to look for compromise solutions.
- As required, legislators should put aside their differences to deal with a crisis that is affecting citizens.
- A good idea is a good idea, regardless of its source.
- Legislators should listen, and learn about other positions.

Senate President Stanley Rosenberg, *Massachusetts Senate*

- While legislators should not compromise their values and ideals, there is “plenty of scope” for disagreement about details.
- It is possible to disagree without being disagreeable.
- Legislators should work together collegially and cooperatively, and with good will; the objective should be finding common ground.

INTERNATIONAL TRADE PANEL AND DISCUSSION

Linda Dempsey, *National Association of Manufacturers*

- Manufacturing remains the backbone of the United States' economy; it is transforming, not disappearing, and domestic and international policies should be designed with a view to facilitating growth in the country's manufacturing sector.
- In order to grow, the United States' manufacturing sector needs more robust trade policies and agreements; the sector should be incentivized, not undermined.
- The *North American Free Trade Agreement* (NAFTA) should be modernized, and the three signatory countries should work together to address “cheating” by other countries.

- An estimated 46 U.S. states have Canada or Mexico as their primary foreign export market, and many have these two countries as the first and second most important markets.
- In the United States, export-oriented manufacturing jobs are compensated at a higher level.
- Some employers are having difficulty finding enough workers with the right skills; in the United States, thousands of positions are available but unfilled.
- Some employees are being replaced by automation.
- Tax and regulatory policies, infrastructure and trade agreements play a role in competitiveness.
- Job creation is facilitated by the elimination of barriers and red tape.

Celeste Drake, *AFL-CIO*

- Wage-led growth strategies are needed in order to increase demand for goods and services.
- Everyone in North America deserves a good job.
- Too often, trade discussions begin with the statement that “trade is great, so why do anything about it?”; instead, the focus should be the ways in which trade could be improved, even if it is already “great.”
- The lack of a Trans-Pacific Partnership agreement is not a “disaster” for the United States.
- NAFTA needs to be renegotiated because it has led to a net loss of jobs in the United States; those job losses have been concentrated in the manufacturing sector, particularly automobiles and their parts, textiles and apparel, and electronics.
- Regarding NAFTA, the renegotiation process should be democratized, strong labour provisions that could be enforced swiftly should be incorporated, special corporate courts should be eliminated, rules of origin should be stronger, provisions regarding “Buy American” and government procurement should be protected, “screening” for foreign investment should be improved, and an ability to “screen” for economic security and national security purposes should be added.

Matt DeCoursey, *Canadian House of Commons*

- Canada and the United States share geography, a border and values, as well as an economic relationship that is the largest in the world.

- An estimated 9 million U.S. jobs depend on trade with Canada.
- Canada and the United States need to build on their strong foundation by modernizing NAFTA to bring it into the 21st century.
- NAFTA has made the three signatory countries the most competitive economic block in the world; businesses in the countries “make things together.”
- Supply chains that are integrated throughout North America enable businesses in Canada, the United States and Mexico to maximize their capabilities and be more competitive.
- Canada believes that NAFTA must continue to be trilateral, and that timely progress on negotiations is needed in order to minimize “chill” on business and investment decisions.

FINANCIAL SERVICES FOR MARIJUANA

Michael Correia, *National Cannabis Industry Association*

- About half a century ago, marijuana was listed as a Schedule I drug under the *Controlled Substances Act*; this classification also exists for heroin and LSD.
- About 20 years ago, California was the first U.S. state to legalize medical marijuana; it was followed by Colorado and Washington in 2012, and 21 states now have some form of medical marijuana legislation.
- In the United States, the “legal market” for marijuana is currently valued at \$6 billion and it is the fastest-growing market in the country.
- At present, the “legal marijuana market” largely operates in a “cash environment,” with vendors and employees paid in cash, and cash being stored and transported in the trunks of cars, with associated security issues.
- Many banks are not willing to take on the risk associated with lending to “marijuana operators,” which could involve compliance costs and the filing of suspicious activity reports; that said, smaller and regional banks, as well as credit unions, are sometimes willing to take on the risk.
- Some U.S. banks have closed accounts when becoming aware that the account holder is a “marijuana operator.”

Jeff Gerard, *Greylock Federal Credit Union*

- There is a range of challenges associated with providing financial services to marijuana-related businesses.

- In the United States, more than 350 financial institutions are providing financial services to marijuana-related businesses.
- The inconsistency between federal and state laws regarding the legality of marijuana creates a lack of certainty for financial institutions, which like certainty.
- Community safety is important, and marijuana-related businesses that are unable to open an account at a financial institution must deal with significant amounts of cash, with associated theft and other risks.

Brenda Wells, *East Carolina University*

- Marijuana-related businesses are like all other businesses, and have the same needs for financial services, insurance, etc.
- All entities in the “marijuana chain” – from the cultivator, to the processor, to the dispenser – need insurance.

WHAT WOULD IT TAKE TO BALANCE THE FEDERAL BUDGET?

Tim Penny, *Committee for a Responsible Federal Budget*

- The United States’ national debt is high and rising.
- It is unlikely that federal sequestration will continue forever; thus, federal spending is likely to rise.
- U.S. federal spending on social security, health and interest explain about 83% of the spending growth during the last decade.
- Some U.S. states rely heavily on federal funds.
- Spending on Medicaid, education and transportation are examples of discretionary spending; consequently, they are vulnerable to spending reductions.

Eugene Steuerle, *The Urban Institute*

- Because the share of federal revenue that remains after mandatory spending is declining, current lawmakers have less influence over the ways in which revenue is spent.
- Some spending choices are not only a current commitment, but also a commitment to spend in the future.
- In the United States, the economy is declining because of inadequate investment, and expected growth in revenue will be “absorbed” by rising expenditures on social security and health care.

- In the United States, spending on measures that would increase human, financial and physical capital has been limited; many resources are being devoted to end-of-life care, rather than to children and people in their working years.

Susan Irving, *U.S. Government Accountability Office*

- There is no plausible level of growth that will “solve” the U.S. federal fiscal “problem,” largely because of health care costs.
- The U.S. federal debt limit was not designed as a limit on the gap between revenue and spending, but rather to make it easier for the U.S. Department of the Treasury to borrow; the debt limit is essentially a credit limit.
- The U.S. Congress has the constitutional authority to borrow “on the full faith of the federal government”; Congress delegated this authority to the U.S. Department of the Treasury, up to the debt limit, and some believe that a different approach to this delegation is needed.
- When the U.S. federal debt limit is reached, the U.S. Department of the Treasury declares a “debt issuance suspension period” and uses “extraordinary measures” to remain under the limit.
- Reaching the U.S. federal debt limit does not cause the government to shut down, but the uncertainty that is created is not free or painless; it can lead to higher interest costs and “damage” to the United States’ “full faith and credit,” and can have consequences for the global financial system.

THE FUTURE OF ARTIFICIAL INTELLIGENCE AND VOICE RECOGNITION TECHNOLOGY

Rohit Prasad, *Amazon*

- Human brains are “wired” to communicate with voice.
- Regarding artificial intelligence, one challenge is “natural” human–machine interaction.
- The societal impacts of artificial intelligence will be profound; for example, there will be significant benefits for individuals who are not mobile.

Stacey Gray, *Future of Privacy Forum*

- The “technological landscape” is changing rapidly; while there may be improvements to individuals’ lives, there are also some privacy concerns.
- Data transmission gives rise to privacy concerns; one consideration is the extent to which the data being transmitted are appropriate for the device, while another is the degree to which only the data that are needed are being captured.

- Some devices are designed to always be on, such as a security system, while others may be voice-activated.
- There has been a “massive” shift in the ways in which people interact with technology, and the amount and scope of data collected about individuals and their homes are growing.
- Devices should have prominent visual and audible “notices” so that individuals know when they are on.

DODD-FRANK: CHANGE ON THE HORIZON?

Jon Skarin, *Massachusetts Bankers Association*

- The Dodd-Frank Act led to consolidation in the United States’ financial services sector, which resulted in less choice for consumers.
- As a result of the Dodd-Frank Act, there have been “huge” changes in U.S. mortgage lending; for example, there is more paperwork, more data are required and mortgage servicing has been “pushed out” to non-bank entities.
- The Dodd-Frank Act imposed additional reporting requirements on U.S. financial institutions; some of these requirements have arbitrary thresholds.

Ryan Donovan, *America’s Credit Unions*

- Credit unions are member-focused, not profit-driven.
- The Dodd-Frank Act has had limited impacts on the United States’ credit unions; however, compliance costs have increased.
- Credit unions have some concerns about certain of the regulatory proposals in relation to the Dodd-Frank Act.
- Consumers need more protection in relation to unregulated and under-regulated providers of financial services.

Meghan Sullivan, *Mortgage Bankers Association*

- The Dodd-Frank Act completely “overhauled” mortgage transactions in the United States.
- The Dodd-Frank Act banned a number of the risky products that contributed to the recent financial crisis and the downturn in the U.S. housing market.
- With the Dodd-Frank Act, loan originators now have new training and compensation requirements, and mortgage servicers have requirements in relation to information and interactions with borrowers.

Chi Chi Wu, *National Consumer Law Center*

- The recent financial crisis and “mortgage meltdown” in the United States led to millions of lost jobs and trillions in lost wealth; as well, millions of people lost their home.
- For some, the Dodd-Frank Act is seen as being too costly and involving too much regulation; others believe that additional regulations are needed.
- Historically, it has been U.S. states, rather than the federal government, that have protected consumers.

KIDS COUNT

Lisa Hamilton, *Annie E. Casey Foundation*

- In comparing 2010 to 2015 on four indicators of children’s economic well-being, all four had improved: children living in poverty; children whose parents lack secure employment; children living in households with a high housing cost burden; and teens not in school and not working.
- In comparing years between 2009 and 2011 to years between 2013 and 2015 on four indicators of children’s education, fourth-grade students not proficient in reading and high-school students not graduating on time had improved; young children not in school and eighth-grade students not proficient in math had worsened.
- In comparing 2009 or 2010 to years between 2013 and 2015 on four indicators of children’s health, children without health insurance, child and teen deaths per 100,000, and teens who abuse alcohol or drugs had improved; low-birthweight babies was unchanged.
- In comparing years between 2008 and 2012 to years between 2011 and 2015 on four indicators of family and community, children in families where the household head lacks a high school diploma and teen births per 1,000 had improved; children in single-parent families and children living in high-poverty areas had worsened.
- According to the child well-being rankings for 2017, the top five states are the following:
 - overall, New Hampshire, Massachusetts, Vermont, Minnesota and Iowa;
 - from an economic well-being perspective, North Dakota, Minnesota, Iowa, New Hampshire and Utah;
 - from an education perspective, Massachusetts, New Jersey, New Hampshire, Connecticut and Vermont;
 - from a health perspective, Minnesota, Massachusetts, Connecticut, Vermont and Washington; and

- from a family and community perspective, Vermont, New Hampshire, Utah, Minnesota and North Dakota.
- According to child well-being rankings for 2017, the lowest five states are the following:
 - overall, Arizona, Nevada, Louisiana, New Mexico and Mississippi;
 - from an economic well-being perspective, California, Arkansas, New Mexico, Louisiana and Mississippi;
 - from an education perspective, Alaska, Louisiana, Mississippi, Nevada and New Mexico;
 - from a health perspective, Arkansas, Montana, Mississippi, Louisiana and Wyoming; and
 - from a family and community perspective, Arizona, Texas, Louisiana, New Mexico and Mississippi.

INTERNET OF THINGS

John Marinho, *CTIA-The Wireless Association*

- The United States has one of the world's lowest rates of cell phone malware.
- Cybersecurity is a "team sport."
- One key aspect of the "Internet of Things" is that wireless is increasingly popular, especially in the United States.
- With each cyberattack, information is gained about what must be protected and about specific vulnerabilities.
- While existing technologies and standards should be used to secure devices better, in reality, security should be "by design."
- A "one-size-fits-all" approach cannot be applied to all "Internet of Things" devices; consider, for example, that the requirements for a dog collar are lower than those for critical infrastructure.

Jeffrey Zubricki, *Walmart*

- Data that are available because of technology can be used to improve customers' retail experiences.
- With a retail purchase, the greatest point of vulnerability occurs when information from the credit card that is used to pay for the instore purchase is transmitted to the payment processor.
- The "Internet of Things" is a combination of the following three elements:

- sensors in the device;
 - connectivity to the Internet that creates data; and
 - data analytics.
- Purchasing is likely to continue to become more automated, with online ordering for delivery or pickup, resulting in time savings.
 - Bearing in mind the existence of privacy and security considerations, efforts should be directed to the issues of data collection, storage and use; while protection is needed, innovation must be allowed to continue.

Margaret Gladstein, *Capitol Advocacy*

- Most consumers are unaware of the full extent to which “Internet of Things” devices are “invading” their lives.
- Consumers need information with which to make informed choices.
- Some children’s toys are vulnerable to hacking.

VOTERS’ OPINIONS: WHERE DO WE STAND?

Frank Luntz, *Luntz Global*

- Many Americans who are between the ages of 18 and 29 do not believe in “corporate America,” and 58% of U.S. individuals in this age group have a preference for socialism.
- To an overwhelming extent, Americans are willing to pay more in order to have better infrastructure; because everyone, everywhere benefits from infrastructure, the idea of repairing America’s “crumbling” infrastructure unites the United States geographically, demographically and politically.
- For Americans, it is not the amount that is spent on education that is important, but rather the way in which that amount is spent; they want students to be inspired, encouraged and challenged, parents to be involved and supportive, teachers to be inspiring, committed and passionate, and the curriculum to be intellectually challenging.
- Personalized, patient-centred health care “puts patients in charge.”
- Americans want their energy to be secure, affordable, safe and clean.
- Americans want fewer “hassles,” expanded choices, higher compensation, more time, no “worries,” a better lifestyle and improved work–life balance.
- Americans want accountable legislators who listen to, and solve, their problems; they also want their legislators to cooperate and compromise in order to “get things done.”

- The American public sees state legislators as the “antidote” to what is happening or not happening in Washington, D.C.; moreover, it believes that the closer the government, the better the government.
- Constituents need to know what is in their legislators’ hearts, as well as in their heads.
- Legislators should use words that unite.

CREATING A SMART POWER GRID: HOW TECHNOLOGY IS REVOLUTIONIZING OUR RELATIONSHIP TO ENERGY

John Barnick, *ABB, Inc.*

- The energy marketplace is changing, and there is a “revolution” regarding renewable sources of energy.
- Businesses often want to do things faster, and less expensively and better, using software.
- Increasingly, companies are using sensors “in the field” to transmit data to a control room, thereby enabling more efficient operations.
- With automated metering, data are transmitted in real time; with information about load flows, it is possible to optimize systems.
- With technology, faults can be quickly located and isolated, with crews dispatched in a timely manner to make the needed repair.

Marcy Reed, *National Grid Massachusetts*

- Energy transformation is creating both challenges and opportunities.
- With some forms of renewable energy, better storage solutions need to be identified.
- Consumers benefit if technology makes a utility aware of a system failure and the problem is fixed before the customer notices.
- With a modernized electric grid, consumers have greater control.

WATER KNOWS NO BOUNDARIES

Peter Gleick, *Pacific Institute*

- At points in the relatively recent past, Americans did not have to think about water very much; for most, turning on the tap resulted in adequate and safe water.

- Investments are needed in the United States' water systems, and new financing tools may be needed to achieve this outcome.
- Climate change is leading to an increase in the frequency and intensity of floods and droughts, as well as concerns about water quality.
- Water crosses state and national boundaries; it is important to determine how water issues should be resolved when it flows across borders.
- From the perspective of the demand for water, conservation and efficiency are increasing, lawns are being replaced with "rock gardens" in some cases, and smart water meters are being used.
- From the perspective of the supply of water, wastewater is being collected and treated before being re-used, desalination is occurring in some cases, and storm water is being captured.

WHAT HAPPENED TO THE AMERICAN DREAM?

Robert Manduca, *Harvard University*

- Economic mobility is an essential element of the American dream.
- In 1940, almost all American children grew up to be better off than their parents; people born in the 1980s have about a 50% chance of being better off than their parents.
- In the United States, wages have stagnated since the 1970s.
- Historically, poor people and members of the middle class had the largest income growth; now, those who are very affluent do so.

Kenan Fikri, *Economic Innovation Group*

- The American dream is inextricably linked to the American economy.
- The United States' economy is becoming less dynamic in nearly every sense of the term; people are moving and are changing jobs less often, and the business start-up rate has declined.
- The Great Recession was the first time in American history at which more companies ceased than started operations.
- For workers, a less dynamic U.S. economy means that there are fewer employers competing for labour, chances to switch jobs and opportunities to "climb the ladder of opportunity."
- For markets, a less dynamic U.S. economy means more concentration, less competition, higher profitability and greater inequality.

- For regions, a less dynamic U.S. economy means fewer new businesses “in the pipeline,” less experimentation to generate the sectors of the future, and a backward-looking economic development “stance.”
- With reduced dynamism, more people “fall through the cracks” and are “left behind.”
- The U.S. states have considerable inertia to overcome in reversing the decline in the dynamism of the United States’ economy.
- The American dream is either realized or denied locally, or at the zip-code level.

THE LEGAL LANDSCAPE OF AUTONOMOUS VEHICLES

Bryant Walker Smith, *University of South Carolina*

- Automated driving is not a technology; rather, it is a wide range of fundamental technologies and applications of those technologies.
- U.S. states should determine if their laws are appropriate for automated driving.
- Decisions about automated driving should be based on clear and convincing data regarding a reasonable level of safety.
- The goal is to create a safer world, and automated driving is potentially a tool in achieving that goal.

Representative William Strauss, *Massachusetts House of Representatives*

- The factors and issues being raised in relation to automated driving are not dissimilar from those that once existed regarding the horse and carriage, the bicycle and a “conventional” car.
- Regarding automated driving, the focus often is regulating vehicles, licensing operators, and adopting civil and criminal liability systems.

Representative Robert Spendlove, *Utah House of Representatives*

- Automated driving is not “on the cusp” of “being here”; it is here.
- An estimated 95% of automobile-related deaths are caused by human error; automated driving could reduce this percentage, but it is important to recognize the impact that such a decline would have on organ donations.
- Automated driving could have positive implications for some groups, such as the elderly and those who are disabled, but it could have negative impacts on the trucking and other transportation sectors, those who need an organ donation driving skills, which could degrade.

WHERE DO WE GO FROM HERE: LEADERSHIP IN CHALLENGING TIMES

Doris Kearns Goodwin, *Author*

- Each “successful” U.S. president has had the following characteristics:
 - was recognized by himself and by others as a leader;
 - was resilient, and was able to sustain himself in the face of frustration and adversity;
 - had the confidence to surround himself with those who would challenge him and question his assumptions;
 - was able to learn from his mistakes, and to turn failure into success;
 - had the ability to control his impulses and emotions;
 - used stories and everyday metaphors when speaking;
 - stayed connected to the people he was serving;
 - knew how to “replenish his energies” and took the time to think about issues; and
 - left a legacy that reveals a moral aspect to his leadership.

Respectfully submitted,

Hon. Michael L. MacDonald,
Senator, Co-Chair
Canada–United States
Inter-Parliamentary Group

Hon. Wayne Easter, P.C., M.P.
Co-Chair
Canada–United States
Inter-Parliamentary Group

Travel Costs

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| ASSOCIATION | Canada–United States Inter-Parliamentary Group |
| ACTIVITY | Annual Legislative Summit of the National Conference of States Legislatures (NCSL) |
| DESTINATION | Boston, Massachusetts, United States of America |
| DATES | 6–9 August 2017 |
| DELEGATION | |
| SENATE | The Hon. Michael L. MacDonald The Hon. Jim Munson |
| HOUSE OF COMMONS | Mr. Brian Masse, M.P. Mr. Jamie Schmale, M.P. Mr. Marc Serré, M.P. |
| STAFF | Ms. Miriam Burke, Executive Secretary Ms. June Dewetering, Senior Advisor |
| TRANSPORTATION | \$ 6,242.16 |
| ACCOMMODATION | \$ 10,404.38 |
| PER DIEMS | \$ 2,994.86 |
| MISCELLANEOUS / REGISTRATION FEES | \$ 6,529.35 |
| TOTAL | \$ 26,170.75 |