Michigan Legislature Approves Income Tax Hike, New Sales Tax

Mr. Perks, spokespig for the Michigan Taxpayers Alliance, was towed from the Lansing State Capitol grounds for a permit violation on September 25. He returned, papers in order, on September 26.

By Michael LaFaive and Jack McHugh

In the early morning hours of October 1, while Michigan’s state government was officially in the process of shutting down for lack of a legal budget, a few Republicans essentially capitulated and gave Democrat Gov. Jennifer Granholm a $1.5 billion hike in taxes.

The deal included an income tax rate hike from 3.9 percent to 4.35 percent and a new 6 cent sales tax on a wide variety of personal and business services.

In exchange for supplying tax hike votes, Republicans acquired some modest school employee health insurance.

Michigan Voters May Put Cigarette Tax Hike into Constitution Permanently

By Sandra Fabry

Taxpayers in Oregon are faced with an unprecedented measure on the November 6 ballot. Measure 50 would permanently place a tobacco tax increase into the state constitution.

The measure is the result of a drawn-out tax fight in this year’s state legislative session. Gov. Ted Kulongoski (D) had proposed his “Healthy Kida” plan to cover children without health insurance. To pay for it, he called for raising the state tobacco tax to match the rate set by the federal government.
**Make a Difference** is both a compelling memoir and convincing proof that we now know important answers to help solve America’s poverty problem—without spending any more of the taxpayers’ money.

Author Gary MacDougal spent years working in Illinois inner cities and rural communities—talking with “ladies in the backyard,” befriending community leaders, and working with local organizations in his quest to find solutions that have long eluded academic researchers and politicians. As chairman of the Governor’s Task Force on Human Services Reform, MacDougal was the catalyst for the complete overhaul of the state’s welfare system, which included the largest reorganization of state government since 1900.

Eight years after MacDougal’s suggestions were implemented, Illinois now stands well ahead of California, New York, and other big-city states, with a spectacular 86 percent reduction in the welfare rolls since reform implementation in 1996, second only to Wyoming among all fifty states. The welfare rolls in Chicago’s Cook County have been reduced an amazing 85 percent, with studies showing that most who left the rolls are working, and at pay above minimum wage.

MacDougal’s extraordinary journey shows the way for the rest of the nation and proves there are ways we can all help provide a ladder of opportunity for those in poverty. We each can **Make a Difference** in the ongoing effort to end America’s poverty problem.

Available for purchase through The Heartland Institute’s online store at [www.heartland.org](http://www.heartland.org) or call 312/377-4000.

A limited number of **COMPLIMENTARY COPIES** are also available to elected officials and their staff.

Send your request by fax on office stationery to 312/377-5000.

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**There’s more to directions than EAST and WEST.**

**THERE’S MORE TO POLITICS THAN LEFT AND RIGHT.**

A compass doesn’t just point in two directions — and an accurate map of politics shouldn’t either. The fact is, millions of people say the labels left and right — or “liberal” and “conservative” — do not properly describe their politics.

No wonder. A simple line from “left” to “right” just isn’t detailed enough to include every possible twist and turn of political belief.

That’s where the World’s Smallest Political Quiz comes in. It’s a better “map” of politics. Answer 10 questions about personal and economic issues, and the Quiz pinpoints your political identity on an innovative “Diamond Chart” that includes conservative and liberal — and libertarian, statist, and centrist. The World’s Smallest Political Quiz has been praised by the Washington Post, and more than 9-4 million people have taken it online. What’s your real political identity? Take the Quiz. For each statement below, circle A for agree, M for maybe/not sure, and D for disagree. Then find your position on the chart.

**How do you stand on PERSONAL issues?**

- Government should not censor speech, press, media or Internet.
- Military service should be voluntary. There should be no draft.
- There should be no laws regarding sex between consenting adults.
- Repeal laws prohibiting adult possession and use of drugs.
- There should be no National ID card.

**PERSONAL SCORING:** take 20 for every A, 10 for every M, and 0 for every D: ______

**How do you stand on ECONOMIC issues?**

- End “corporate welfare.” No government handouts to business.
- End government barriers to international free trade.
- Let people control their own retirement: privatize Social Security.
- Replace government welfare with private charity.
- Cut taxes and government spending by 50% or more.

**ECONOMIC SCORING:** take 20 for every A, 10 for every M, and 0 for every D: ______

Find Your Place on the Chart

Mark your PERSONAL score on the lower left scale; your ECONOMIC score on the lower right. Then follow the grid lines until they meet at your political position. The chart shows the political group that agrees with you most. LIBERALS tend to value personal freedom. CONSERVATIVES tend to value economic freedom. LIBERTARIANS value both. STATISTS are against both. CENTRISTS tend to hold different values depending on the issue.

**TO LEARN MORE ABOUT THE QUIZ, VISIT:** [www.TheAdvocates.org](http://www.TheAdvocates.org)
Union’s 2006 Campaign Money Buys Legislative Attention for Big Labor

By Ryan Bedford

The State of Labor 2007 report by the Labor Policy Center of the Evergreen Freedom Foundation notes Big Labor’s heavy investment in the Democratic Party’s takeover of Congress in the 2006 elections has succeeded in buying attention from lawmakers.

“The State of Labor 2007 report by the Labor Policy Center of the Evergreen Freedom Foundation notes Big Labor’s heavy investment in the Democratic Party’s takeover of Congress in the 2006 elections has succeeded in buying attention from lawmakers.”

Unions Spent Big

The Service Employees International Union spent $65 million. The AFL-CIO spent another $40 million, organized 205,000 union volunteers, knocked on more than 8.25 million doors, mailed 20 million phone calls, mailed 20 million pieces, contacted 93 percent of union members with election information, and reached 13.4 million voters in 32 states.

Overall, labor unions spent an estimated $200 million on the midterm elections.

Unhappy with big-spending Republicans and tired of the war in Iraq, voters gave Democrats the majority in Congress along with 351 state legislative seats and six governors’ mansions. Claiming the credit, labor officials were soon demanding political payback.

Union Priorities Get Attention

Grateful Democrats were quick to oblige. On the federal level, four of seven issues in House Speaker Nancy Pelosi’s “100-Hour Agenda” were union priorities. Those measures included raising the minimum wage, requiring Medicare drug price negotiations with drug companies, cutting student loan interest rates, and ending tax subsidies for oil companies.

Democrats tried to pass the so-called Free Employee Choice Act, which would have eliminated secret ballot elections currently used to unionize workers and would instead have implemented a “card check” system that subjects workers to harassment, intimidation, and fraud. The bill passed the House but did not come up in the Senate.

In response to union demands, House Democrats also cut the budget of the agency overseeing investigations into union fraud and corruption.

Since 2000, investigations by the Office of Labor-Management Statistics have resulted in 775 convictions and more than $70 million in restitution to union members. Unions want to hamstring this agency.

“In response to union demands, House Democrats also cut the budget of the agency overseeing investigations into union fraud and corruption.”

States Bolster Government Unions

At the state level, unions continue to work with legislators and governors to increase the size of public-sector unions, thereby increasing union membership and funds. Democratic control of Iowa’s House, Senate, and governor’s mansion brought the first serious challenge to that state’s right-to-work law since 1988.

Big Labor’s political investments last year were no anomaly. Having tasted victory, union officials are hungry for more and are preparing to launch a major political offensive to put a Democrat in the White House.

Spending Transparency Needed

Union officials are certain to spend much more on the upcoming presidential elections than they did last year. Much of it will be without the knowledge or permission of union members. Union representatives simply will not tell workers.

Just as workers should not be forced to pay a union for unwanted services, they should not be forced to pay for a union’s politics. The efforts of labor unions to shield themselves from market forces through coercive policies can be countered with several commonsense measures.

States can implement financial transparency regulations such as the federal LM-2 forms that require unions to make public all expenditures of more than $5,000. States also can limit union fees to cover only the costs of representation, not political expenses.

States also can implement paycheck protection, a policy the U.S. Supreme Court just ruled constitutional. Paycheck protection laws require unions to obtain written permission from their members before they can spend membership dues on political causes.

Ryan Bedford (rbedford@effwa.org) is a labor analyst with the Evergreen Freedom Foundation in Olympia, Washington.
State, Local Governments Are Eager to Tax Internet

Since the federal Internet tax moratorium was first enacted nearly 10 years ago, local and state government officials have sought to retain the power and latitude to tax the Internet by opposing efforts to make the ban permanent.

The National Governors Association was among 10 organizations to sign a September 26 letter to the Senate Commerce Committee in support of a watered-down extension, S. 1453.

Gov’t Workers Back Tax Hikes
Taking a cue from state leaders, representatives of the American Federation of State, County, and Municipal Employees (AFSCME) have testified before Congress arguing a permanent ban on Internet access taxes would place an undue burden on state budgets.

“[T]he ban imposes revenue losses and a loss of revenue capacity on states and local governments, and is not paid for,” testified Mark Murphy, a fiscal policy analyst for AFSCME, last May. He added the ban is “costly to state and local governments and of questionable value to the greater public, it risks unun-

It is an egregious distortion of reality to imply that banning a tax that has not been and should not be levied is costing states money.”

PHIL KERPEN
POLICY DIRECTOR
AMERICANS FOR PROSPERITY

Not all blacks are liberals

… and that’s a good thing

Lee H. Walker is president of The New Coalition for Economic & Social Change and a senior fellow of The Heartland Institute. He is a former member of the Illinois State Board of Higher Education, commissioner with the Midwestern (10 States) Higher Education Commission, and National President of the National Guardsmen. He currently serves on the editorial board of the Chicago Defender. Mr. Walker was recently appointed chairman of the Illinois Advisory Committee to the U.S. Commission on Civil Rights.

The New Coalition’s mission is to cultivate effective multi-ethnic spokespersons on ideas that empower people with free enterprise and self-reliance. It helps these spokespersons gain access to forums where the major public policy issues of the day are debated.

Permanent Ban Sought
Phil Kerpen, policy director for the free-market grassroots group Americans for Prosperity, says a tough, permanent ban on Internet taxes as embodied in two measures pending in Congress, H.R. 743 and S. 156, is needed to provide a stable tax environment for businesses and consumers and to prevent any future lapses of the moratorium.

“The Internet has provided countless economic opportunities and remains one of the few areas of commercial activity that has not been taxed into submission,” said Kerpen. “Allowing the moratorium on Internet taxes to expire, even temporarily, would be a gross public policy error.”

Rush to New Taxes Feared
A lapse in the moratorium might mean state and local governments would rush to enact Internet taxes in hopes of qualifying for grandfather clauses when Congress finally extends the moratorium or makes it permanent. Taxes could take the form of access fees, bit-taxes on downloads, discriminatory taxes on Internet sales, and possibly even e-mail taxes.

“There would be unlimited potential for taxation, which would only impede the flow of commerce and information on the Internet and slow a great engine of economic growth,” Kerpen said.

Disagreements over whether to extend or make permanent the Internet tax ban, as well as disputes over the definition of Internet access and when to eliminate grand-

Internet

Continued from page 1

for four years. At press time, the Senate had yet to vote.

Although there is strong bipartisan support for an Internet tax ban, the House and Senate have yet to vote on an extension or making it permanent.

The twice-extended 1998 Internet Tax Freedom Act prohibits taxes on Internet access and multiple or discriminatory taxes. The ban applies to taxes and fees levied by state and local governments, with just a handful of exceptions where taxes imposed before 1998 have been grandfathered in.

“Beginning this fall U.S. consumers could face a slew of new Internet taxes unless Congress extends or makes permanent a federal ban that is set to expire November 1.”

Party Lines Blur
Lawmakers aren’t dividing on the issue along partisan lines. Rep. Anna Eshoo (D-CA) and Sen. Ron Wyden (D-OR) are both sponsors of legislation to permanent-

father clauses, have helped to create the hang-up in Congress.

On September 27, Senate Commerce Committee Chairman Daniel Inouye (D-HI) pulled a watered-down four-year extension of the tax ban (S. 1453, The Internet Tax Freedom Extension Act of 2007), off a list of legislation to be amended and approved.

Committee Favor Permanent Ban
Sen. John Sununu (R-NH), an outspoken supporter of making the Internet tax ban permanent, said the bill was pulled after it became obvious there were enough committee votes to replace it with a permanent ban that had teeth.

“The Democratic Leadership in the Senate appears uninterested in protecting Internet users from higher taxes,” Sununu said. “We introduced a bill to permanently ban Internet access taxes back in January. I just don’t understand the continued delay in action.”

Annie Patnaude (apatnaude@afphq.org) is media relations director at Americans for Prosperity.
A Primer on the Economics of Carbon Taxes and Cap-and-Trade Systems

By James L. Johnston

The two most prominently mentioned schemes for curtailing carbon dioxide emissions are carbon taxes and a cap-and-trade system. There are pros and cons to each.

Cap-and-Trade Shortcomings

The trading of carbon credits is troublesome. It presumes an underlying database of emissions from millions of individual sources and a continuous monitoring of changes to the database.

That would represent a huge increase in regulation, and it flies in the face of experience with other deregulations. Markets are substitutes for regulation, not complements.

The experience with other emission trading systems is also contrary to the conventional thinking. The model for the national acid rain program and the RECLAIM system for the Southern California Air Basin (SCAB) involves differences in abatement costs among emission sources. Under this theory, allowance prices would be stable.

However, allowance prices do not behave this way; they tend to follow the price of natural gas, and as a result they are quite volatile.

“The two most prominently mentioned schemes for curtailing carbon dioxide emissions are carbon taxes and a cap-and-trade system. These are pros and cons to each.”

Overlooked Factors

The attractive alternative for a utility during peak periods is to shut down its generators (which produce emissions as a byproduct) and instead buy energy from another utility. The generation fuel of choice during peak periods is natural gas. Thus, the price of emission allowances and credits ought to be closely correlated with the price of natural gas, and it is.

When the advantages and disadvantages of emissions trading are weighed against the trading of natural gas futures and options, there is no contest. Natural gas derivatives win hands down. First, gas derivatives are property, and the takings clause of the Constitution fully applies. Second, the gas derivatives are orders of magnitude more liquid than allowances.

Currently, monthly gas futures go out to December 2012, which is only two years less than the yearly sulfur dioxide futures.

Weather Futures Hedge

Gas futures are not the only derivatives useful for hedging for peak-load conditions. Since 1999, there have been weather futures based on heating and cooling degree days for 36 cities worldwide, of which 18 cities are in the United States and six in Canada. In 2006, $21 billion of these weather derivatives were traded.

Weather derivatives are traded on the Chicago Mercantile Exchange and have recently morphed from monthly to weekly contracts. This suggests future flexibility will be greater than the government market, without making investors vulnerable to government takings. Clearly, the weather futures offer a more precise hedging vehicle when compared with allowances and even the natural gas derivatives.

Weather derivatives may also be useful for hedging electricity price risk. While these derivatives are not exactly tailored to electricity generation, they are close enough. It is not unusual for one product derivative to serve as a hedging vehicle for another closely related product.

Jet fuel price risk, for example, is hedged using heating oil (distillate) derivatives. The reason is the greater liquidity of the substitute market.

“Yale University economics professor William Nordhaus ... found the costs of reducing carbon emissions exceed the benefits by a substantial amount.”

Carbon Tax Challenges

There has been a lot of attention given recently to the supposed superiority of a revenue-neutral carbon tax over a cap-and-trade system. Both the American Enterprise Institute and Resources for the Future have voiced a preference for the carbon tax.

Both recognize taxpayers are suspicious of whether the “neutrality” of the new tax will actually accrue to the individual taxpayer or will be tilted to powerful political constituencies. In addition, it would be difficult to estimate the proper tax level to be imposed.

Tax collectors prefer the tax on carbon emissions over the cap-and-trade system. George Osborne, the United Kingdom Conservative party’s shadow finance minister, points out how the cap-and-trade system has serious transaction costs and is subject to fraud in initial allocation and in enforcement. But benchmarking of emissions also would be required for taxation, as would monitoring and enforcement for each emission source.

Thus it would appear there is as much potential for fraud under a carbon tax as there is with cap-and-trade, although one of the proposed modifications to cap-and-trade is to charge emission sources for the initial allowances they receive.

Command-and-Control Schemes

In all this discussion of taxation and cap-and-trade, the command-and-control system of reducing harmful emissions and discharges has not been discussed. This system of pollution abatement prevails in most places in the world.

The question that arises is, why? For one thing, the command-and-control system is simple, compared with the carbon tax. Individual emission sources need not be monitored. For another, there is less chance for fraud in the initial allocation, as happened in Europe.

Moreover, the costs associated with emission reductions are deductible from income taxes as an ordinary business expense.

Costs vs. Benefits

On a macro level, Yale University economics professor William Nordhaus in July of this year updated his estimate of the impact of carbon abatement. Nordhaus found the costs of reducing carbon emissions exceed the benefits by a substantial amount. This is true for either a cap-and-trade system or a carbon tax.

This ought to make us pause to think through what we know about global warming and what we are guessing about.

We especially ought to know the pace of warming from actual measurement rather than relying on opaque models that fail to explain the present changes, or lack thereof. It may be that the pace of change is so slow that adjusting to the change is less costly than trying to alter the laws of physics.

We ought to understand the workings of the world before we set out to change it.

James L. Johnston (jamesjohnston@cs.com) is an economist retired from Amoco Corporation and a policy advisor to The Heartland Institute.
How Junk Science Is Used to Raise Taxes

By Joseph Bast

Junk science—the deliberate representation of false or misleading information as credible scientific research—is a growing problem in a variety of public policy debates.

The use of junk science in public policy debates in the United States has a long history—Rachel Carson’s book Silent Spring, published in 1962, is often credited with launching the modern wave of false alarms.

But while junk science is often debunked, its impact on taxpayers is often overlooked.

“Left unchallenged, junk science is a powerful weapon in the hands of those who want to expand government and raise taxes.”

Global Warming Alarmism

Global warming alarmism may become the latest case of junk science costing consumers and taxpayers billions (or even hundreds of billions) of dollars. Raising energy taxes was once thought to be the third rail of politics. Everyone remembers what happened when Bill Clinton tried to do it in 1993 and faced a major public backlash. But that was then.

Now, with global warming alarmism running interference, politicians are increasingly supporting higher taxes on energy or carbon emissions or policies that would raise energy costs indirectly, via renewable fuels portfolios, ethanol mandates, and a cap-and-trade scheme.

This effort is gaining momentum even though most scientists don’t believe forecasts of future climates are reliable, and even though most economists believe energy is already taxed at or above the level necessary to account for any “negative externalities” caused by its use, including the possibility of global warming.

Economists estimate a carbon tax big enough to reduce U.S. emissions by even a relatively small amount would force consumers to pay $200 to $300 billion a year in higher energy costs. Looking at state and local energy conservation programs already adopted, we might even be a quarter or halfway there already.

But perhaps you don’t think politicians have the nerve to do this. Or that the public is paying close enough attention or will get off their couches to oppose it. Consider, then, the strangely similar case of tax hikes on cigarettes.

Master Settlement Agreement

A vivid example of junk science leading to massive tax hikes concerns cigarette taxes. Because it is no longer politically correct to smoke, I should point out that you don’t need to be a smoker, or even doubt that smoking can be deadly, to understand that junk science has driven much of the debate over tobacco policy in recent years.

Before the Master Settlement Agreement (MSA) was signed in 1998, nobody thought politicians would dare to raise taxes on cigarettes by more than a few cents a pack a year. Every tax hike proposal at the state and federal levels was vigorously fought.

Because taxes on cigarettes couldn’t be raised through legislation, the anti-smoking movement took to the courts. Thousands of lawsuits were filed against tobacco companies, but virtually none was successful. A longstanding legal precedent was that smokers assumed the risk of their habits by continuing to smoke after being warned of the hazards.

Stealth Tax

Stymied again, the anti-smoking movement tried a different legal tactic: Getting state attorneys general to sue tobacco companies for smoking-related health care spending allegedly incurred by state Medicaid programs. As Kip Viscusi vividly demonstrates in his 2002 book, Smoke-Filled Rooms: A Post-Mortem on the Tobacco Deal, the claim that smokers imposed greater costs on society than they were already paying in excise taxes was simply junk science.

Viscusi demonstrates smokers paid their own way even without taking into account the fact they typically die six to seven years before nonsmokers. Viscusi figured smokers incur higher medical costs of about five cents per pack of cigarettes, but save taxpayers 11 cents per pack due to lower nursing home costs and nine cents per pack due to lower pension costs. “On balance,” he writes, “smokers incur about 14 cents less per pack in costs paid by Massachusetts [a typical state], while contributing an additional 51 cents per pack in excise taxes.”

“The tremendous noise generated by junk science campaigns provides cover for politicians to raise taxes and take other positions that would, in quieter and more reasonable times, threaten their political careers.”

The MSA raised the indirect tax by between $0.50 and $1.00 a pack, but the tax never showed up on a smoker’s receipt as a “tax.” Many politicians and liberal activists held their breath ... and were dumbfounded by the absence of public outcry.

Turns out, smokers tend to have modest incomes and lower rates of participation in politics than the rest of the public. With the tobacco industry unwilling to fund the creation of pro-smoker organizations, there was no effective opposition to higher taxes on tobacco products.

False Claims

More junk science about the social costs of smoking then arrived on the scene, in the form of a 2006 report by the U.S. Surgeon General widely touted as proving “secondhand smoke is not a mere annoyance, but a serious health hazard.”

But the seemingly impressive 727-page report on secondhand smoke released by the Surgeon General’s office came up far short of the usual standards for sound science. Nearly all the studies cited in the Surgeon General’s report wouldn’t pass muster in a court of law because they are observational studies, the sample sizes are too small, or the effects they show on human health are too small to be reliable.

Most of the research cited in the Surgeon General’s report was rejected by a federal judge in 1993 when EPA first tried to classify secondhand smoke as a human carcinogen. The judge said EPA cherry-picked studies to support its posi-
tion, misrepresented the findings of the most important studies, and failed to honor scientific standards. The Surgeon General's report relies on the same studies and makes the same claims EPA did a decade ago.

More Hikes
Nevertheless, widespread fear of the health effects of secondhand smoke has acted as a cover for state governors and legislatures to stick their toes in the once-hot water of raising taxes on cigarettes. To their surprise, it wasn’t so hot after all. After early defeats, they started winning. Now, tax hikes of $1 a pack and more routinely pass at the state level.

This year another threshold was passed when a federal tax hike of 61 cents a pack passed the Senate and House. Only a veto of an SCHIP expansion bill by President George W. Bush, for reasons unrelated to the tobacco tax, stood in the way.

These tax hikes haven't destroyed the tobacco industry. They “just” transfer hundreds of billions of dollars a year from smokers to governments each year. They represent a huge defeat for advocates of limited government.

Lessons Learned
The Master Settlement Agreement and the recent huge tax hikes on tobacco products offer three cautionary lessons. First, it’s always a mistake to walk away from the scientific debate. Left unchallenged, junk science is a powerful weapon in the hands of those who want to expand government and raise taxes.

Second, it is a mistake to assume industry will come to the rescue of its customers. Tobacco companies endorsed the Master Settlement Agreement and often haven’t shown up when big tax hikes are proposed. Oil and gas companies are now jumping onboard the global warming express, happy to propose to Indian casinos in Connecticut. “They're gambling already,” Tisei said. “Residents are far ahead of policymakers as far as accepting casinos. Here in Massachusetts it's a little hypocritical for people to object to the state being involved in gambling when our lottery is a $4 billion enterprise. It's one of the largest lotteries in the country. Now we have keno. We've turned convenience stores into betting halls.”

“[I]t's a little hypocritical for people to object to the state being involved in gambling when our lottery is a $4 billion enterprise.”

By Steve Stanek
Massachusetts Gov. Deval Patrick (D) has rolled the political and economic dice with a new plan to boost state government revenues.

In September he announced a proposal to bring three large casinos to Massachusetts. He predicts thousands of new jobs and hundreds of millions of dollars of extra revenue annually.

Strong opposition has already lined up, as has strong support. Support and opposition do not follow party lines. For instance, Richard Tisei (R-Wakefield), Senate Republican leader, likes the gambling proposal.

‘Gambling Already’
“Being Republican leader in the Senate, I'm not often complimentary to the governor, but I do think the proposal he put out does tackle the issue in a way that most benefits the state,” Tisei said.

Tisei noted “a tremendous number” of Massachusetts residents already go to Indian casinos in Connecticut. “They're gambling already,” Tisei said. “Residents are far ahead of policymakers as far as accepting casinos. Here in Massachusetts it’s a little hypocritical for people to object to the state being involved in gambling when our lottery is a $4 billion enterprise. It’s one of the largest lotteries in the country. Now we have keno. We’ve turned convenience stores into betting halls.”

“Economic gains where the casinos locate could mean losses in other areas,” deMacedo said. He agrees with his Democratic Party counterpart Bosley that casinos take money away from other businesses.

“Economic gains where the casinos locate could mean losses in other areas,” deMacedo said. "A perfect example is Plymouth [where he lives]. We’re a tourism town. One of the proposed casinos is in a neighboring town. People know these casinos subsidize the costs of rooms and restaurants and will be able to compete with and undercut hotels and restaurants in the community I represent.”

Bidding for Billions
Patrick says he believes casinos would benefit Massachusetts as a whole.

“Casino gambling is neither a cure-all nor the end of civilization,” Patrick said at a September 18 news conference. “Under certain conditions, I believe casinos can work well in and for the Commonwealth.”

Patrick proposes a bid process for 10-year licenses for each of the three casinos. The administration estimates that would generate $600 million to $900 million in upfront fees. The state expects to net another $400 million a year from the state's 27 percent cut of gambling proceeds.

The state will incur new expenses for extra police enforcement, a gambling regulatory agency, and treating problem gamblers.

“Patrick proposes a bid process for 10-year licenses for each of the three casinos. The administration estimates that would generate $600 million to $900 million in upfront fees.”

Creating Problems
The acknowledgment of these extra spending needs should signal the many problems associated with gambling, deMacedo said.

“In Massachusetts we make sure poor people are taken care of,” deMacedo said. “We have a strong health system, prescription drugs for the elderly, many things like this. When people gamble away their money, we are there. We'll be creating more problem gamblers and then paying to help them.”

Steve Stanek (stanek@heartland.org) is managing editor of Budget & Tax News and a research fellow at The Heartland Institute.
Michigan
Continued from page 1

ance and pension reforms and some even more modest (and yet to be identified) spending cuts.

$1.75 Billion Gap
At issue was a $1.75 billion gap between the amount lawmakers wanted to spend in fiscal year 2008 and the revenues they expected to collect. The state's Senate Majority Leader, Michael Bishop (R-Rochester), originally offered to support a tax hike provided the state cut spending more than it raised taxes. It didn’t play out that way. The Senate voted 20-19 in favor of the tax hikes.

In the Democrat-controlled House, the measure passed by a 57-52 vote. Two Republicans—Chris Ward of Brighton and Ed Gaffney of Grose Pointe Farms—voted for the tax hikes. Three Democrats—Lisa Wojno of Warren, Martin Griffin of Jackson, and Mike Simpson of Liberty Township near Jackson—opposed the measures.

House Minority Leader Craig DeRoche (R-Nov) complained to the Detroit Free Press, “This was a vote for bureaucracy and special interests. This is one of the largest spending sprees in Michigan history. It is a 10 percent increase in the size of the bureaucracy.”

Gaffney explained his vote for the budget by telling the newspaper he was “not happy with what I did” but said it needed to be done to “break the logjam and put us on a course to keep government open.”

Economic Basket Case
Michigan has been in a one-state recession for years. It has the nation’s highest unemployment rate, at 7.4 percent statewide and a Great Depression-like 15.1 percent in Detroit, and was the only state whose economy shrank from 2005 to 2006.

The state is also bleeding people—and their money and talent—to other states. Budget critics had hoped the state’s poor economic performance would dissuade legislators from voting for a large tax hike out of fear it would further sink the economy.

“In the early morning hours of October 1, while Michigan’s state government was officially in the process of shutting down for lack of a legal budget, a few Republicans essentially capitulated and gave Democrat Gov. Jennifer Granholm a $1.5 billion hike in taxes.”

Granholm and the legislature have relied in the past on a cigarette tax hike, fee increases, and accounting gimmicks to resolve past budget shortfalls—at least on paper. The accounting changes were hardly permanent fixes and ultimately needed to be addressed.

On September 27, Granholm warned of a possible government shutdown, saying, “Some Republican leaders in the legislature said they could solve our almost $2 billion budget deficit with cuts alone. But even their own members refused to go along. Understandably, they couldn’t vote to take thousands of police officers off the streets, to let class sizes explode in our schools, and to see college tuition rise beyond the reach of Michigan families.”

Gov’t Employee Pay, Benefits
After the votes were counted, Sharon Parks, vice president of policy for the Michigan League for Human Services, said in a statement, “It was a nail-biter, but in the end, lawmakers and the governor deserve credit for averting a disastrous, cuts-only solution to Michigan’s historic budget crisis.” Parks added, “Tax cuts from the 1990s are at the heart of this problem.”

But Gary Wolfram, Munson Professor of Political Economy at Hillsdale College and a former deputy state treasurer, warned, “The budget deal was driven by protecting the salary and benefits for the existing government employees and in the long run will further dampen the flagging Michigan economy.”

Only Minor Reforms
The reform bills that were attached to the tax hikes redress some fiscal malpractice in school employee benefits packages, but they do not make the changes necessary for Michigan to recover from its unique economic malaise, according to the Mackinac Center, a Midland, Michigan-based research institute. For instance, a defined contribution pension system for school employees would have been transformational but was not considered by lawmakers, according to Mackinac.

The package of reform legislation would:
• limit the ability of school employees to retire early with a full pension and health insurance;
• make it easier for school districts to seek competitive bids on employee health insurance;
• limit “double dipping” by retired school employees who return to work as contractors collecting both a salary and a pension; and
• repeal a prohibition on contracting out mental health services in state prisons.

“This was a vote for bureaucracy and special interests. This is one of the largest spending sprees in Michigan history.”

CRAIG DEROCHE
HOUSE MINORITY LEADER
NOVI, MICHIGAN

Taxpayer Alliance’s Influence
The tax hikes might have come much earlier were it not for the work of a new taxpayer organization, the Michigan Taxpayer Alliance (MTA), run by Leon Drolet, a former state legislator. Drolet launched MTA in February and has spent the past seven months threatening tax-raising legislators with recall campaigns.

Drolet’s work changed the dynamic. For a while legislators became more afraid to make themselves a recall target than to buck the powerful special interests seeking higher taxes. The special interests won the battle, but Drolet is now organizing recalls of some of the most vulnerable tax-hikers.

Michael LaFaive (lafaive@mackinac.org) is director of fiscal policy and Jack McHugh (mchugh@mackinac.org) is legislative analyst at the Mackinac Center for Public Policy in Midland, Michigan.

In Other Words

“[T]he lesson of Katrina would seem to be to give victims money directly. Facetious? Then consider this. The other day the White House released a fact sheet detailing what the federal government has done to assist New Orleans and other Gulf areas in their rebuilding efforts. The sentence that hits you between the eyes: ‘The federal government has provided more than $114 billion in resources—$127 billion including tax relief—to the Gulf region.’ As economist and CNBC’s host of Kudlow & Company Larry Kudlow pointed out: ‘All divvied up, that $127 billion would come to $425,000 per person!’ In New Orleans, a family of four would thus have some $1.7 million.”

Steve Forbes
Forbes Magazine
October 1, 2007
Bottled Drinking Water a New Tax Target in Chicago

By Steve Stanek

The price of a bottle of water will climb at least 10 cents in Chicago if Mayor Richard M. Daley gets his way.

Daley in October proposed a 10 cents a bottle tax on water. He also proposes to raise taxes on real estate, gasoline, liquor, parking garages, lease transactions, telephone service, and restaurant meals.

“The price of a bottle of water will climb at least 10 cents in Chicago if Mayor Richard M. Daley gets his way.”

The city estimates the total tax hike at about $193 million, with the bulk of the increase coming from a $108 million rise in the property tax.

Property, gasoline, liquor, and all the other items except bottled water are already taxed. They would simply be taxed more heavily.

The tax on bottled water, though, would be new.

Joe Doss, president and chief executive of the International Bottled Water Association, said a tax on bottled water likely would result in people drinking less-healthy beverages.

“When we have problems with obesity, heart disease, diabetes, it doesn’t make sense to discourage healthier alternatives,” Doss said.

Some advocates of taxing bottled water say the product should be taxed to reduce consumption, which would in turn reduce the number of plastic bottles produced.

“[B]ottled water makes up one-third of 1 percent of the waste stream in the United States ...”

But Doss notes plastic water bottles are much thinner than they were a few years ago, reducing the amount of plastic in them by 40 percent over the past five years. He noted bottled water makes up one-third of 1 percent of the waste stream in the United States, so reducing bottled water consumption would have virtually no impact on waste disposal efforts.

Steve Stanek (stanek@heartland.org) is managing editor of Budget & Tax News and a research fellow at The Heartland Institute.

Thurston County Commissioners Reject Car Tax Hike

By Jason Mercier

In a welcome surprise for taxpayers in Washington State’s Thurston County, county commissioners decided not to enact a $20 surcharge on top of the current $30 state registration fee for vehicles. These fees are commonly referred to as car tabs.

The $20 surcharge was authorized by the legislature earlier this year to allow local governments to exceed the $30 maximum twice adopted by voters. Thurston County commissioners considered the surcharge in September and rejected it.

In 1999, Initiative 695, sponsored by good-government advocate and private citizen Tim Eyman, sought to reduce the state’s vehicle registration fee to a maximum of $30. After being adopted by voters, I-695 was thrown out by the state supreme court. But it was soon put into law by the legislature.

Surcharges Creep In

Over the years, however, the legislature has allowed local governments to enact car tab surcharges. This led to I-776, another Eyman-sponsored initiative adopted by voters in 2002. I-776 again required $30 car tabs and repealed the local surcharges. Nevertheless, the legislature this year reauthorized local governments to enact car tab surcharges.

Eyman said in response, “The Thurston County Council decided to abide by the voters' double decision on $30 vehicle tabs—that's good. But if any city council in Thurston refuses to follow the county's lead and decides to disregard the voters by unilaterally jacking up tabs $20 without a vote of the people, tell me when the hearing on that ordinance is because I want to testify and make all of you famous. Voters deserve to know that you're circumventing their repeated decision to keep tabs at $30.”

The Washington Policy Center, a Seattle-based think tank, applauded the Thurston County Commissioners' decision.

“It is encouraging that Thurston County Commissioners have decided not to increase the already-high tax burden on their constituents,” said Paul Guppy, vice president of research for the Washington Policy Center. “Holding the line on tax increases helps local government use the money they currently collect more efficiently.”

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In Other Words

“Drink responsibly? Not in Chicago. Mayor Daley suggested a 10-cent tax on bottled water Monday to help ease a $193 million budget gap after endorsing a similar plan to aid the environment two months ago. We hate to sound like a broken record, but why?”

“Nobody would want to drink bottled water if it costs more. A thirsty consumer digging for change would look at the shelf defeated, lured by the sticky sweet traps of the cheaper elixirs. This, when we’re struggling with a deadly obesity epidemic.”

House Editorial
Chicago Sun-Times
October 3, 2007
Cigarette Tax Rates Are Rising Faster than Revenues

By Elizabeth Karasmeihan

Congress voted in late September to reauthorize and expand the State Children’s Health Insurance Program (SCHIP), with $35 billion in new funding to come from an increase in the federal excise tax on tobacco. President George W. Bush, who supports a smaller SCHIP expansion, vetoed the bill on October 3 and Democrats, who control the House and Senate, began organizing to override the veto.

Proponents of the tax hike say it’s time for a federal tobacco tax increase, since the rate has not risen in a decade.

“Proponents of the tax hike say it’s time for a federal tobacco tax increase, since the rate has not risen in a decade.”

Rates Zoom, Revenues Plod

However, considering only the federal tax rate ignores the real tax burden on tobacco. States have steadily raised taxes on cigarettes and other tobacco products in recent years even while budget surpluses made other tax cuts politically popular.

According to an analysis by the American Shareholders Association, over the past seven years the average state cigarette tax rate has more than doubled, from 42 cents to 92 cents per pack.

According to the National Association of State Budget Officers (NASBO), 12 states are proposing higher tobacco tax rates for fiscal year 2008, for an expected net tax increase of $1.22 billion.

The doubling of average state tobacco tax rates is responsible for a spike in state and local tobacco tax collections. While the average tax rate has doubled, tax collections have increased by 59 percent.

States that have raised their tobacco taxes in recent years are facing diminishing revenue streams as consumers cross state borders or purchase products online or on Indian reservations. Increased smuggling and black market activity also account for some of the revenue decline.

Michigan Sales Plunge

In Michigan, for example, taxable cigarette sales have dropped by more than 25 percent since 2001. According to Michigan treasury spokesman Caleb Buhs, quoted recently in The Daily Oakland Press, “every time the price has been raised, the amount of packs of cigarettes [sold] has gone down.”

An increase in the federal excise tax on tobacco would slow state tobacco revenue growth further and magnify the negative impact on small businesses, which often lean on tobacco sales to stay in business.

Elizabeth Karasmeihan (ekarasmeihan@atr.org) is national policy analyst at Americans for Tax Reform.

Texas Scammed Out of $10 Million in Tobacco Revenue, Authorities Reveal

By Steve Stanek

Five people may have cheated Texas out of more than $10 million in tobacco tax revenue, according to indictments alleging the accused were engaging in cigarette tax fraud.

The Travis County indictments were announced in September by Texas Comptroller Susan Combs, who said it is the first prosecution for tobacco tax fraud since a tobacco tax increase took effect January 1.

“When the state cigarette tax increased from 41 cents to $1.41 per pack, we anticipated an increase in tax evasion attempts,” Combs said. “We continue to closely monitor sales of tobacco products and cigarette tax stamps, and we will investigate all suspicious activity.”

False Records

The biggest bust by far involved Mike Kimzey and Richard H. Russo of Louisville, Kentucky. They were charged with 12 counts of tampering with a government record.

According to the indictments, Kimzey and Russo purchased an unusually large number of cigarette tax stamps between August and December 2006, before the tax hike took effect.

They allegedly falsified records of their company’s cigarette purchases and the number of Texas tax stamps they placed on packs of cigarettes.

The Texas Comptroller’s office recovered $9.8 million worth of cigarette tax stamps in Kentucky and southeast Texas. In addition, unpaid taxes on seized cigarettes and unpaid inventory tax that was due at the time of the tobacco tax increase added up to $320,400.

Underreported Inventory

The grand jury also indicted Mohammed Khawar Jamshed, a convenience store owner, on two counts of tampering with a government record. The indictment alleges Jamshed falsified cigarette inventory reports to underreport inventory worth $69,900 in state tobacco tax.

A fourth man was found to have had $5,646 worth of tobacco products on which tax had not been paid. Authorities found the untaxed tobacco products while conducting an unrelated investigation at his business. The tax value of those items totaled $1,988, according to Combs.

A fifth man was indicted for having 300 packs of “gray market” cigarettes at his store and no records to account for them. Gray market cigarettes are labeled “U.S. TAX EXEMPT, FOR SALE OUTSIDE U.S.,” and are tax-exempt as long as they are exported to foreign markets. The cigarettes sometimes make their way back into the United States and are illegally sold, often at discount prices because no tax has been paid. Those cigarettes had a tax value of $427.

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Oregon

Continued from page 1

in neighboring Washington.

With the cigarette tax rate in Washington at $2.025 a pack, Kulongoski’s plan called for an 84.5 cents per pack—or 72 percent—increase in Oregon’s tax on cigarettes.

“Come hell or high water, the tax and spenders were intent on raising this tax,” said Grover Norquist, president of Americans for Tax Reform. “They shied away from nothing, not from short-circuiting the supermajority requirement, and not even from sticking a tax increase into the state constitution.”

‘Poor Policy’

Norquist added, “This is poor policy that sets a bad precedent. This tax increase is unnecessary, unfair, and unwise, but beyond that, the state constitution is not the place to sort out this issue. What are they going to stick in there next? A candy tax? A drive-through meals tax?”

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NORquist added, “This is poor policy that sets a bad precedent. This tax increase is unnecessary, unfair, and unwise, but beyond that, the state constitution is not the place to sort out this issue. What are they going to stick in there next? A candy tax? A drive-through meals tax?”

State Rep. Linda Flores (R-Clackamas) agreed.

“Our state constitution should not be cluttered with ‘Sticky Notes’ like the refrigerator door. Taxpayers deserve better than that,” Flores said.

Failure in Legislature

When it became apparent the House was not going to pass a cigarette tax increase, and that a ballot referral might not garner the required supermajority of the votes, the state Senate drafted a measure that would refer the 84.5 cents per pack cigarette tax increase to a vote of the people in the form of a constitutional amendment. The measure also hikes taxes on cigars and other tobacco products.

Senate Majority Leader Kate Brown (D-Portland) had explained the majority’s strategy in the Oregonian newspaper on May 30: “We hope they will get (a three-fifths majority), but if they don’t, we need to be ready for another option.”

By the end of June, both chambers, with simple majorities, had voted to refer the tax hike measure as a constitutional amendment.

Constitutional Questions

The constitutional question led state Sen. Jeff Kruse (R-Roseburg) and a group of tobacco users and retailers to bring a lawsuit to prevent the measure from going to the ballot. They argued Measure 50 not only dodged the supermajority requirement to raise taxes but would make three unrelated changes to the constitution with separate taxes on cigarettes, cigars, and other tobacco products.

A state court rejected the claims in September, but the constitutional issue remains.

Jason Williams, executive director of the Taxpayer Association of Oregon, pointed out, “Even our liberal former governor sees how ill-conceived and messy this measure is, and this has caused him to give the weakest endorsement I have ever seen.”

“No Appropriate Place”

Williams was referring to former Gov. John Kitzhaber’s (D) statement on his blog at http://www.wecandobetter.org that while he intends to vote for Measure 50, he does “not believe that the Oregon constitution is the appropriate place to put a tobacco tax increase. This should have been a statutory measure.”

The measure does not add up for Kruse, who told a local TV station in his district, “This is a $200 million tax on 20 percent of the population, 60 percent of which make less than $20,000 a year, and the subsidy will go up to the family of four making $80,000. So to a degree, this would be taxing the poor to give to the rich.”

Flores added, “In addition to the fairness issue, once the revenue from cigarette smokers starts declining, taxes will probably go up for the rest of us.”

Williams remains optimistic that voter education efforts against the tax increase are resonating.

“There’s a good chance the measure will fail, because the more people read about what we’re actually doing to our Constitution, and the more they realize how much of the money really is going to the kids, the more likely they are to vote ‘no,’’ Williams said.

Sandra Fabry is state government affairs manager at Americans for Tax Reform.

Oregon Budget

Up 21 Percent

Critics question spending priorities

Opponents of an attempt to put a cigarette tax to pay for health insurance for children into the Oregon constitution say substantial budget growth should have been enough to accommodate the program.

They also note many children who would receive state-funded health care in a proposed new “Healthy Kids” program are already eligible to enroll in existing programs.


“There apparently was enough money to pay for 21 percent pay increases for state agency directors, yet there was no room for children’s health? This is a clear indication that the governor and proponents of his plan put politics before priorities,” Williams noted.

State Rep. Linda Flores (R-Clackamas) questioned the need for the new program. “A majority of the children who are supposed to benefit from this new program can already sign up for health care through other state programs,” said Flores, who serves as chair of the state’s Taxpayer Protection Caucus, sponsored by Americans for Tax Reform. “The state has plenty of money in the bank. We don’t need any more taxes right now.”

— Sandra Fabry

Little Money Would Go to Kids’ Health

Proponents of Measure 50, which would put a cigarette tax into the Oregon constitution to fund children’s health insurance, contend the measure will boost Oregon’s anti-smoking programs and will provide “100,000 children under the age of 19 with access to primary care, dental services and mental health treatment,” as spelled out in arguments in the state voters’ pamphlet at the Oregon secretary of state’s Web site.

But opposing arguments posted on the same Web site point out less than 30 percent of the revenue would go toward smoking cessation programs.

$65 million of the revenue generated by the tax increase would be left for the legislature to spend on any health care program, and less than 13 percent of the new revenue would go toward smoking cessation programs.

— Sandra Fabry
By Samuel Gregg

When political candidates advocate trade barriers and news headlines scream about the gap between rich and poor, it is good to be reminded that ill-advised policy proposals are not a feature unique to contemporary society.

While usually regarded as the intellectual founder of modern conservatism, the economic thought of Edmund Burke closely parallels the views of his contemporary Adam Smith, commonly viewed as a father of classical liberalism. Though Burke was firmly of the view that “charity to the poor is a direct and obligatory duty upon all Christians,” he was equally vehement that government intervention in the marketplace amounts to defying “the laws of commerce, which are the laws of nature, and consequently the laws of God.”

That certain forms of inequality exist in society is a given. Though it is indisputable that the standard of living for everyone, including the poorest, continues to rise in commercial society, some people will always possess more wealth than others. Gaps in wealth between different income segments of the population often increase, even though very few people become poorer.

**Anxiety Over Inequality**

Despite the overall increase in almost everyone’s living standards, the economic inequalities that exist in commercial society are a source of considerable anxiety for many.

This concern is not misplaced. Western civilization has been profoundly influenced by the Jewish and Christian teaching that everyone has an obligation to help their neighbor in need. Contemporary policy debates tend to be oriented around questions concerning the best way to help those in genuine need. As the great French philosopher Alexis de Tocqueville pointed out, however, “Democratic peoples always like equality, but there are times when their passion for it turns to delirium. ... It is no use pointing out that freedom is slipping from their grasp while they look the other way; they are blind, or rather they can see but one thing to covet in the whole world.”

Though Tocqueville held that democracy’s emergence was underpinned by the effects of the Judeo-Christian belief in the equality of all people in God’s sight, he perceived a type of communal angst in democratic majorities that drove them to attempt to equalize all things, even if this meant behaving despotically.

“When political candidates advocate trade barriers and news headlines scream about the gap between rich and poor, it is good to be reminded that ill-advised policy proposals are not a feature unique to contemporary society.”

**Kinds of Equality**

None of this is to intimate that the concept of equality has no place in commercial society. Not only are there various forms of equality—such as the equality in dignity (understood as the equal and inherent worth of each human being)—compatible with commercial society, but some of commercial society’s foundations depend on particular understandings of equality for their rational consistency.

One obvious such equity is equality before the law. Laws are applied to people according to the specifics of the statute without any particular regard for the person or persons involved.

This principle reflects the very nature of rules, a point underlined by Sir Isaiah Berlin in his famous essay on equality: “All rules, by definition, entail a measure of equality. Insofar as rules are general instructions to act or refrain from acting in certain ways, in specified circumstances, enjoined upon persons of a specified kind, they enjoin uniform behavior in identical cases. ... This type of equality derives from the conception of rules as such—namely, that they allow of no exceptions.”

**Equality Before the Law**

Such assumptions of equality are integral to the importance attached by commercial society to the very concept of rule of law as well as the equal protection accorded by the law to parties to a contract.

“Only when equality is rightly understood will we be able to build and sustain societies that are both prosperous and freedom loving.”

The kind of equality genuinely conducive to a prosperous and humane society is thus not the same “equality” touted by those wishing to capitalize on Burke’s “popular prejudices” for political gain.

Equality before the law reflects commercial society’s animus against arbitrary use of state power and the legal privilege of particular groups. Only when equality is rightly understood will we be able to build and sustain societies that are both prosperous and freedom loving.

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Public Policy World Shocked, Saddened by Death of NTU President John Berthoud

By Pete Sepp

On September 27 the public policy community lost one of its most brilliant and capable leaders when 45-year-old John Berthoud passed away unexpectedly due to natural causes.

“As president of both the 362,000-member National Taxpayers Union (NTU) and National Taxpayers Union Foundation (NTUF) during the past 10 years, Berthoud earned the respect of countless people who looked to him as a strong leader, compassionate friend, and fierce fighter for freedom.

“One of Berthoud’s hallmarks was his wit, often wandering into self-effacement. For that reason few are aware of his many achievements. Long before he came to NTU, Berthoud received his Master of Arts degree in international affairs from Columbia University and went on to receive a doctoral degree in political economy from Yale University.

At Yale he picked up the formal academic instruction that helped him speak as a powerful voice for budget process reforms and constitutional limits on the growth of government. He carried that voice back into the classroom as an adjunct professor at George Washington University in Washington, DC. His students have gone on to shine in Congressional offices, think tanks, and state government agencies.

Some Budget & Tax News readers may know Berthoud from his stint in the early 1990s as legislative director for tax and fiscal policy for the American Legislative Exchange Council. While there he provided advice and encouragement to state lawmakers across the country seeking lower taxes and more responsible government budgets.

A Love of Research

One of Berthoud’s true loves was research—the more number-crunching involved, the better. While serving as vice president of the Alexis de Tocqueville Institution, he produced groundbreaking studies that brought issues such as tax reform and the undue influence of teacher unions to the public square in the United States.

His first post with NTU was as vice president for research at the NTU Foundation. His talents proved invaluable in exposing the statist undercurrents of the original Clinton health care scheme in 1993-1994, by ingeniously quantifying the prevalence of restrictive words and terms in the plan.

He also helped to develop the impeccable standards for NTUF’s then-emerging BillTally and VoteTally legislative cost-accounting databases, which put a taxpayer’s price tag on every major piece of spending legislation introduced in Congress or voted on in the House or Senate.

When Berthoud became president of NTU and NTUF, he was already well-grounded in the organizations’ institutional culture, needing no “adjustment period” to become effective at his job.

Protector of Internet’s Growth

The nation was lucky for this fact, as Berthoud put NTU and NTUF front and center in the debate over whether to tax (and thereby stifle the development of) Internet access and e-commerce. It is no exaggeration to say that without Berthoud’s foresight in committing to this battle, the Information Age might have been a much less powerful benefit for our economy and our daily lives.

Fewer people still may know that Berthoud was instrumental in spreading the movement for limited government across the globe, through his leadership in the World Taxpayers Associations.

This body, currently consisting of more than 50 organizations, is flourishing thanks in no small part to Berthoud’s travels abroad, where he served as a “goodwill ambassador” to budding citizen activists.

“[John] Berthoud was a true twenty-first century Renaissance Man. He was a teacher, a mentor, a respected intellectual, and a lover of life. That’s what makes his passing all the more tragic.”

International Influence

His colleagues overseas would certainly agree with that assessment, as tributes to Berthoud have poured in from all corners of the world. Jeremiah Kiwoi of Taxpayers Uganda called him a “kind and compassionate friend who shared his vision and willingness to strengthen the taxpayers’ movement on Africa.”

Michael Jaeger of the Taxpayers Association of Europe said he and his coworkers “will never forget him, because he was and will be also in the future part of our taxpayers’ movement.”

Closer to home, expressions of condolence and remembrance within just the first 24 hours of Berthoud’s death numbered into the hundreds. These included wishes from Rep. Jeff Flake (R-AZ), The Wall Street Journal’s John Fund, Robert Stacy McCain of The Washington Times, Rep. Scott Garrett (R-NJ), and virtually every national citizen group leader in the fiscal policy realm.

Perhaps the most poignant accounts of Berthoud’s life were given not only by his close friends but by his fellow NTU and NTUF staffers, who posted comments on the organizations’ blog, “Government Bytes!”

Sharing Credit

NTUF Director of Congressional Analysis Jeff Dirksen, a 10-year veteran, noted, “John didn’t seem to care that much about the recognition. He cared about the work. If you wrote an op-ed or an issue brief, he wanted your name on it, not his. He was always willing to share the glory.”

A newer member of the staff, NTU Government Affairs Manager Andrew Moylan, said, “John is the man who gave me ‘my shot.’ I was but a young guy with a loud mouth working at NTU’s front desk when a government affairs position opened up. John took a chance on me and gave me a promotion. He trusted me enough to hand the reins over and never succumbed to the temptation to micromanage.”

Renaissance Man

Berthoud’s colleagues found him in peace at his home outside of Washington, DC, perhaps a very small comfort to this sudden and shocking turn of events. All of the organization’s staff, like the entire taxpayer-advocacy community, are doing the best they can to cope with this irreplaceable loss.

Berthoud was a true twenty-first century Renaissance Man. He was a teacher, a mentor, a respected intellectual, and a lover of life. That’s what makes his passing all the more tragic.

Though we mourn the loss of a man and celebrate his amazing life filled with love, study, travel, and leadership, his cause and hope for a brighter future live on. We will press on with purpose and be thankful for his contributions to our own journeys.

Pete Sepp (pressguy@ntu.org) is vice president for communications at the National Taxpayers Union.
Chicago, Cook County Businesses Fear Taxes to Come

News that Cook County, Illinois may more than triple its sales tax, and add more sales tax after that, has rattled businesspeople throughout Chicago and the surrounding county area.

If approved, the sales tax hike would give Chicago a rate of 11 percent, believed to be the highest in the nation.

“I can’t imagine having the highest sales tax in the nation would be good for anyone,” said Rob Karr, vice president of government and member relations at the Illinois Retail Merchants Association.

Karr said such a high sales tax would give people more reasons to do business outside Chicago and Cook County. It also would raise costs for shoppers who continue doing business in the city and county.

Even Higher Tax Possible
Chicago’s sales tax could go higher still if state lawmakers follow through on a proposal to hike the regional transit sales tax.

That plan calls for doubling the transit sales tax in Cook County from 0.25 percent to 0.50 percent and tripling the transit sales tax in suburban Cook and five other suburban counties to 0.75 percent.

Cook County Commissioner William Beavers (D) also has proposed tax hikes on telephone service (wireless and landline) and utility services.

County Board leaders delayed an October 1 vote on the sales tax hike after it became clear the measure would be defeated, and they have not scheduled a hearing for Beavers’ tax hike proposals.

Mag Mile Fears Harm
All this talk of higher sales taxes worries John Maxson, president of the Greater North Michigan Avenue Association. The organization represents 740 members, including some of the city’s premiere hotels, restaurants, and retailers in an area known as the Magnificent Mile.

“We feel this is another step to disadvantage a generous economic engine that has helped fuel Chicago and Cook County over the years,” Maxson said.

“We compete with other venues around the country like Orlando, Las Vegas, and streets where communities have invested in a premiere hospitality and retail venue like ours. We also compete with shopping malls outside Cook County borders.

“Once word gets out this is the highest-taxed area, it will be detrimental, particularly to attracting big conventions,” Maxson said. “When you’re spending millions of dollars in Chicago on destination-related things, the tax makes a big difference.”

— Steve Stanek
Chicago-Area Transit Band-Aids Won’t Stop the Bleeding

By Dennis Byrne

Hemorrhaging red ink, the Chicago-area mass transit system has avoided yet another threatened “doomsday” of fare increases and service cuts ... by borrowing against future revenues and digging itself a deeper hole.

As Illinois Gov. Rod Blagojevich (D) and the Democrat-controlled legislature remained locked in personal rancor, no long-term solution appears ready to emerge from the state before the next threatened doomsday—November 4—rolls around.

Since spring, mass transit riders in the Chicago area have been besieged by repeated threats of fare increases and service cuts unless the state comes up with “assured funding” for mass transit. On the table are a region-wide sales tax increase and a significant increase in Chicago’s real estate transfer tax, as well as new gambling casinos.

Of most immediate concern is the current $226 million operating deficit rolled up this year by the Regional Transportation Authority (RTA), a six-county transit agency, and its service units—the Chicago Transit Authority (CTA), which provides rail and bus service for Chicago and inner suburbs; Metra, the commuter rail lines radiating out to the exurbs; and Pace, the suburban bus and regional paratransit operator.

Many Concerns

A more far-reaching concern is the fear that current funding sources will be insufficient to keep perennial funding crises from the door in future years. Also of concern is an underfunded capital budget, already made thinner because of raids for operations and maintenance. Beyond that are demands by suburban Republicans for more capital funds to repair and expand roads and bridges.

The conflicting demands, aggravated by personal animosities among key lawmakers and the governor, have left the system and its riders in limbo for months.

A simple majority vote of the legislature was all that was needed for Democrats to pass a plan, but a May 31 adjournment date for the regular legislative session passed without any action. That meant any action during the following “veto” session would require a supermajority, thus requiring a more difficult, bipartisan solution.

Sellout of Suburbanites?

Comments by State Rep. Mike Tryon (R-Crystal Lake), who represents part of McHenry County, which falls within RTA boundaries, demonstrate how difficult achieving a bipartisan solution may be.

In a September 27 press statement Tryon said, “McHenry County residents would have been on the fast track to nowhere if Senate Bill 572 would have passed the General Assembly. The legislation would have increased the sales tax in McHenry County by half a cent, without offering any improvements to the mass transit services offered in McHenry. The sales tax revenue per capita in McHenry County is approximately $30; this bill would have hiked it up to $90 per person, which is almost what Chicago taxpayers are paying now.”

Tryon noted less than 1 percent of the McHenry County population uses mass transit. He called the legislation an apparent power grab at the county’s expense. The legislation would have restructured the RTA governing board, forcing McHenry and Kane Counties to share a representative.

“This paints the perfect picture of taxation without representation and would have been drastically unfair to my district,” Tryon said.

Continuing Money Troubles

In September the governor proposed a $91 million “loan,” actually an advance of next year’s state aid to the RTA. However, CTA’s $24 million share of the cash advance would not be enough to stave off the November 4 fare hikes and service cutbacks, according to CTA President Ron Huberman. Moreover, he said, without the “permanent” solution, next year would bring an even worse doomsday that would make the current one look mild.

Next year’s CTA budget problems will be aggravated by $40 million for retiree health care benefits that for the first time must be paid from the operating budget. The new payment was required by state law in response to CTA’s dire pension problems.

Blagojevich has proposed a state-wide infrastructure bill that would provide $25 billion for roads, schools, and bridges, and another $200 million loan—Blagojevich this time called it a “down payment”—to the transit agencies to fund operations through 2008.

This, the governor said, would allow more time for a long-term solution to be worked out.

“Hemorrhaging red ink, the Chicago-area mass transit system has avoided yet another threatened ‘doomsday’ of fare increases and service cuts ... by borrowing against future revenues and digging itself a deeper hole.”

Proposed Gambling Expansion

Blagojevich would fund his program by allowing a land-based gambling casino to be built in Chicago and by increasing the number of state riverboat casinos from nine to 11.

The plan has received a chilly reception from powerful House Speaker Michael J. Madigan (D-Chicago), one of the governor’s chief antagonists. The Speaker’s daughter, Illinois Attorney General Lisa Madigan (D), appears to be preparing to run against Blagojevich in the 2010 Democratic primary election.

The Speaker is more receptive to a bill crafted by State Rep. Julie Hamos (D-Evanston). It would raise $435 million in new revenues annually, chiefly through a regional transit sales tax increase and transit system reforms, such as CTA union members making higher pension contributions and receiving reduced benefits. The union give-backs would expire if increased transit funding is not approved by January 1.

That’s when the next session of the legislature begins and the next time a simple majority will be able to enact legislation.

Dennis Byrne (dennis@dennisbyrne.net) is a Chicago newspaper columnist and freelance writer.
Highway Tolling Projects More Attractive to Investors

By Ken Orski

Highway tolling has entered the mainstream and has begun to influence local transportation decisions throughout the country.


Need for Resources

The increased interest in highway tolling is a response to the growing mismatch between transportation needs and available resources. With maintenance and reconstruction of existing facilities consuming most of the available transportation funds, little prospect of significant increases in state and federal fuel taxes, and the balance in the Highway Trust Fund approaching zero, tolls have become a more attractive source of revenue with which to finance future transportation capacity.

Using toll revenue bonds and private equity capital, states can fund new transportation facilities that otherwise would remain on the drawing board for years to come.

Several Factors

A combination of factors has helped to propel highway tolling into the mainstream:

- Growing transportation budget shortfalls have been keeping the tolling option front and center before governors, state legislatures, and state transportation officials. The needs for highway infrastructure investment are enormous—$3.1 trillion over the next 30 years, according to "Future Options for the National System of Interstate Highways," a National Cooperative Highway Research Program (NCHRP) report by Parsons Brinckerhoff.

"Highway tolling has entered the mainstream and has begun to influence local transportation decisions throughout the country."

Texas Gov. Rick Perry (R) observed in a July 2 letter to U.S. Reps. James Oberstar (D-MN) and Peter DeFazio (D-OR), "Congress has failed to come up with adequate resources to help states meet their infrastructure funding needs, so states are moving on their own to fill the vacuum. For many states this means resorting to tolls to supplement existing sources of transportation revenue and soliciting private-sector help to finance future highway capacity."

"States have come to this conclusion," Perry continued, "not because they are ideologically committed to 'privatization' but because, pragmatically, they view the prospects for significant increases in the fuel tax—both at the state and federal level—as remote in these times of record high fuel prices."

The U.S. Department of Transportation, under the leadership of Secretary Mary Peters, has been encouraging this posture.

"A substantial increase in the nation’s gas tax is ill-advised," Peters wrote in The Washington Post on August 25, in response to an editorial calling for a gasoline tax increase. "Of far greater promise than traditional gas taxes is direct pricing of road use similar to how people pay for other utilities."

- Private capital markets, especially institutional investors with long-term horizons such as pension funds, have discovered transportation infrastructure to be an attractive investment opportunity. Toll facilities in particular produce a steady cash flow that is relatively unaffected by economic downturns, and they offer stable, long-term returns with relatively low risk.

Although states have other ways to raise money, notably through the tax-exempt municipal bond market, the needs are so great that ignoring the tolling option and the willingness of global capital markets to fund infrastructure would be "a tragic mistake," in the words of one investment bank executive quoted about infrastructure funds in a September 2007 Fortune magazine article by Bethany McLean.

While toll road investments have long enjoyed popularity with public pension funds in Canada, Australia, and Europe, they have only recently begun to attract the attention of U.S. pension funds.

CalPERS, the nation’s largest public pension fund ($246 billion in assets), may have been the harbinger of the new mindset when it announced in September it was creating a $2.5 billion pilot infrastructure program and establishing a new asset class focused on investments in new roads, bridges, airports, and other utilities.

- The attractiveness and popularity of toll road investments have been enhanced by the willingness of state legislatures and public authorities to recognize the need for periodic toll increases to keep up with inflation.

Traditionally, state legislatures and toll authorities have been reluctant to raise tolls and often let them remain unchanged for many years so long as toll receipts covered existing bond repayment obligations and current operating expenses.

Inflation-indexed tolls, first introduced in the long-term concession agreements for the Chicago Skyway and Indiana Toll Road, and recently adopted in Florida by legislation, will allow future toll roads to be placed on a more businesslike basis.

The growing acceptance of automatic toll increases geared to inflation is a key reason private capital markets now consider toll roads to be a sound long-term investment. CONTINUED on right
Evolution of a Revolution

Ronald Reagan’s Journey: Democrat to Republican
By Edward M. Yager
121 pages
Cloth 0-7425-4420-6 / 978-0-7425-4420-8, $66.00
Paper 0-7425-4421-4 / 978-0-7425-4421-5, $24.95

Review by Jim Waters

Ronald Reagan’s Journey: Democrat to Republican reminds us that the “Reagan Revolution” did not begin when the nation’s 40th president took the oath of office on January 20, 1981.

The “revolution” represented the evolution of a man who believed individual Americans and their nation faced a journey toward a divine destiny.

Author Edward Yager, associate professor of political science at Western Kentucky University, effectively chronicles Reagan’s dramatic, if gradual, conversion between 1945 and 1962 from his father’s New Deal liberalism to championing limited government and individual liberty.

No single person or event provided the defining moment in convincing Reagan that FDR’s New Deal policies represented a threat to individual liberty in the form of an encroaching government. However, Yager offers plenty of evidence that personal experiences had great influence on the former president.

The ideas of intellectual heavyweights and the passion of close personal friends, while important, simply reinforced convictions Reagan had formed on his own.

Dreams Need Freedom

Yager points to Reagan’s “early dreams of success,” which led him to become a sportscaster and movie star, as convincing him that without freedom, dreams cannot become reality.

“Reagan therefore learned to value freedom not as an abstract concept but as something very tangible and real that had allowed him to improve his life,” Yager writes.

Those values spurred Reagan to spend his life confronting serious threats to freedom.

As a movie star and president of the Screen Actor’s Guild (1947-52, 1959-60), Reagan received a front row view of communists’ attempts to infiltrate the industry.

Fought in Hollywood

Yager effectively mixes in analysis and material from others while allowing the former president to speak for himself in strategic spots. He quotes Reagan opining in his book An American Life about why communists targeted Hollywood: “Joseph Stalin had set out to make Hollywood an instrument of propaganda for his program of Soviet expansionism aimed at communizing the world.”

Reagan became so committed to fighting communism, Yager writes, “he met with the FBI frequently enough to be given the informer’s code number: T-10.”

Even so, it’s appropriate to note within the current conflict against terrorism that Reagan was “adamant that we not abridge American values in the fight against Communism,” Yager observes.

Committed to Freedoms

Reagan did not partake in the McCarthyism of his day. Yager refers to the former president’s statement recorded in Peter Schweizer’s Reagan’s War: “If we get so frightened that we suspend our traditional democratic freedoms in order to fight them—they still have won. They (will) have shown that democracy won’t work when the going gets tough.”

Reagan’s commitment to eliminate communism was equaled only by his later determination to protect America from burgeoning government.

Another crucial experience on Reagan’s journey occurred when he returned to his movie career after the war, only to find taxes so high he questioned “whether it was worth it to keep on taking work.”

Market Lessons

Explaining his decision to continue working, in An American Life Reagan provided some clues to his later confidence in free-market economic policies: “If I decided to do one less picture, that meant other people at the studio in lower tax brackets wouldn’t work as much either; the effect filtered down, and there were fewer total jobs available.”

An important period of Reagan’s personal journey was his tenure as General Electric Co.’s spokesman from 1954 to 1962. Yager stresses the impact it had in reshaping Reagan’s thinking about corporations and businesses. The future president’s suspicion of big business was largely replaced by a suspicion of big government.

If the seeds of Reagan’s revolution were planted by experience, they were watered by intellectuals such as Friedrich Hayek (1899-1992), whose journey coincidentally ran alongside Reagan’s (1911-2004).

Those fighting the war against encroaching government—whether at City Hall, state capitols, or Washington—will be delighted by Yager’s attention to the impact Hayek’s The Road to Serfdom had on Reagan.

Hayek initially chronicled the journey to serfdom to warn his adopted country, England, against moving toward greater centralized economic planning following World War II. But Hayek’s concerns became Reagan’s—concerns he carried with him on his journey to the American presidency.

Jim Waters (jwaters@bipps.org) is director of policy and communications for the Bluegrass Institute, Kentucky’s free-market think tank.
Teachers Want Political Independence from Union

By Ryan Bedford

Sixty-nine percent of teachers in Washington say funds for their union’s political involvement should come from voluntary sources, not mandatory collective bargaining dues.

The poll also found 73 percent of teachers agree “teachers should not be forced to pay for someone else’s politics, including the WEA’s.” Ten years ago when EFF commissioned the survey in light of the U.S. Supreme Court decision in Davenport v. Washington Education Association (WEA), issued in June.

Seventy-two percent of teachers agreed with the Court’s ruling permitting states to require unions to ask before spending member dues on politics.

“Sixty-nine percent of teachers in Washington say funds for their union’s political involvement should come from voluntary sources, not mandatory collective bargaining dues...”

The poll also found 73 percent of teachers agree “teachers should not be forced to pay for someone else’s politics, including the WEA’s.” Ten years ago when EFF asked teachers the same question, 62 percent agreed.

Blackmail Doesn’t Pay

Unions can easily operate as cartels, and in more ways than one. The Heritage Foundation reports, “When the city of Roseville, California applied for permits to build a new power plant in 2004, California Unions for Reliable Energy submitted a detailed request for environmental information about the project to use in filing objections. The city estimated that union-induced construction delays and higher permitting costs would increase the cost of the project by $15 million, while hiring union workers would only raise costs by $3 million. The city signed a PLA [project labor agreement] and the union withdrew its information request.”

When Indeck Energy Services, Inc. applied for permits to build power plants in upstate New York, the Building and Construction Trades Council filed objections to Indeck’s environmental impact statements. The union threatened, “they would stop every Indeck project in New York unless it went union...”

When Indeck agreed, the unions reversed their environmental objections and went to bat for the projects.

When Indeck tried to get out of the PLA, the union sued, but the NLRB ruled the union’s earlier threat invalidated the contract.

The Heritage Foundation concludes, “Congress should change the law so that the government does not enforce project labor agreements signed after regulatory blackmail.”

‘Operation Can Scam’ Reveals Multimillion-Dollar Losses in Michigan

Michigan law enforcement officials say they have busted two crime rings that allegedly scammed the state out of hundreds of thousands of dollars in 10-cent redemptions on cans.

The state loses about $13 million a year to can fraud, according to a statement by Col. Peter Munoz, Michigan State Police director, who announced arrests in Operation Can Scam in late September.

The investigation resulted in a 67-count indictment against 15 Michigan and Ohio suspects.

Investigators say the suspects collected millions of non-redeemable cans from out of state, crushed them, packed them in plastic bags, and then sold them to Michigan merchants. Those merchants then redeemed the cans for a profit with the Michigan Bottle Deposit Fund, according to Michigan authorities.

Investigators recovered more than $500,000 in cash from the suspects. Michigan collects a 10-cent deposit on bottles and cans and pays a like amount for redemptions. Bulk redemptions, like those allegedly used in the scam, are based on weight.

Michigan’s redemption program inspired an episode of the 1990s television comedy Seinfeld. Two characters hatch a get-rich-quick scheme involving use of a U.S. Postal Service truck to haul cans from New York, where they may be redeemed for 5 cents each, to Michigan and its 10-cents a can redemption. The escapade ends in failure.

— Steve Stanek
Prevailing-Wage Policy Drives Up Costs in Kentucky

By Jim Waters

Prevailing-wage laws added 7 percent—nearly $137 million—to the cost of government construction projects in Kentucky in 2002, the latest year for which figures are available, according to the nonpartisan Legislative Research Commission (LRC).

In 39 of the commonwealth’s counties, federal prevailing-wage determinations are applied to government construction projects. The state’s remaining 81 counties are divided into 20 prevailing-wage localities.

This formula for determining prevailing wages has distorted government-mandated wage rates for workers with similar skills, depending on where they work.

For example, while the Bureau of Labor Statistics (BLS) has determined the market-wage rate for Kentucky’s plumbers is $18.15, state labor officials have established a rate of $23.75 for plumbers building schools in Owesley County and $26.31 for plumbers working on public projects in Oldham County.

The state Labor Cabinet uses the federal government’s wage determination for Louisville, but sets its own rates in Lexington—even though both are medium-sized cities with a fairly large university.

Such a complicated approach to setting wage rates on government projects has resulted in almost no competition from nonunion contractors who need a more predictable system.

Unions Prevail

A 2001 survey by LRC determined that while union workers comprise only 22 percent of the state’s nonresidential construction workforce, union labor groups account for 81 percent of wage data submitted at public hearings held to establish prevailing-wage rates.

Kentucky’s politicians seem easily intimidated by union threats of political retaliation if changes are made to the prevailing-wage system.

Kentucky union leaders brought in out-of-state union officials to heckle Gov. Ernie Fletcher (R) as he made his way through the Capitol Rotunda to give his 2006 “State of the Commonwealth” speech. In that speech Fletcher said Kentucky could “build more and better schools to prepare for an expanding workforce by repealing prevailing wage.” He has since backed away from his strong stance on the issue.

Streamlining Needed

While eliminating Kentucky’s prevailing-wage policy doesn’t appear politically feasible, streamlining and simplifying the state’s Byzantine wage-determination process would likely lower the price tag of public projects.

In a recent Bluegrass Institute report, researcher Paul Kersey concludes the state needs to encourage more participation by nonunion contractors, who loathe the current wage-setting process.

Doing so would likely result in more market-like wage rates—which are, on average, 24 percent lower than most of the state’s prevailing wages.

“Prevailing-wage laws added 7 percent—nearly $137 million—to the cost of government construction projects in 2002 in Kentucky ...”

Kersey suggests changing from the current practice of gathering wages at public hearings—which gives an unfair advantage to unions—to a more discreet process in which the state surveys contractors with at least five employees.

Confidentiality Would Help

Because nonunion employers do not want to disclose their wage and benefit schedules, they usually do not respond to prevailing-wage surveys. Kersey says the state could “encourage replies” by adding a provision to the law that keeps such sensitive information confidential.

“While there are open-records laws to consider, it seems reasonable that at least documents relating to private businesses’ internal operations can be allowed to remain confidential,” Kersey writes. “Otherwise, the system will be limited to producing primarily union-like wage rates.”

Hospital’s Costs Balloon

Such excessive wage rates have resulted in exorbitant markup on projects like a new hospital at the University of Kentucky.

A Bluegrass Institute presentation before a House committee last year indicated the state’s prevailing-wage demands meant taxpayers would pay an additional $20 million—nearly 5 percent—for the $450 million hospital, scheduled for completion by 2011. The cost of the project has since been revised upward to $525 million, meaning taxpayers will pay an even higher prevailing-wage bill for the facility.

While going back to the taxpayers’ till is an option for public officials when the cost of public projects soar higher than the original estimates, private contractors—who must be profitable to stay in business—must more accurately determine labor costs.

“[S]treamlining and simplifying the state’s Byzantine wage-determination process would likely lower the price tag of public projects.”

Tennessee Has Model Approach

Kersey also suggests following Tennessee’s example of simplifying the prevailing-wage process. Unlike Kentucky, where workers can demand a wage hearing at just about any time, the Volunteer State uses two surveys.

One is an annual survey of road-construction companies; the other surveys nonresidential building construction contractors every other year.

The road-construction survey results in a single statewide schedule of rates, while the building-construction appraisal is divided into 12 districts. The information is used by the state to determine wage rates for 22 separate occupations that are uniform for all districts.

Tennessee hires two full-time workers for about six months of work when the wage determinations are made, greatly reducing administrative costs.

Thirty-three states have prevailing-wage laws. “If you have to have a prevailing-wage program, Tennessee’s is the model,” said Kentucky State Rep. Jim DeCesare (R-Bowling Green), who continues to promote more sound labor policies in the state.

Jim Waters (jwaters@bipps.org) is director of policy and communications at the Bluegrass Institute for Public Policy Solutions in Bowling Green, Kentucky.

INTERNET INFO

“Kentucky’s Prevailing-Wage Policy: Plan B,” by the Bluegrass Institute, is available through PolicyBot™.

The Heartland Institute’s free online research database. Point your Web browser to http://www.policybot.org and search for document #22166.
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