Ohio Court Blocks State’s Restrictions on Red-Light Cameras

By Hayley Sledge

A n Ohio court has granted an injunction blocking a new state law intended to restrict the use of red-light cameras.

Under the law, cities using automated traffic-enforcement cameras would have to report to the state any revenues generated by the fines from the cameras. Additionally, the law requires municipal courts to handle all the tickets resulting from the cameras.

The law would have taken effect on July 3, but on June 28, Lucas County Common Pleas Court Judge Myron Duhart granted the City of Toledo’s request for a preliminary injunction.

By Bonner R. Cohen

T he U.S. Treasury has moved to stymie efforts by high-tax states to circumvent the cap on the deductibility of state and local taxes (SALT) on federal tax returns, established in the 2017 Tax Cuts and Jobs Act.

In the first of what promises to be several moves to block states from trying to get around the $10,000 limit on SALT deductions for individual tax returns, Treasury issued the new regulation on June 13.

The rule closed a loophole used by four high-SALT states in their efforts to shield their citizens from a provision of the 2017 federal tax law that limits the ability of high-tax states to deduct state and local income and property taxes on federal tax returns.

The Treasury rule, announced in the Federal Register on June 13, closed a loophole by requiring states to treat taxes that they limit or eliminate as if they were not limited or eliminated.

By Hayley Sledge

A new law allows any town in New York State to control private property rents and prevent tenant evictions.

A proposed law in California would provide unemployment benefits to striking workers.

A new law authorizes West Virginia’s first-ever charter schools, despite intense opposition from the state’s teachers union.

Agriculture Secretary Perdue announced plans to move two agencies from Washington, D.C. to the Kansas City area to save money and better serve customers.

A new school safety law in Texas expands the categories of school personnel allowed to carry concealed firearms and creates threat assessment teams.

U.S. Treasurer Donald T. Norcross has moved to block states from trying to get around the $10,000 limit on SALT deductions for individual tax returns, established in the 2017 Tax Cuts and Jobs Act.

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New York Legislature Passes Sweeping Farm Labor Regulations

By Bonner R. Cohen

A new law in New York substantially changes labor policy toward farms in the state.

Agricultural workers are not covered by the 1935 National Labor Relations Act, leaving the states to decide whether and how to regulate worker-management issues in the farming sector. New York’s new law requires farms to allow workers to engage in collective bargaining rights and imposes overtime pay requirements and eligibility for unemployment insurance and workers’ compensation.

Gov. Andrew Cuomo (D) signed the Farm Workers Fair Practices Act into law on July 17.

“With the passage of this legislation, we will help ensure every farm worker the overtime pay and fair working conditions they deserve,” Cuomo said in a June 19 statement. “The constitutional principles of equality, fairness and due process should apply to all of us.”

Most of the provisions of the new law are slated to go into effect on January 1, 2020.

Perfect Storm for Agriculture

The new law will raise labor costs for farmers, says Elizabeth Wolters, deputy director of public policy at the New York Farm Bureau.

“The legislation will have a profound financial impact on farmers who are already struggling to do business in a high-cost state. Add to this extremely low commodity prices and global competition, and it becomes a perfect storm for agriculture.”

ELIZABETH WOLTERS
DEPUTY DIRECTOR OF PUBLIC POLICY
NEW YORK FARM BUREAU

“The law includes a transitional provision requiring farm owners to pay time-and-a-half for those working more than 60 hours in a week in 2020, and for more than 40 hours in 2021 and thereafter. Workers will have to be paid overtime if they work a seventh day in a week.”

This will “inevitably force a 60-hour work week to be applied over six days and will not meet the legislative intent of providing reasonable and predictable wages, especially when weather patterns often dictate work schedules,” Grow NY Farms’ statement said.

To avoid paying overtime, farm owners will have to limit the number of days employees can work, Grow NY Farms states.

“Farmers will be forced to impose a mandatory day of rest, thus decreasing the number of hours farm workers would like to work,” the statement said. “Farm workers will choose to seek a second agricultural job or pursue opportunities in other states.”

Property Rights Concerns

Labor laws meant for industrial workers don’t fit the conditions of agricultural work, says Daren Bakst, a senior fellow at the National Center for Public Policy Research.

“The bill is like putting a round peg into a square hole,” Bakst said. “Farmers shouldn’t receive favoritism, but that doesn’t mean legislators should ignore the practical problems of applying many of these labor policies to farms.”

The law allows union officials to go on farms to organize, which isn’t allowed in factories under NLRB. This provision could infringe on farmers’ property rights, says Bakst.

“One issue of particular concern is the requirement allowing organizers to have access to farms so they can talk to employees,” Bakst said. “On the surface, that could have significant property rights implications.”

Bonner R. Cohen, Ph.D. (bc@nationalcenter.org) is a senior fellow at the National Center for Public Policy Research.
U.S. Treasury Foils States’ Attempts to Circumvent Tax Deductibility Cap

Continued from page 1

The new rules and guidance “prevent charitable contributions made in exchange for state tax credits from circumventing new limitations on state and local tax deductions,” a June 11 Treasury press release stated. “The regulation is based on a longstanding principle of tax law,” Treasury stated. “When a taxpayer receives a valuable benefit in return for a donation to charity, the taxpayer can deduct only the net value of the donation as a charitable contribution. The rule applies that principle, known as the quid pro quo ‘what for what’ principle, to state tax benefits provided to a donor in return for contributions.”

Charitable ‘State Tax Benefits’
The new rules and guidance “prevent charitable contributions made in exchange for state tax credits from circumventing new limitations on state and local tax deductions,” a June 11 Treasury press release stated. “The regulation is based on a longstanding principle of tax law,” Treasury stated. “When a taxpayer receives a valuable benefit in return for a donation to charity, the taxpayer can deduct only the net value of the donation as a charitable contribution. The rule applies that principle, known as the quid pro quo ‘what for what’ principle, to state tax benefits provided to a donor in return for contributions.”

Treasury’s Safe Harbor
Treasury and the IRS also issued a notice providing a “safe harbor” that, subject to certain limitations, including the SALT cap, allows individual taxpayers who itemize deductions to treat payments made in exchange for tax credits as payments of state and local taxes for federal income tax purposes.

Eligible taxpayers can use the safe harbor to determine their SALT deductions for their 2018 return and can file an amended return if they have already filed, Treasury stated.

Treasury said it was reviewing other regulatory steps to deal with efforts by states to circumvent the SALT cap. Commonly referred to as workarounds, these, too, will presumably be quashed by forthcoming Treasury regulations.

Leaving High-Tax States
The SALT cap is temporary and is scheduled to expire in 2025. High-tax states are already losing population to low-tax states, and the out-migration may escalate as residents of the former feel the bite of the SALT cap year after year.

The resulting decrease in the tax base could put further strains on high-tax states’ revenues and budgets. By the time the SALT cap expires, high-tax states could find themselves in an even more precarious fiscal situation than they are in now.

States most affected by the SALT cap could cut their taxes, but that option doesn’t appear to be under serious consideration.

Taxes ‘Driving People Out’
High-tax states trying to circumvent the SALT cap are struggling with a problem they brought upon themselves, says Chris Edwards, director of tax policy studies at the Cato Institute.

“It’s clear that high taxes are driving people out of high-tax states such as New York,” Edwards said. “IRS data for 2016 show that of the 25 states with the highest taxes, 24 of them had net out-migration.”

High-tax states are losing population to their low-tax counterparts, Edwards says.

“State and local taxes are 14.7 percent of personal income in the largest outflow state, New York, but they are just 7.5 percent in the largest inflow state, Florida,” Edwards said.

Distinction with a Difference
The Treasury regulation rightly distinguishes between the sham donation programs and true charitable tax breaks, says Adam Michel, a senior policy analyst at the Heritage Foundation’s Center for the Federal Budget.

“The most important part of the Treasury Department’s final regulations was the protection of legitimate state-based tax credit scholarship programs for school choice. Under the proposed rule, the deductibility of state scholarship programs was limited to the 10 percent of taxpayers who itemize but don’t max out their deductions for state and local taxes. In some cases, the cost of donating would have increased from zero to as much as 37 percent of the donation amount. [In the final rule] Treasury fixed the problem and reestablished the federal tax system’s neutrality toward state tax credit programs.”

Adam Michel
Senior Policy Analyst
Center for the Federal Budget
The Heritage Foundation

“Donors to scholarship programs will still be able to take the deduction for state and local taxes up to the $10,000 cap, meaning there is no new tax cost for taxpayers who donate to a state credit scholarship program,” Michel said.

“The Treasury notice fixes the tax problems of the original proposal but could open the door to the question of whether contributions to tax credit organizations are donations or redirected government money,” Michel said.

In 2010, the U.S. Supreme Court ruled tax dollars foregone by a state as a result of a tax credit program are not state funds, says Michel.

“The precedent established in Arizona v. Winn makes clear that these are still donations,” Michel said. “The tax was never collected by the state, so it remains a donation that is distinct from a voucher program.”

Bonner B. Cohen, Ph.D. (bcohen@nationalcenter.org) is a senior fellow at the National Center for Public Policy Research.
CA Legislature Considers Giving Strikers Unemployment Benefits

By Owen Macaulay

The California State Senate is considering a bill passed by the State Assembly that would allow striking workers to collect unemployment benefits even though they have jobs at which they are not working. A.B. 1066, sponsored by Lorena Gonzalez (D-San Diego), would allow workers to claim unemployment benefits after four weeks on the picket lines. It would also allow workers to receive unemployment benefits during lockouts, when employees are ordered to stay home by an employer. The State Assembly passed the bill on May 22.

The striking workers could receive anywhere from $40 to $450 a week from the state Unemployment Insurance Trust Fund, which is paid for by a payroll tax. As in many states, the California trust fund ran out of money in 2009 due to increased claims during the recession.

Times: No Thanks

Gonzalez says the bill would provide workers “with a basic safety net to ensure they are not starved back to work by their employer, that they have the means to stand up for fair treatment on the job and can have a basic level of income to provide for their families during a labor dispute,” the Los Angeles Times stated in a July 10 editorial.

The editorial opposed the bill, stating “No, we shouldn’t dip into California’s unemployment funds to help striking workers.”

New York and New Jersey allow striking workers to collect unemployment benefits after a waiting period.

Extending Time Out of Work

Providing unemployment benefits generally prolongs the period of time people are out of work, says Stan Greer, a senior research associate for the National Institute for Labor Relations Research and a policy advisor to The Heartland Institute, which publishes Budget & Tax News.

“I think the consensus among economists is that if you fund more unemployment benefits, more people will claim them,” Greer said.

“Many economists who commonly regard government interventions in the economy as benign are part of this consensus,” Greer said. “Obama economic advisor Larry Summers wrote, ‘Unemployment insurance ... extends the time a person stays off the job.'”

Paying for Disputes

Benefits are meant for the involuntarily unemployed, not individuals involved in labor disputes, says Greer.

“The California legislation represents a remarkable expansion of unemployment benefits,” Greer said.

“Instead of assisting people who can’t get any job, or at least can’t get one roughly commensurate with their skills and experience, Bill 1066 would provide unemployment benefits for people who have a disagreement—or whose union has a disagreement—with the employer about their terms and conditions,” Greer said.

Siding with Labor Unions

The bill would put the state in the position of automatically taking unions’ side in labor disputes, says Craig Eyermann, a research fellow at the Independent Institute.

“The bill would likely lead to strikes lasting longer than they otherwise might, putting the affected employers at a distinct disadvantage, whether or not that might be in the interest of a majority of the state’s population,” Eyermann said.

Gonzalez’s bill would also extend unemployment benefits to striking government workers, many of whom are barred from striking, says Eyermann.

“If the bill extends those benefits to members of state public employee unions, it would be highly unfair to state residents,” Eyermann said.

Bailing Out Union Bosses

Given that labor unions typically have strike funds from which they pay striking workers a stipend, these laws serve as a financial bailout for union bosses, who traditionally have had to rely on member-funded strike funds to keep workers on the picket line in prolonged strikes, says Patrick Semmens, vice president for communications at the National Right to Work Legal Defense Foundation. Unions frequently tap into that money for other purposes, says Semmens.

“For example, the UAW’s money-losing golf resort in Michigan is funded by their strike fund, including a million dollar lakeside house being built for former UAW President Dennis Williams, who is under investigation as part of a larger union corruption scandal that has resulted in many UAW officials going to jail,” Semmens said.

“If Big Labor can get taxpayers to fund striking workers through unemployment, then it frees up the money in those strike funds to be spent on union bosses’ radical political causes and limousine lifestyles,” Semmens said.

Owen Macaulay (omacaulay@hillsdale.edu) writes from Hillsdale, Michigan.
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Kentucky Governor Signs Law Allowing Some Agencies to Leave Underfunded Pension System

By Joe Barnett

Gov. Matt Bevin of Kentucky signed into law a bill allowing regional universities and quasi-state agencies to reduce their future pension costs on July 24.

The new law provides a discount on the required contributions to agencies that leave the current system, elect to freeze the pension benefits their employees have earned, and move them into 401(k)-type plans going forward. The agencies could pay off their existing funding obligations by making a lump-sum payment or periodic contributions over 30 years.

The legislature was unable to come to a consensus on the issue during this year’s regular session. Bevin called a special session for July.

Regional universities and quasi-state agencies—such as local health agencies—now contribute an amount equal to 49 percent of every employee’s salary to the system. Their required contributions rose to about 84 percent on July 1—potentially leading to bankruptcies, layoffs, and cuts in government services without the reforms adopted in the special session.

The cost of Kentucky’s underfunded pension system now accounts for about 14 percent of all state spending. Most state agencies already pay an amount equal to 83 percent of employee salaries into the pension system.

Ending Dubious Projections

Kentucky has a traditional defined-benefit pension system in which government employers contribute to a fund that promises to pay retirees pensions based on their salaries and years of service. The private sector and some public pension plans have moved to a defined contribution model, says Merrill Matthews, a resident scholar at the Institute for Policy Innovation.

“Gov. Bevins is on the right side of history and financial stability by trying to provide regional universities and quasi-state agencies with a buy-out option of the state’s defined-benefit retirement plan if they transition to a defined-contribution—that is, a 401(k) type—plan,” Matthews said.

The defined-benefit plans are underfunded because they make unrealistic projections of investment returns and benefit costs, Matthews says.

“The National Conference of State Legislatures reports that 48 states revised their retirement plans between 2009 and 2018,” Matthews said. “That’s because almost all of the defined-benefit plans, which are still the majority, routinely overestimate their investment returns and underestimate their costs.

“Most state defined-benefit plans estimate a 7 percent to 8 percent annual return, even though actuaries encourage them to estimate in the 4 percent range,” Matthews said.

Underfunded State Pension Plans

Kentucky has the worst-funded state pension system in the country, the Tax Foundation reported on July 17. Kentucky had funded only 34 percent of promised pension benefits, based on projected revenue from invested contributions to the system as of the end of 2017, the latest data available.

Underfunding means benefit cuts or huge tax increases could be required in the future. Other state systems are also seriously underfunded: Illinois’ system has funded 38 percent of projected benefits; Colorado and Connecticut, 47 percent; and New Jersey, 49 percent.

In contrast, the best-funded systems are Wisconsin, 103 percent; South Dakota, 100 percent; Tennessee 97 percent; New York 95 percent; and Idaho 91 percent.

Nationwide, states had a combined $1.28 trillion deficit in pension plan funding. Some states have made legislative changes since 2017 that will improve their financial condition, the Tax Foundation reports.

‘Better Financial State’

Public employees could earn higher pension benefits by contributing to 401(k)-type accounts that invest in funds that track stock market indices, says Matthews.

“Ironically, the S&P 500 and the NASDAQ have a long-run average annual return of about 9 percent to 10 percent,” Matthews said.

“States that transition to a defined-contribution retirement plan limit their long-term financial obligation,” Matthews said. “And if they were to encourage—or limit—employee investment to funds that track the S&P 500 or the NASDAQ, the state and the employees would both be in much better financial shape.”

Bevin’s plan could be voted on in a special session of the Kentucky General Assembly called by the governor this summer.

Joe Barnett (joepaulbarnett@att.net) is a research fellow with The Heartland Institute.

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Ohio Court Blocks State’s Restrictions on Red-Light Cameras

Continued from page 1

request for an injunction to block implementation while the issue is litigated.

The restrictions on the use of red-light traffic cameras were included in a transportation budget bill signed into law by Gov. Mike DeWine on April 3.

Making Safety Paramount
Reducing the amount of money a city receives for red-light camera citations helps keep local governments accountable and makes safety the main objective of traffic-law enforcement, says Greg Lawson, a research fellow at The Buckeye Institute.

“We have some general skepticism regarding the motivation of cities to use red-light cameras,” Lawson said. “However, recent law changes in Ohio will help to assure that if they are used, they are being used to truly improve public safety rather than pad local governments’ pockets.”

The new law would reduce cities’ financial incentive to install red-light cameras, says Lawson.

“This is done by reducing, dollar for dollar, the amount a city gets from the [state’s] local government fund by the amount received in red-light camera violations,” Lawson said. “While cities may not like this, and current litigation certainly suggests they don’t, this is a good policy designed to put guardrails in place for citizens while still assuring their safety.”

Learning from Others
Ohio should follow the lead of states such as Michigan and California where red-light cameras are illegal or are being abandoned, says Jim Walker, director of the National Motorists Association Foundation, a driver advocacy group.

“Red-light and speed cameras are illegal to use in Michigan,” Walker said. “When bills were introduced in 2013 to allow them, the combined opposition and testimony in hearings from the Police Officers Association of Michigan, the ACLU, the Campaign for Liberty, Abate, the Mackinac Center think tank, the judges association, the National Motorists Association, skeptical editorials in both major Detroit newspapers, and others caused the bills to be withdrawn.”

Actions have been taken at the local level to eliminate the use of video enforcement in the Golden State, says Walker.

“There are now 82 California communities that have ended or banned red-light cameras, leaving only 29 active programs in a state that once had over 100 programs,” Walker said.

Engineering vs. Enforcement
If safety is the primary motivator for the use of red-light cameras, states should shift their focus away from enforcement and toward engineering, says Walker.

“Allowing for-profit ticket camera companies to play any part in speed or red-light enforcement virtually guarantees that the true focus and goal will be profits, not safety.”

JIM WALKER
DIRECTOR
NATIONAL MOTORISTS ASSOCIATION FOUNDATION

Hayley Sledge (hayley@sledges.us) writes from Dayton, Ohio.
West Virginia Enacts State’s First Charter School Legislation

By Hayley Sledge

West Virginia enacted legislation allowing charter schools for the first time in the state’s history.

West Virginia Gov. Jim Justice signed H.B. 206 into law on June 28. The new law allows the creation of three charter schools by 2023. After 2023, up to three additional charter schools can be created every three years.

A previous school choice bill, S.B. 451, passed the state Senate but was stopped in the state’s House of Representatives in February 2019 after a statewide, two-day strike by teachers’ unions. S.B. 451 would have created education savings accounts (ESAs) for some students, established a nonrefundable tax credit for parents and teachers could use for children’s educational expenses, and authorized the state’s first charter schools.

H.B. 206 represents a compromise among the House, the Senate, and the governor’s office. After Justice signed H.B. 206, the West Virginia Education Association released a statement expressing its intention to sue to block the law.

‘One Small Step’
The new law is just a little movement in the right direction for the state, says Robert Holland, senior fellow for education policy at The Heartland Institute, which publishes Budget & Tax News.

“With the compromise bill from a special legislative session now signed into law, West Virginia has taken one small step toward parental choice in elementary and secondary education.”

ROBERT HOLLAND
SENIOR FELLOW
THE HEARTLAND INSTITUTE

Calls for More
West Virginia needs a bolder approach to education reform than this compromise in the face of opposition, says Jeanne Allen, founder and CEO of the Center for Education Reform.

“Rather than consider a bold proposal that would have allowed thousands of students to attend brand-new, innovative schools of choice, the West Virginia legislature has bent to both ignorance and special-interest pressure,” Allen said.

“While we appreciate the challenges the proponents of the legislation have faced, there’s more to be done to enact meaningful educational reform across the state,” Allen said.

Behind the Curve
Stronger legislation would help West Virginia catch up with other states that have successfully created charter schools, says Allen.

“Legislators in the Mountain State, where less than one-third of students are proficient in math or reading, have offered limited means to expand education opportunity for its students,” Allen said.

The charter school bill faced opposition from teachers, public school administrators, school boards, and some legislators, Allen says.

“Rather than be bold, the legislature has succumbed to pressure by those organizations and individuals that have failed West Virginia’s kids and families,” Allen said.

Instead of following the lead of cities like Boston and Washington, D.C., where charters have outperformed traditional public schools, West Virginia students will have less accessibility to diverse, more responsive, and more individualized learning opportunities,” Allen said.

‘Will Citizens Strike Back?’
Teachers unions will continue to oppose the implementation of charter schools in West Virginia, ultimately placing the decision back in the hands of the voters, says Holland.

“The state’s powerful teacher unions fought every inch of the way,” Holland said. “Next, they almost surely will resist the establishment of even just the very few charter schools of choice permitted under the law, as well as the new ability of parents to transfer their children across district boundaries.”

The walkout by teachers in February might be repeated if legislators consider additional reforms, says Holland, because it successfully killed a broader school choice bill.

“Will teacher activists again resort to wildcat strikes to stifle even these small measures of progress?” Holland said. “And if they do, will citizens strike back at the ballot box to ensure an enduring victory for parental rights in West Virginia?

“Ultimately, it is up to voters to decide whether the interests of children or of greedy unions will prevail in K-12 education,” Holland said.

Hayley Sledge (hayley@sledges.us) writes from Dayton, Ohio.

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New York Imposes Rent Control Statewide

By Jake Grant

New York State has enacted a new law expanding rent control in New York City and giving every municipal government in the state the authority to regulate housing.


The new law will do long-lasting damage, says Seth Barron, associate editor of City Journal and project director of the NYC Initiative at the Manhattan Institute.

“New York State has strengthened, made permanent, and expanded its rent control laws in such a radical fashion that the effects will be felt for decades to come,” Barron said. “Rent regulation was imposed during the First World War as an emergency measure. It has never gone away, and the rental market in NYC has never been tighter or more critical.”

Tough on Renters

The rent-control law will make life much tougher for renters, says E. J. McMahon, founder and research director of the Empire Center of New York.

“New York’s new, permanent rent control law is going to harm the long-term rental market in New York City, mainly by discouraging capital improvements and encouraging more building owners to convert their buildings to condos and co-ops,” McMahon said.

“If the new legislation also strips landlords of the ability to pass much of the cost of capital improvements on to their tenants,” Barron said. “This will lead property owners to defer repairs and upkeep, and degrade the city’s housing stock.”

‘Artificially Cheap Rents’

The new law benefits people with higher incomes, says Barron.

“The legislation eliminates rent decontrol provisions, meaning that hundreds of thousands of regulated apartments will never return to market pricing,” Barron said. “This will favor existing tenants, typically older and better off, at the expense of younger people.”

Permanently controlled rental prices will reduce the mobility of tenants, Barron says.

“Rent regulation deforms the rental market by disincentivizing people from leaving apartments that they may no longer need, tying them to artificially cheap rents,” Barron said.

In addition, property owners will find it much harder to get unsuitable lessees to leave, McMahon says.

“In the name of increased ‘tenant protection,’ the law also imposes statewide regulations that will, for example, make it much more difficult for landlords to evict tenants who are not paying rent or otherwise violating their leases,” McMahon said.

‘Struggling Upstate Communities’

The new law authorizes all municipalities in the state to declare a housing emergency if occupancy rates are too high, and it allows them to regulate residential rents for some or all of the different housing types, McMahon says.

“Under the new law, every city, town, and village in the state will have the option of regulating rents on larger apartment buildings, if their vacancy rates are no higher than 5 percent—which is the case in dozens of places,” McMahon said. “It will also have a chilling effect on multifamily housing development elsewhere, especially in economically fragile and struggling upstate communities.”

Jake Grant (jakeg42294@gmail.com) writes from Alexandria, Virginia.

Cracking Big Green is a stunning expose of Big Green—the modern environmental movement and its hidden financial masters.

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The U.S. Congress is considering a bill that would provide states with an overwhelming incentive to get rid of red-light traffic cameras.

H.R. 2962, the Traffic Camera Freedom Act, would leverage federal funds for highways to spur states to act. States that allow governments to deploy speed and red-light cameras would lose half of their funding from the federal gasoline tax.

‘A Civil Liberties Issue’
“I filed this bill to build on what we accomplished in Texas,” U.S. Rep. Ron Wright (R-TX) told Budget and Tax News. “If something is a civil liberties issue for Texans, it is a civil liberties issue for all Americans.”

Wright was Tarrant County Tax Assessor-Collector before being elected to Congress last year. Texas state law had allowed tax officials to require payment of delinquent red-light camera fines before vehicle owners could renew their auto registrations. Wright famously chose not to collect the fines.

Bipartisan Opposition to Cameras
Gov. Greg Abbott signed into law a Texas bill that immediately banned a majority of the red-light cameras in the state on June 2.


“This has kind of hit a crescendo from the grassroots, left and right,” Stickland said, CBS 11 News in Dallas reported on June 1. “It’s not really Republican or Democrat. It’s about public safety and protecting people’s rights.”

Although Stickland’s bill grandfathered existing camera contracts until their expiration, it removed the ability to enforce collection of the fine upon registration, making it very unlikely most cities will continue the programs.

Many Texas cities with existing contracts announced they will end their programs immediately. A few plan to continue.

Revenue Generator
Red-light camera programs are chiefly about profit, not safety, with withholding money from the states as Wright proposes might be the best way to deter these programs, says Jim Walker, executive director of the National Motorists Association Foundation.

“In almost every case, if a camera program in a city starts to lose money, it gets canceled as soon as the contract allows,” Walker said.

The camera companies approach cities and sell them on installing and maintaining the cameras at no cost, sharing the money generated from the tickets, says Walker.

“That makes the pitch hard to resist, as most cities need more revenue,” Walker said. “The camera companies typically get the first $4,000 to $5,000 per month per camera. Revenue beyond that goes to local and sometimes state governments.”

Fines, Fees Vary
The amount of the fees or fines varies from state to state. Illinois charges roughly $100 per ticket, and New York charges $50. California forces drivers to pay almost ten times that amount, says Shelia Dunn, communications director for the National Motorists Association (NMA).

“In California, tickets are $490,” Dunn said. “If you’re working-class, that could throw your entire monthly budget off.”

More Yellow, Less Revenue
In response to complaints that the length of yellow lights doesn’t give motorists adequate braking time, some cities have lengthened their yellow lights by one second, Walker says. That can reduce ticket revenues by up to 90 percent, making the red-light cameras no longer profitable, says Walker.

“The problem is the total revenue would not be enough to pay the costs of the cameras and the local administrative costs,” Walker said. “Cities will not use the cameras as a cost item in their budgets. When the profits go away, so do the cameras in almost every case.”

The momentum is now against red-light cameras, says Walker.

“Large percentages of the population have figured out they are for-profit rackets, not safety programs,” Walker said. “There have been 42 public votes on red light and/or speed cameras, and the cameras lost 38 of the votes. Over 90 percent said no in actual votes.”

‘It’s Just a Racket’
Camera opponents express concern about the involvement of traffic-camera companies in these operations. Redflex, an Australian ticket-camera provider, paid the city of Chicago $20 million to settle a lawsuit over bribery and mismanagement charges, says Dunn.

Greed for fine money is corrupting traffic management, says Walker.

“Allowing for-profit camera companies to play any part in traffic enforcement essentially guarantees that profits, not safety, will be the true purpose and goal for the cameras,” Walker said.

“It’s just a racket,” Dunn said. “City and state governments keep putting this financial burden on the voter who is just trying to get by.”

Safety Benefits Questioned
Red-light camera proponents argue safety is the goal and claim the cameras reduce traffic accidents. NMA says studies do not show the cameras improve safety. There was no reduction in total accidents or injuries at red-light camera intersections in Houston, Texas over a 12-year period, researchers at Case-Western University found in a 2017 study.

NMA cites proper engineering of intersections, synchronization of traffic lights, and yellow-light timing as proven methods of maximizing safety.

“Cameras do not prevent intersection accidents,” Dunn said.

Juliana Knot (jjknot322@gmail.com) writes from Grand Rapids, Michigan.
By Owen Macaulay

Congress is considering raising the federal minimum wage to $15, which the Congressional Budget Office (CBO) estimates could cause the loss of up to 3.7 million jobs.

Hiking the federal minimum wage to $15 an hour could result in a median estimated loss of 1.3 million jobs and a high estimated loss of 3.7 million jobs, states the CBO report, “The Effects on Employment and Family Income of Increasing the Federal Minimum Wage,” released on July 8.

The Raise the Wage Act would increase the current $7.25 federal minimum wage in steps to $15 in 2024. It would be the first federal minimum wage increase in more than a decade. The bill, H.R. 582, has 205 cosponsors and was supported by the Progressive Caucus. The legislation passed the U.S. House of Representatives on July 18 with a 231-199 vote. The bill is not expected to be considered in the U.S. Senate, where Republicans hold a majority.

The legislation calls for three increases in the minimum wage over six years. The bill would also phase out the minimum wage for tipped employees, which is currently $2.13 an hour.

Minimum More Than Median?

Currently, the minimum wage in 21 states is set at the federal rate. The 29 other states have adopted their own state minimum wages, varying from just above the federal minimum all the way up to $12 per hour. Dozens of cities have chosen to raise their minimum wage higher than the state requirement, such as San Francisco’s $15 wage.

Potential job losses are debated each time a city or a state proposes to increase its minimum wage, and a federal minimum wage hike would have a vastly greater effect than a single, relatively high-wage city or state changing its law, says Samantha Summers, communications director of the Employment Policies Institute, an employer group.

“If a $15 wage is already causing job loss in New York City, then it will only cause extreme job loss in smaller cities such as Topeka, Kansas,” Summers said.

Median wages vary widely across the country, and in many places the proposed increase would put the minimum above the median or average wage in that area, says Summers.

“In more rural cities, more often than not the median wage is less than $15, so raising the federal wage over the median wage will cause drastic effects and force business owners to lay off employees, consider automation, or close entirely,” Summers said.

Huge Job Losses

In Pennsylvania, many people would be out of work if the minimum wage were increased significantly, says Elizabeth Stelle, director of policy analysis at the Commonwealth Foundation.

“The most recent analysis for Pennsylvania finds a $12 minimum wage would result in a pay bump at the expense of 33,000 jobs,” Stelle said.

“Job loss is the number one unintended impact of minimum wage increases. That can have ripple effects. For instance, teens without work experience could have a more difficult time transitioning into family-sustaining jobs.”

Eliminating the Tip Credit

The Raise the Wage Act would eliminate the federal minimum wage for tipped workers, such as restaurant wait staff, called the tip credit, which is now $2.13 an hour. Currently, an employer can pay that minimum to tipped staff unless, tips included, employees make less than the minimum wage. Employers must make up the difference if tips fall short.

Restaurants and other employers would be forced to pay tipped workers significantly more, which would result in even more job losses and business closures than for regular minimum wage hikes, says Summers.

“Eliminating the tip credit would raise labor costs for restaurant and bar owners by nearly 600 percent,” Summers said. “This would have devastating consequences, including forcing owners to lay off employees and reduce hours.”

California and other states that have eliminated the tip credit are experiencing these employment effects, says Summers.

“These effects are already occurring in cities such as San Francisco—in a state where there already is no tip credit—where owners are switching from full-service models to quick service in order to reduce labor costs,” Summers said.

Owen Macaulay (omacaulay@hillsdale.edu) writes from Hillsdale, Michigan.

“Job loss is the number one unintended impact of minimum wage increases. That can have ripple effects. For instance, teens without work experience could have a more difficult time transitioning into family-sustaining jobs.”

Elizabeth Stelle
DIRECTOR OF POLICY ANALYSIS
COMMONWEALTH FOUNDATION

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INTERNET INFO

Wisconsin Farmers, Others Protest Push for Wedding Barn Alcohol Regulation

By Bonner R. Cohen

A coalition of state and national conservative organizations is pushing back against efforts to force Wisconsin’s popular wedding barns to acquire liquor licenses.

The group urged lawmakers in Madison to forego “using the heavy hand of government to regulate wedding barns out of business,” in a letter sent to legislators on June 10. The letter was signed by the Wisconsin Institute for Law & Liberty (WILL), Americans for Tax Reform, Americans for Prosperity-Wisconsin, FreedomWorks, Wisconsin Agricultural Tourism Association, the MacIver Institute, and the Badger Institute.

Forcing wedding barn owners to get liquor licenses would “infringe upon a farmer’s ability to freely rent out his or her barn to brides and grooms, devastating Wisconsin’s traditional wedding barns,” the letter states. “It ought to be rejected outright.”

Rural Success Story

Wedding barns in the Badger State are an inspiration to farm owners nationwide, says Martha Boneta, a farmer and president of the Virginia-based Piedmont Agriculture Academy.

“Farmers around the country can learn a lesson from their brothers and sisters in Wisconsin,” Boneta said.

In 2017, 500 dairy farms went out of business, and the number keeps growing. Badger State farmers, buffeted by falling incomes and a steady decline in dairy farming, have renovated their traditional barns, turning them into highly sought-after venues for weddings, receptions, and other events. Wisconsin currently has more than 150 wedding barns.

“Facing low commodity prices and sinking incomes, they have transformed their barns into wedding barns and profit centers,” Boneta said.

Unlicensed Barns

Wisconsin law does not require farmers to obtain an alcohol license for their wedding barns. Instead, alcohol licenses are handled by local governments, and most municipalities do not require family-owned wedding barns to have liquor licenses. The proposed move to subject wedding barns to state liquor laws could force many dairy farmers to shutter their barn doors because they would not fit under existing quotas for municipal liquor licenses.

The legal situation became murky after the Wisconsin Attorney General issued an opinion saying state law subjects event venues available for private rental, such as wedding barns, to alcohol retail permitting requirements, as Budget & Tax News reported in February. WILL filed a lawsuit on behalf of two wedding barn owners in January 2019 seeking clarification of the law.

Unlike restaurants and bars, barn owners do not directly sell alcohol to anyone, and their facilities are not open to the public with people walking freely in and out. Alcohol purchased by the party renting the barn is commonly served at these events.

“Their commercial operations are completely distinct from those of bars and restaurants and should not have to have liquor licenses,” Boneta said.

Competitors Pressing for Regulations

The wedding barns’ success has drawn the ire of the state’s hotels, restaurants, and bars, which are required by local governments to have liquor licenses. Representatives of the state’s powerful hospitality industry argue not having to acquire a liquor license gives wedding barns an unfair competitive advantage. Since 2018, the Wisconsin Legislature has twice considered treating wedding barns the way restaurants and bars are regulated, but both efforts failed.

The coalition letter states wedding barn opponents have suggested the barns could be regulated as “public places” where alcohol consumption is regulated.

“Wedding barns do not become ‘public places’ under the liquor licensing law simply because they are available to rent, just like how your apartment or vacation home does not become a ‘public place’ simply because members of the public rent it,” the letter states. “In both cases, premises are being leased for the exclusive use of the lessee. Unlike a bar or a restaurant, an apartment or a vacation home—and a wedding barn—is not open to the general public.”

Potential Committee Action

The letter was released in response to reports the legislature’s Joint Finance Committee will soon take up the issue of liquor licenses for wedding barns, even though such efforts have been rejected in the recent past, the letter states.

Wedding barn opponents will use the Joint Finance Committee to tilt the regulatory playing field in favor of the traditional hospitality industry, says Lucas Veber, deputy counsel at WILL.

“More than once special interests have used the final motion in the Joint Financial Committee to slip in the type of ideas that cannot stand on their own in a public and transparent debate. Adding new red tape that threatens the viability of Wisconsin wedding barns is one of those bad ideas, and we’re concerned it’s going to happen again.”

LUCAS VEBBER
DEPUTY COUNSEL
WISCONSIN INSTITUTE FOR LAW & LIBERTY

INTERNET INFO


“State and National Conservative Groups Express Major Concern over Potential Motion to Stop Wedding Barns,” Wisconsin Institute for Law & Liberty et al., June 10, 2019: https://www.heartland.org/publications-resources/publications/state-and-national-conservative-groups-express-major-concern-over-potential-motion-to-stop-wedding-barns

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“The agricultural sector has enough problems without being saddled with regulations that are completely at odds with the way our nation’s farms operate,” Rucker said. “Whether it’s New York imposing factory-style labor laws on its already struggling farmers, or the hospitality industry going after Wisconsin’s wedding barns, the meddling in agriculture by the political class and hostile lobbyists must stop.”

Bonner R. Cohen, Ph.D. (bcoben@nationalcenter.org) is a senior policy analyst with the Committee for a Constructive Tomorrow (CFACT).
The Taxpayer Roadmap 2019
An Illustration of the Modern United States Tax System

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The map illustrates, at a very high level, the stages of a taxpayer’s journey, from getting answers to tax law questions, all the way through audits, appeals, collection, and litigation. It shows the complexity of tax administration, with its connections and overlaps and repetitions between stages.

For more information, visit taxpayeradvocate.irs.gov

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**Needless Complexity**

The map illustrates the problems caused by a tax system that is much too complicated for the average person to understand, says Martin Hutchinson, a financial writer and host of The Bear’s Lair blog.

“There are so many arcane and incomprehensible deductions, it is almost impossible to figure out which ones you’re entitled to,” Hutchinson said.

The U.S. tax system is too confusing, says James R. Barth, the Lowder Eminent Scholar in Finance at Auburn University and a policy advisor to The Heartland Institute, which publishes Budget & Tax News.

“The map shows the needless complexity and therefore difficulty in navigating the tax system,” Barth said.

**Reduces Tax Compliance**

The snarled current tax system strikes taxpayers as unfair, says Hutchinson.

“The sheer complexity itself tends to reduce compliance,” Hutchinson said. “If people go through to file, even using software, and then realize that they’ve missed a $400 deduction, they feel that the system has ripped them off.”

A tax system that requires ordinary people to pay others to prepare their returns doesn’t make sense, says Barth.

“It certainly seems somewhat absurd that one would need an expert to simply pay one’s taxes,” Barth said. “In addition to paying taxes on one’s income, many individuals are forced to pay fees simply to be sure the right taxes are paid, due to the complexity of the tax system.”

**‘Not What You Call Simple’**

The Taxpayer Advocate Service is working to develop a fully interactive version of the map over the next year, which will serve as a user guide and information source, says Olson.

“This digital roadmap will be the culmination of many years of work and research by TAS into human cognition and learning, notice clarity, and taxpayer empowerment,” Olson said in the news release.

“If only taxpayers who are represented by tax professionals have access to that knowledge, then we do not have a fair and just tax system,” Olson said. “Thus, the digital roadmap will be a powerful tool to improve access to justice.”

The roadmap itself is so complex, it’s not clear the average person will benefit from it, says Hutchinson.

“For one thing, it’s seven maps—it’s not what you call simple,” Hutchinson said. “I’m not sure how many taxpayers are used to using this kind of flowchart. I would think the ordinary taxpayer on the street is not used to using that kind of thing.”

**‘Disgraceful, Convoluted, Contradictory’**

The roadmap clearly shows that the federal tax code violates the standards for a fair and transparent tax system, says Edward Hudgins, research director of The Heartland Institute, which publishes Budget & Tax News.

“Any legitimate law must make clear, for better or worse, what it is legal and illegal to do,” Hudgins said. “But it often takes armies of accountants and lawyers to figure out in any given case whether taxpayers are breaching the law or whether the government is simply abusing its power to arbitrarily impoverish them.”

Fundamental federal tax reform is needed, says Hudgins.

“The system should be scrapped entirely,” Hudgins said. “If the government still insists on a system, it should be something like a simple flat tax that will save taxpayers and the economy time and money and reduce government spending.”

“The Taxpayer Roadmap makes starkly clear the disgraceful, convoluted, contradictory mess that is this country’s tax system,” Hudgins said.

Vivian E. Jones (vivianejones@aol.com) writes from Murfreesboro, Tennessee.
Landmark Supreme Court Ruling Gives Takings Cases Path to Federal Courts

By Bonner R. Cohen

In a decision with far-reaching consequences for property owners, the U.S. Supreme Court has removed a significant legal barrier that for decades effectively barred landowners from challenging local ordinances in federal court.

The Supreme Court’s 5-4 ruling in the case of Knick v. Township of Scott, Pennsylvania on June 21 opens the federal courts to property owners seeking “just compensation” under the Fifth Amendment for the taking of their property by government for a public purpose.

Property owners’ access to federal courts had been effectively blocked since 1985, when the Supreme Court, in what is known as its Williamson County precedent, ruled landowners must first bring takings claims against local governments to state courts before proceeding to federal court.

‘A Catch 22’

For property owners, the decision in Williamson County Regional Planning Commission v. Hamilton Bank of Johnson City created a Catch-22 situation. Under a subsequent Supreme Court ruling, a federal court generally must defer to a state court’s resolution of a claim for just compensation. Property owners faced the daunting prospect of spending years in litigation in state courts, with little hope of ever receiving their day in court at the federal level.

“Takings plaintiff thus finds himself in a Catch-22,” Chief Justice John Roberts wrote in the majority opinion. “He cannot go to the federal court without going to the state court first; but if he goes to the state court and loses, his claim will be barred in federal court. The federal claim dies aborning.”

In reversing the 34-year-old Williamson County precedent, the Supreme Court will allow takings plaintiffs to bring their cases to federal court and, if successful, receive the just compensation guaranteed them under the Constitution.

“We now conclude that the state-litigation requirement imposes an unjustifiable burden on takings plaintiffs, conflicts with the rest of our takings jurisprudence, and must be overruled,” Roberts stated.

‘Level Judicial Playing Field’

The case that led to the reversal of the Williamson County decision involved Rose Mary Knick, owner of a 90-acre property in eastern Pennsylvania on which a county inspector suspected graves were located. Knick challenged the government’s application of a 2012 ordinance by the Scott Township requiring cemeteries “be kept open and accessible to the general public during daylight hours.”

If she failed to comply, Knick faced fines of between $300 and $600 per day. The ordinance, Knick argued, constituted a taking of her property, and she filed a claim in federal court. Both the federal district court and appellate court, citing Williamson County, said she could not bring the suit without going through state proceedings first.

Many takings cases involve landowners in rural areas, who generally do not have the financial resources to bring their claims to court, much less run the risk of being caught in the state courts’ Catch 22 imposed by Williamson County, says Mary-Elizabeth Wilkerson, outreach coordinator for Save Fauquier, a property rights group.

“Thanks to the Supreme Court’s ruling, we now have something approaching a level judicial playing field, one that gives the property owner a legitimate shot at receiving just compensation,” said Wilkerson.

Deterrent Effects

The Williamson County decision disadvantaged property owners seeking just compensation in takings cases, says Craig Rucker, president of the Committee for a Constructive Tomorrow.

“This decision lifts a burden that had been weighing on property owners for 34 years,” Rucker said. “The deck in the court system was stacked against them. In terms of making takings claims, they were damned if they did and damned if they didn’t.”

Craig Rucker, president of the Committee for a Constructive Tomorrow.

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In a dissenting opinion, Justice Elena Kagan expressed concern the majority’s decision would “channel a mass of quintessentially local cases involving complex state-law issues into the federal courts.” The increased access to the courts is a good thing, says Rucker.

“The prospect that the courts may now be flooded with takings cases is to be welcomed, because it may deter governments from seizing private property in the first place,” Rucker said.

Bonner R. Cohen, Ph.D. (bcohen@nationalcenter.org) is a policy analyst with the Committee for a Constructive Tomorrow.

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USDA Agencies to Move from D.C. to Kansas City Region

By Ashley Herzog

Agriculture Secretary Sonny Perdue is moving two units of the U.S. Department of Agriculture (USDA) out of Washington, D.C. to the Kansas City region in Kansas and Missouri.

The USDA agencies that will move are the Economic Research Service (ERS), which analyzes agricultural and rural economics, and the National Institute of Food and Agriculture (NIFA), which makes research grants.

“The Kansas City Region has proven itself to be a hub for all things agriculture and is a booming city in America’s heartland,” Perdue stated in a June 13 press release.

The move allows the agencies “to increase efficiencies and effectiveness and bring important resources and manpower closer to all of our customers,” Perdue said.

Saving Taxpayer Dollars

The USDA estimates the move will save taxpayers $20 million a year, and nearly $300 million over a 15 year period, in reduced costs of leases and personnel. In addition, state and local governments offered financial incentives totaling more than $26 million for the agencies to move.

The USDA evaluated 136 “expressions of interest” before choosing the Kansas City location, the press release stated. A total of 547 positions will be relocated.

Housing, Personnel Costs Lower

The move will make living costs more affordable for USDA employees, says Jonathan Bydlak, founder and president of the Coalition to Reduce Spending.

“From a strictly dollars-and-cents perspective, this move was very smart,” Bydlak said. “That said, tax-payers should demand cost savings and accountability just as much with the agency located in Kansas City as if it were located in Washington, D.C., because waste is inherent in government no matter where it is located.”

Critics argue the move “diminishes the importance” of the Agriculture Department’s work, but that’s not true, says Bydlak.

“The factor that most diminishes the department’s work is waste and mismanagement, not where it might be located,” Bydlak said.

‘Entrenched Support for Bureaucracy’

Making the job markets of heartland towns dependent on the federal government can create additional resistance to spending cuts, says Bydlak.

“If an agency were to be trimmed or even eliminated in Washington, D.C., the overall economy would continue as normal,” Bydlak said. “Now, policymakers will have to contend with the prospect of contracting or even crashing small-town economies if they cut back, and fiscally conservative lawmakers will now have intense pushback from conservative voters when they consider cutting bureaucracy.”

Other agencies should consider moving offices out of Washington, D.C. if it cuts costs, but that’s only one of many reforms necessary to cut federal spending, says Bydlak.

“If the agencies can save money and operate better by doing so, it’s worth a conversation, but the above-mentioned concerns about creating nationwide, entrenched support for bureaucracy should give pause for any fiscal conservative who might see these sorts of moves as an easy path to savings,” Bydlak said.

Ashley Herzog (aehristow85@gmail.com) writes from Avon Lake, Ohio.

Trump Deregulation Will Increase Household Income by $3,100 a Year, CEA Reports

By Hayley Sledge

The Trump administration’s efforts to reduce the burden on the U.S. economy from unnecessary federal regulations have met with success, the Council of Economic Advisers (CEA) reports.

The report analyzes 20 major deregulatory actions it says will save U.S. consumers and businesses about $220 billion per year after they go into full effect. These reforms will raise real incomes by $3,100 per household per year and increase U.S. gross domestic product by 1.0 to 2.2 percent in the next decade, the CEA estimates.

The CEA issued an interim report on “The Economic Effects of Federal Deregulation since January 2017” on June 28.

‘A Drop in the Bucket’

The goal of President Donald Trump’s regulatory agenda is “to reduce costly regulation, while protecting workers, public health, safety, and the environment,” the report states.

There is room for much more economic improvement by further reducing the regulatory state, says economist Devon Herrick, a policy advisor to The Heartland Institute.

“The Competitive Enterprise Institute puts the annual economic cost of federal regulations at $1.9 trillion,” Herrick said. “So, while positive, progress so far is a drop in the bucket compared to the total burden of regulations on the economy.”

Hayley Sledge (hayley@sledges.us) writes from Dayton, Ohio.

INTERNET INFO

New Texas Law Expands School Security Measures

By Ashley Herzog

Texas has enacted a law allowing more personnel to carry guns in schools and expanding threat assessment and campus security measures.

The law was enacted to address school violence in the wake of a mass shooting at Santa Fe High School in 2018.

“We are proud to have responded to one of the most horrific days in the state of Texas,” Gov. Greg Abbott said after signing S.B. 11 and other school safety bills on June 6.

“We can never erase the pain that this tragedy caused, but we can act to make our schools safer,” Abbott said.

The May 18, 2018 shooting at Santa Fe High School left eight students and two teachers dead.

Much More Than Guns

The new law includes multiple measures designed to increase campus security and the capability of schools to identify and respond to threats, says state Rep. Bill Zedler (R-Arlington), who voted for the bill.

“We expanded the categories of employees allowed to conceal-carry on campus and require training in response to an emergency for district employees,” Zedler said. “Schools will be required to set up threat assessment teams and hold drills and exercises to prepare students and employees for responding to an emergency.”

The law, which applies to both traditional and charter public schools, increases voluntary access to mental health services for students and provides additional money for schools to improve campus security, says Zedler.

“The bill expands psychological evaluation of students for threat assessment, but no child can be required to undergo counseling without their parent’s permission,” Zedler said.

Advocates Child Safety Accounts

There is more to keeping students safe than threat assessment teams and concealed firearms, says Timothy Benson, a policy analyst at The Heartland Institute, which publishes Budget & Tax News.

“I honestly don’t know if arming teachers will reduce school shootings or the number of casualties per incident,” Benson said. “I hope it will.”

Empowering parents to remove their children from unsafe schools is the best solution for violence problems, says Benson.

“The best way for Texas, and all other states, to address school safety is by passing a universal child safety account (CSA) program,” Benson said. “CSAs would allow parents to pay tuition and fees at qualified private schools,” Benson said. “They would also pay for tutoring services, textbooks, and transportation costs if their child is facing a safety issue at school. These issues would include bullying, sexual misconduct, harassment, verbal abuse, physical assaults on the student, and concerns over gang activity or drug use at school.”

Shootings Rare, Bullying Common

Although they are horrific, mass shootings in schools are uncommon. Most students who have safety problems at school face less-intense though still very serious issues, such as bullying and sexual harassment, which S.B. 11 does not address, Benson says.

“While tragic, school shootings like the one at Santa Fe are a rarity,” Benson said. “The best way to truly tackle student safety and mental health is by getting children into schools that best suit their unique needs.”

Ashley Herzog (aebristow85@gmail.com) writes from Avon Lake, Ohio.
High Housing Costs Drive Exodus to Exurbs

By Owen Macaulay

Smaller cities in the United States are growing much more quickly than large ones, reversing a trend from earlier in the current decade.

The reason? High housing costs in the nation’s big cities.

From 2017 to 2018, the nation’s largest cities grew by 326,000 residents, “less than half the number earlier in the decade,” Stateline, a news service of the Pew Charitable Trusts, reported on June 13.

Conversely, towns with populations under 10,000 grew more quickly than “earlier in the decade” of 2010-2019, attracting a net gain of more than 142,000 people in 2018, based on analysis of U.S. Census estimates, Stateline reports.

The biggest reason for this retreat is the high cost of housing in big cities.

Individuals in several demographic groups, including retirees and working individuals, are fleeing big cities to seek affordable housing elsewhere.

Major cities such as Los Angeles, San Francisco, and New York have numerous residents departing to outlying suburbs or exurbs even though they continue to work in the city itself. Major California metropolises are bringing in a flood of tech workers who then have trouble affording a home and whose presence drives up housing prices for all.

‘Jobs Need Beds’

Areas of low unemployment and high job growth must allow the housing stock to expand in sync with the local job market, Stateline reports Adam Fowler, research director at Beacon Economics, a Los Angeles consulting firm, who studied the gap between jobs and housing last year, as saying.

“Jobs need beds,” Fowler told Stateline. “We’ve had an influx of well-paid information workers, but we haven’t built housing for them.”

San Jose is a good example of a high-cost city with high employment. In 1974, it instituted an urban-growth boundary—a regional mandate that attempts to control urban sprawl by restricting development outside the city’s urban core. Before 1974, San Jose was one of the fastest-growing cities in the country. Now it is one of the slowest-growing.

Increasing Demand Without Supply

Although an inrush of new residents can challenge a city to provide necessary housing, government policies that prevent the housing market from expanding as necessary are mainly responsible for the problems, says Lawrence H. White, an economics professor at George Mason University.

“Policies that restrict housing supply, like zoning that restricts density or rules hostile to landlords, reduce supply and raise prices,” White said. “Policies that attract residents increase demand and raise prices.”

Land-Use Controls

With policies such as urban-growth boundaries and the costs of permits, city officials have a hand in controlling housing prices. Urban affairs experts have found areas with lighter zoning regulations generally remain more affordable.

More-expensive areas are generally those that institute harmful policies, while other places remain more affordable by not regulating land use so heavily, says Randal O’Toole, a senior fellow at the Cato Institute and policy advisor to The Heartland Institute, which publishes Budget & Tax News.

“California, Hawaii, Oregon, and Washington need to repeal state land-use laws,” O’Toole said. “The Florida legislature repealed the [state’s] land-use mandate, which helped, but didn’t repeal the authority to keep land-use regulation. So some cities in Florida have become more affordable but others remain unaffordable.”

Statewide policies that allow growth are best, says O’Toole. “Texas is the ideal,” O’Toole said. “Counties in Texas are not allowed to zone or otherwise regulate land uses in unincorporated areas, except to protect riparian areas. That’s why Texas remains affordable.”

Big Yard or Cramped Condo?

The slowing of growth in the nation’s largest metropolitan areas is a recent trend.

The Stateline report says many of the cities that aren’t growing quickly today experienced much more rapid growth earlier in the decade. Whereas the biggest cities grew by a collective 326,000 people from 2017-2018, cities with populations between 10,000 and 50,000 gained 421,000 new residents.

This trend can easily be altered by policy, but big cities have continued to institute the laws that are causing people to leave, says O’Toole.

“Given a choice between a $200,000, 2,200-square-foot home with a large yard—which is easily found in Texas—and a $300,000, 1,100-square-foot condo with no yard—which is cheap for San Jose but might be typical for Portland and Seattle—nearly everyone would choose the former. These policies deny people such choices.”

Owen Macaulay (omacaulay@hillsdale.edu) writes from Hillsdale, Michigan.
Country Time Offers ‘Legal Ade’ to Entrepreneurial Children Thwarted by Regulations

By Juliana Knot

The traditional American lemonade stands set up by children in the summertime to make pocket change have a problem: they are illegal in many places.

Operating a business generally requires a permit, and food-sellers are subject to the requirements of state and local health codes, says Nick Sibilla, a legislative analyst for the Institute for Justice. “The process can vary dramatically depending on the town, though they tend to involve paying a fee that costs several hundreds of dollars,” Sibilla said. “It probably goes without saying, but I don’t think most eight-year-olds can afford that.”

For example, the city of Austin had a day in early May when children were exempt from the $35 permit fee and the $425 fee to use public property, but only on “Lemonade Day,” says Sibilla. In addition, the city still forced kids to comply with temporary food service regulations, such as how many parts per million of chlorine their wash water should have, says Sibilla.

Kids ‘Caught Up Inadvertently’

Country Time Lemonade, a Kraft-Heinz-owned beverage company, initially found it difficult to believe police were shutting down children’s stands, says Amanda Zerbib, a company spokesperson. “When we saw these stories about lemonade stands being shut down for legal reasons, we thought it had to be an urban myth,” Zerbib said. “After looking into it and seeing even more instances, we realized these weren’t myths, they were real stories.”

Kids are getting shut down by rules not made for them, says Zerbib. “Presumably, the laws are in place to protect against illegitimate small businesses without food safety permits, and kids’ lemonade stands are caught up inadvertently,” Zerbib said.

‘Legalize Lemonade’

Country Time has begun a campaign to exempt lemonade stands from permitting laws in every state, setting up a “Legalize Lemonade” website.

The campaign has met with some success, though the scope of these laws varies by state. For example, Colorado Gov. Jared Polis signed into law on April 1 a bill that includes businesses other than lemonade stands, states a report by Colorado Public Radio (CPR) on the same day.

“The law prohibits local government or any agency of local government from requiring a minor to have a license or permit to run a small and occasional business,” CPR stated. “The business must run fewer than 84 days per year and must be far enough away from another commercial entity.”

In contrast, Texas Gov. Greg Abbott (R) on June 10 signed into law a bill preventing local governments from regulating, licensing, permitting, or imposing a fee for the occasional sale of nonalcoholic beverages by those under 18 on private property or in a public park.

Offering ‘Legal-Ade’

Country Time also offers “Legal-Ade” of up to $300 to reimburse families for fines or permit costs for lemonade stands, through its website. The company has received five submissions for reimbursement, and they expect to see more, says Zerbib.

Country Time reserved $30,000 for Legal-Ade for the 2019 season. Any money not claimed will be donated to Alex’s Lemonade Stand, Country Time’s nonprofit organization dedicated to ending child cancer, says Zerbib.

Claims must include an uploaded image showing proof of payment of a fine or permit fee. Children operating the lemonade stands must be 14 years old or younger.

‘A Tradition, Not a Crime’

Lemonade stand deregulation is part of a larger push to deregulate sales of homemade food, says Sibilla. Every state except New Jersey has some sort of legal allowance for so-called cottage food.

“Lemonade stands are being shut down because of old and arcane, yet very real, permit laws,” Zerbib said. “Country Time believes that lemonade stands should be a tradition, not a crime,” Zerbib said. “[We] want to protect this tradition and give our customers the tools to take action in their states to ensure that lemonade stands are available for everyone.”

Juliana Knot (jjknot322@gmail.com) writes from Grand Rapids, Michigan.
Stiglitz Pens Manifesto for More Progressive-Socialist Government

By Robert Genetski


His book is a call to solve our nation’s problems by relying more on government and, therefore, less on individual economic freedom.

Specifically, this agenda calls for higher tax rates on the rich and businesses, rapid increases in federal spending, even-greater government control over markets, and a massive increase in government regulations.

Progressive-Socialist Failures

What Stiglitz fails to do is provide his readers with any historical context of how this agenda has worked. Progressive-socialist policies are not new. Over the past century, the United States experimented with these policies on five separate occasions: 1913-1920, 1929-1940, 1965-1981, 1988-1995 and 2004-2015. These years were among the worst in our economic history.

There was no increase in the value of the average worker’s take-home pay over this entire 52-year period. Since 1900, all of our economic progress has occurred when policymakers avoided Stiglitz’s recommendations.

Not only have Stiglitz’s policies failed in the United States, they have failed whenever and wherever they have been implemented. To one extent or another, progressive socialist policies are the norm throughout much of the world.

The United States is the only major country that has rejected such an agenda and embraced individual economic freedom for most of its history. That is why Americans enjoy living standards higher than 99.9 percent of those in the rest of the world.

Inequality Preoccupation

Like other so-called progressive economists, Stiglitz is preoccupied with income equality. This concern leads him to praise policies enacted during the Great Depression of the 1930s.

Stiglitz isn’t the only progressive economist to extol the supposed merits of the Great Depression. Thomas Piketty, who wrote Capital in the Twenty-First Century (2013), famously does so as well. Their admiration for the worst economic debacle in U.S. history results from what has become their prime economic objective: income equality.

They apparently believe America is better off when incomes are more equal, even if it takes an economic collapse to achieve their objective.

Research from the Fraser Institute shows income inequality is fairly consistent among nations regardless of whether the countries are rich or poor. The main difference is the poor are much better off in rich countries than in poor ones. This is why so many people in poor countries want to come to the United States.

Wrong ‘Existential Threat’

The main weakness of Stiglitz’s book is its dearth of meaningful data. By omitting such information, the author is able to make outlandish general statements about U.S. history without acknowledging the facts that contradict his claims. Had Stiglitz seriously examined the history of U.S. economic policies and their consequences, he would have been forced to conclude the only time the United States lost its way was whenever the country followed his agenda.

In addition to dealing with economics, Stiglitz touches on climate science by repeating the progressive mantra, "excessive emissions of greenhouse gases present an existential threat to the planet."

As with his economic statements, he fails to provide any evidence for such an existential threat. As for economics, the historical evidence is clear: The real existential threat to prosperity is the progressive-socialist agenda.

Robert Genetski (rgenetski@gmail.com) is the author most recently of Rich Nation, Poor Nation: Why Some Nations Prosper While Others Fail (2017).
FedEx Seven Day Package Delivery Casts Doubt on U.S. Postal Service Rate Hikes

By Edward Hudgins

FedEx has announced it will offer home package deliveries seven days a week in many parts of the country starting in 2020.

This is good news for consumers and another indication of the growing importance of e-commerce. However, it calls into question the probable effectiveness of proposals by the Trump administration and some on Capitol Hill to cover huge U.S. Postal Service (USPS) deficits by having the service charge higher rates for the packages it delivers. If anything, USPS rates might already be too high, which would account for FedEx’s expansion of its delivery services.

Internet Gains, USPS Loses

FedEx’s expansion suggests higher rates for USPS package delivery could backfire, losing more money for the Postal Service and harming e-commerce.

USPS has a legal mandate to deliver to all addresses six days per week, and it has a government-mandated monopoly on delivery of first-class mail such as bills and letters. USPS has lost significant first-class mail business, with its associated revenue, to the internet—paying bills online is becoming the new norm—and to email and social media.

Even with annual revenue of $70.6 billion, in 2018 USPS lost $3.9 billion, part of a decades-long string of losses. The service has downsized its labor force from about 800,000 in 1999 to about 500,000 today, and it uses work-sharing and outsourcing for sorting and transportation to contain costs. But the deficits continue.

E-Commerce Growth

One bright spot for USPS, private delivery companies, and for consumers has been the growth of e-commerce. In 2018, consumers purchased $517 billion in products from American companies online, with 40 percent of those purchases having been made through Amazon. E-commerce now accounts for 14.3 percent of U.S. retail sales, up from 5.1 percent in 2007.

More than half of the retail sales growth in the past year came from e-commerce. E-commerce is especially important for customers who do not live in major urban hubs and for businesses in such areas that now can more easily sell and ship to customers nationwide.

Crucial to e-commerce is USPS package delivery, which is utilized by Amazon and other e-commerce companies. Private companies are allowed to compete with USPS package delivery services. Shipping companies such as FedEx and, more and more, e-commerce retailer Amazon have their own fleets of trucks to carry packages to customers’ doors.

USPS is fairly efficient at carrying mail and packages the “last mile” to the customer’s door, and USPS revenues from package deliveries in fiscal year 2018 hit $21.5 billion—up from $19.5 billion the prior year—thanks to e-commerce.

Higher Prices, Less Business

By law, USPS package delivery charges are required to cover the service’s direct costs, such as the pay for the carrier coming to your door, and overhead, such as the expenses of your local post office and its management. A 2018 task force report, “United States Postal Service: A Sustainable Path Forward,” commissioned by the Trump administration, acknowledged USPS package rates comply with the law but nevertheless urged rates be raised above the legal requirements to cover USPS deficits.

FedEx’s announcement of seven-day-per-week delivery means higher USPS rates would likely drive business—and revenue—away from USPS.

FedEx also announced it is cutting back on its current practice of dropping off most of its FedEx SmartPost packages at local post offices to be carried that last mile to the customer’s door. FedEx will shift about two million packages per day onto FedEx ground delivery trucks instead.

Last-Mile Delivery Boom

FedEx is building out its own last-mile system by tapping into efforts by traditional brick-and-mortar stores to compete with e-commerce by allowing customers to place orders online and pick up merchandise at stores or have them delivered to their door.

Such local, fast delivery services are on the rise. Prominent examples include Uber drivers delivering meals to customers at their homes, and fast-food establishments like McDonalds and Giant Foods delivering groceries to customers through the PeaPod fleet.

FedEx sees delivering products from local stores as a growth market. In essence, brick-and-mortar stores challenged by e-commerce are adding e-commerce options, and FedEx stands to benefit by expanding its last-mile delivery service.

Amazon, in partnership with USPS and using its own expanding truck fleet, offers Sunday deliveries and now is moving from free two-day delivery to free one-day delivery for its Prime customers. Delivery providers such as Amazon are also working on drone and driverless vehicle deliveries.

Undermining Progress

FedEx’s announcement of deliveries seven days a week and other expansions of e-commerce promise to benefit customers and merchants, especially small businesses in the nation’s heartland. E-commerce has also brought more revenue to the Postal Service. USPS, however, faces deep and serious problems with its current business model. Proposals to raise package delivery rates—rates that consumers would have to pay—are likely to drive away even more customers and impede the growth and diversification of e-commerce.”

Edward Hudgins (ehudgins@heartland.org) is research director at The Heartland Institute and editor of The Last Monopoly: Privatizing the Postal Service for the Information Age and Mail @ the Millennium: Will the Postal Service Go Private?
Big Corporations Make the American Dream Possible, Despite Presidential Candidates’ Claims

By Merrill Matthews

During the recent televised debates, Democratic presidential candidates appeared united in identifying the biggest domestic threat—after President Trump—facing America: large corporations.

“So, we’ve had an industrial policy in the United States for decades now, and it’s basically been let giant corporations do whatever they want to do,” Sen. Elizabeth Warren (D-MA) said. “Giant corporations have exactly one loyalty, and that is to profits.”

Former Rep. Beto O’Rourke of Texas said, “Right now, we have a system that favors those who can pay for access and outcomes. That’s how you explain an economy that is rigged to corporations and to the very wealthiest.”

New York Mayor Bill De Blasio added, “For all the American citizens out there who feel you’re falling behind or feel the American dream is not working for you, the immigrants didn’t do that to you. ... The big corporations did that to you.”

American Dream Works Here

Although Democrats may think big corporations killed the American Dream, millions of Americans seem to think large corporations have made the American Dream possible. None of the candidates defined what makes a large corporation—which could be measured by the number of employees, total revenue, or some type of composite ranking. So, we’ll consider various options.

With respect to the number of employees, Walmart is the largest employer, at 2.3 million. Famously frugal, Walmart is at the low end of the pay scale—which is one of the Democrats’ greatest complaints—but it has nonetheless been a godsend to small communities where jobs are often scarce and prices high.

Walmart’s presence in a community addresses both problems: It employs millions of people, especially in lower-income rural areas, and its lowest-price policy has helped low-income families stretch their dollars.

As a general principle, you can have high wages or you can have low prices, but you can’t have both.

Best Workplaces

On the other hand, if by “large corporation” the Democrats mean very profitable companies, then we might consider Amazon, Google (that is, Alphabet), Facebook, and Apple. Are they robbing people of the American Dream?

LinkedIn’s “2018 Top Companies List” identified Amazon, with 566,000 employees worldwide, as the most attractive U.S. company to work for. It provides a range of jobs, from blue collar to executive, and pays very well, with excellent benefits.

I know people who thought their shot at the American Dream had arrived when they were offered a blue-collar job at Amazon.

Alphabet, Facebook, and Apple came in second, third, and sixth, respectively, on LinkedIn’s list.

Both FedEx (336,000 employees) and UPS (335,000 employees) are listed among the largest U.S. employers, and both provide thousands of high-paying jobs for blue-collar workers who can’t or don’t want to be office dwellers.

And let’s not overlook the oil and natural gas producing companies. ExxonMobil, for example, employs about 71,000 people. The energy industry is one of the highest-paying employers. Blue-collar workers in the fields can make in the six figures, which crushes Democrats’ “fight for $15” minimum-wage campaign.

Many Americans would jump at the chance to work for these innovative, high-paying companies that Democrats apparently believe are shattering the American Dream.

Defensive Action

As for O’Rourke’s assertion that large companies are paying for access to government, it is certainly true that many companies and industries hire lobbyists to roam the halls of Congress. But often that is to counter the efforts of anti-business politicians and organizations who work to pass counterproductive and even punitive laws that would undermine a company or industry. In other words, in many cases companies are playing defense, not offense.

The Democratic presidential candidates seem to think government is the source of economic prosperity. A bigger government—run by them—supposedly means more prosperity for Americans, especially the poor and middle class. The U.S. Constitution set up a system that makes the American Dream possible, but it is private-sector companies, not Washington, D.C., that make it obtainable. An American Dream imposed by Washington would soon become an American nightmare.”

U.S. Senator and Candidate for Democratic Nomination for President

“… the immigrants didn’t do that to you. ... The big corporations did that to you.”

“The Democratic presidential candidates seem to think government is the source of economic prosperity. A bigger government—run by them—supposedly means more prosperity for Americans, especially the poor and middle class. The U.S. Constitution set up a system that makes the American Dream possible, but it is private-sector companies, not Washington, D.C., that make it obtainable. An American Dream imposed by Washington would soon become an American nightmare.”

Merrill Matthews (policyguy1@aol.com) is a resident scholar with the Institute for Policy Innovation in Dallas, Texas and coauthor of On the Edge: America Faces the Entitlements Cliff. An earlier version of this article appeared in The Hill. Reprinted with permission.
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