Lerner Skates
Despite ample evidence of Internal Revenue Service harassment of nonprofit political organizations, the U.S. Department of Justice declined to charge Lois Lerner with federal crimes.  

Protesting Pension Reform
KY state government workers are fighting proposed reforms intended to keep their public pension plans' promises.  

Pennsylvania Right to Try
A new law in Pennsylvania will give some patients a chance to use drugs awaiting final FDA approval.  

NC Stadium Subsidy
Fayetteville, North Carolina taxpayers will soon be on the hook for a new baseball stadium, and lawmakers say it’s a good investment, though economists say they never pay off.  

Hamilton Reconsidered
A new book examines the legacy of Alexander Hamilton, characterizing one of the nation’s beloved Founding Fathers as an originator of big government.  

Congress Considers
Tax Cuts and Jobs Act

By Leo Pusateri
Congressional Republicans unveiled the Tax Cuts and Jobs Act, a bill proposing to reduce the number of personal income tax brackets from seven to four, cut taxes by approximately $1.51 trillion over the next ten years, exempt more estates from the death tax and then repeal it altogether, and make other changes to the federal tax code.  


Making U.S. Taxes Competitive
Dan Pilla, one of the country’s premier tax experts and a policy advisor to The Heartland Institute, which publishes Budget & Tax News, says relieving business owners’ corporate tax burdens is a central element of the bill.  

“A key element to the bill would be the reduction of the corporate tax rate from its rate now of 35 percent,” Pilla said. “They would drop

Second Gas Tax Hike Repeal
Campaign Revs Up in California

By Brandi Wielgopolski
After an earlier ballot campaign to repeal a big gas tax hike in California stalled, another group of taxpayers is about to begin collecting signatures for a similar ballot question.  

Gov. Jerry Brown signed Senate Bill 1 into law on April 28, increasing the state’s excise tax on gasoline to 40 cents per gallon—a hike of 12 cents, or approximately 43 percent—starting November 1, 2017.  

In May, State Assemblyman Travis Allen (R-Huntington Beach) filed paperwork to begin collecting signatures to ask voters in 2018 to overturn
The Heartland Institute is pleased to announce the release of the fourth edition of *The Patriot’s Toolbox*, coauthored and edited by Dr. Herbert Walberg and Joseph Bast, with contributions from 18 other distinguished policy experts.

More than 100,000 copies of the first three editions of *The Patriot’s Toolbox* were distributed since 2010, making it one of the most widely circulated and influential books on public policy in the United States. This edition is completely rewritten and thoroughly updated to reflect the events of 2016 and so far in 2017.

As the coauthors write in the preface, *The Patriot’s Toolbox* “offers an agenda for incumbent office holders, a platform for candidates for public office, and a report card for civic and business leaders and journalists following the policy moves of the Trump administration, Congress, and state lawmakers.”

The book covers ten of the most important topics being debated today:

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The Heartland Institute is a national nonprofit organization based in Arlington Heights, Illinois. Its mission is to discover, develop, and promote free-market solutions to social and economic problems. For more information, visit our website at www.heartland.org or call 312/377-4000.
IRS Targeted Political Groups, But DOJ Declines to File Criminal Charges

By S. M. Chavey

A n October report by the U.S. Treasury Inspector General for Tax Administration (TIGTA) concludes the Internal Revenue Service (IRS) improperly targeted political groups, based on examination of nine years of nonprofit organizations’ applications for tax-exempt status.

Beginning in 2010, employees of IRS’ Exempt Organizations (EO) division, under the supervision of Lois Lerner, singled out organizations for special examination based on a group’s name or assumed policy positions.

Lerner and her employees used a “be on the lookout” (BOLO) list to select tax-exempt applicants for increased scrutiny, requesting members’ financial records, speeches, and other documentation.

TIGTA determined the actions violated IRS policies. The IRS sweeps also included liberal groups whose names included the targeted words and phrases.

No Charges Filed

TIGTA’s report arrives one month after the U.S. Department of Justice (DOJ) announced its decision not to file charges against Lerner for her role in the scandal.

On September 8, DOJ Assistant Attorney General Stephen Boyd sent a letter to House Committee on Ways and Means Chair Kevin Brady (R-TX) and Tax Policy Subcommittee Chair Peter Roskam (R-IL) announcing DOJ’s decision not to pursue charges against Lerner.

 “[T]he Department concluded that the IRS’ mishandling of tax-exempt applications disproportionately impacted applicants affiliated with Tea Party groups and similar organizations,” Boyd wrote. “However, the Department reported that its investigation had not uncovered evidence of criminal intent by any IRS official. The Department therefore stated that it was closing the investigation and would not pursue criminal charges.”

Disagrees with DOJ

The scandal was considered so egregious by some members of Congress that an effort was launched to impeach IRS Commissioner John Koskinen. Rep. Jim Jordan (R-Ohio) introduced in December 2016 a resolution that, if approved, would have required House leadership to schedule a vote on the issue. But Jordan’s House colleagues voted 342-72 only to refer the measure to the Judiciary Committee, which is not required to take it up.

Roskam says he’s convinced Lerner broke at least one federal law, and DOJ’s decision to let Lerner skate was surprising.

“Her conduct rose to a level that was so provocative, and the evidence we found was so overwhelming, that I was quite surprised by the attorney general’s response not to move forward.”

Practical Considerations

DOJ’s decision to end the case may have been based on practical considerations, says Allen Mendenhall, associate dean and executive director of Faulkner University’s Blackstone & Burke Center for Law and Liberty.

“It’s common for prosecutors to drop an investigation if they determine they can’t get charges to stick,” Mendenhall said. “Maybe that’s what happened here, or maybe others working for [Attorney General Jeff] Sessions were concerned about the appearance of politicizing DOJ in the same way they would be charging Lerner with politicizing the IRS.”

Prosecuting Lerner might have set a bad political precedent, Mendenhall says.

“For government agencies to maintain their legitimacy, they can’t be seen as arms of political parties that change as the leadership changes, so perhaps appearances factored into the decision,” Mendenhall said. “If the DOJ of the current administration were to prosecute the leaders of a previous administration, then a precedent would be set for future administrations to prosecute the leaders of previous administrations whenever there’s a change in party leadership.”

Calls for More Oversight

Listening to voters’ concerns and more aggressive congressional oversight of the executive branch are two ways Congress can help prevent government abuse, Roskam says.

“We need to listen to constituents who bring concerns to our attention and use the oversight tools Congress has not only in oversight committees but also in appropriation committees,” Roskam said.

The IRS scandal may not matter much to people who have been conditioned to expect the federal government to be abrasive, Mendenhall says.

“We’ve been conditioned and habituated to accept as normal these instances of government excess and abuse,” Mendenhall said. “At this point, many people are already skeptical of the IRS and do not like being taxed. It’s not clear to me, however, that this eroded credibility will affect the everyday thinking of ordinary citizens going about their quotidian routines.”

S. M. Chavey (sarahchavey@gmail.com) writes from St. Paul, Minnesota.
Pennsylvania residents suffering from terminal illnesses will be allowed to try experimental therapies yet to receive full approval under the U.S. Food & Drug Administration’s lengthy review process.

Gov. Tom Wolf signed House Bill 45 (HB 45) into law on October 11, making Pennsylvania the 38th state to establish “right-to-try.”

The new law takes effect on December 10. Pennsylvania residents suffering from terminal illnesses will be allowed to access experimental medical therapies still under FDA review, such as drugs, medical devices, and other biological products, under state law. FDA still retains legal authority over these drugs, pending the outcome of legislation currently under consideration in Congress.

Expanding Options

Elizabeth Stelle, director of policy analysis at the Commonwealth Foundation, says the new law will allow treatment options for patients otherwise without hope.

“The bill gives individuals with terminal diseases the ability to try drugs that have not been approved by the FDA but have been through initial safety screening,” Stelle said. “The bill gives manufacturers the option to make these treatments available. Under current laws, this would be illegal.”

Patient Control

HB 45 gives Pennsylvania residents more control over their health care, Stelle says.

“The right-to-try bill is a smaller microcosm of the larger problem in health care, which is that consumers and doctors have been largely stripped of their freedoms to choose what kind of care they want to receive and how and when they want to receive it,” Stelle said. “This bill repairs a small fraction of that.”

Personal Mission

HB 45 sponsor Rep. Bob Godshall (R-Hatfield) says getting the new law passed was a personal mission for him.

In 2004, Godshall was diagnosed with terminal bone marrow cancer. FDA rules discouraged doctors from prescribing stem cell treatments. Godshall insisted on receiving treatment.

“I was declared terminal 12 years ago,” Godshall said. “The oncologists told me I had a year or two left to live. If I didn’t know about this 14 years ago, I would have been long gone, and we wouldn’t have had this conversation today. I can’t blame the medical community. It was a serious situation. If they suggest something and it doesn’t work, they could be [legally] liable.”

Godshall says the new law solves the liability problem.

“The right-to-try [bill] prevents that from happening,” Godshall said. “They can suggest things that might work but don’t have FDA approval.”

‘Right for Pennsylvania’

Godshall says right-to-try is all about putting people back in charge of their own health care.

“It’s right for Pennsylvania, and it’s right for a lot of people,” Godshall said. “It gives them a chance to save their lives, if they are willing to take the responsibility for themselves.”

‘Most Rewarding Bill’

HB 45 is the most important bill he’s ever proposed, Godshall says.

“This is the most rewarding bill I’ve ever passed, because it can help people,” Godshall said.

Lindsey Schulenburg (lindseys.heart land@gmail.com) writes from Chicago, Illinois.
Bill Banning Local Soda Taxes Gains Popularity in Illinois House

By S. M. Chavey

Cook County, Illinois’ soda tax went “pop” with the county’s Board of Commissioners voting to repeal the penny-per-ounce tax on sweetened beverages. Now, a bill under consideration in the state House of Representatives to prevent local governments from enacting soda taxes is picking up steam.

In July, Cook County began collecting an additional tax on all sweetened drinks sold to consumers—including soda, iced tea, lemonade, and sports drinks—purchased in bottles or cans or from dispensers.

On October 11, the Cook County Board of Commissioners repealed the tax, rolling back its decision to create it.

In the wake of that high-profile tax battle, a bill to prohibit county governments from enacting new taxes on soda and other sweetened beverages is gaining popularity in the Illinois House of Representatives.

House Bill 4082 (HB 4082), sponsored by state Rep. Michael McAuliffe (R-Chicago), would prohibit county sales of soda and other sweet drinks. 

On October 10, state Rep. Dave Severin (R-Benton) signed on as the bill’s 17th cosponsor.

Business Disadvantage
State Rep. Christine Winger (R-Bloomingdale), chief cosponsor of the bill, says soda taxes disadvantage certain businesses.

“I believe in enterprise, and I believe in businesses being the best they can be, but when a tax is placed on a business to give them that disadvantage, that’s just wrong,” Winger said.

“It gets in the way of business,” Winger said. “The gas station that attracts someone by offering a large-size soda for $0.99 can no longer try and do that and have it be equitable for them. It’s just going to run people out of business for the wrong reasons.”

Winger says the government should get out of the business of telling people what to drink.

“I think people should make their own decisions and become educated on proper diets,” Winger said. “It’s not the government’s job to do that.”

Cook County, Illinois Commissioners Repeal Soda Tax

By Jesse Hathaway

In October, the Cook County, Illinois Board of Commissioners repealed a penny-per-ounce tax on soda and other sweet drinks.

The penny-per-ounce tax, added to the price of sweetened drinks sold to consumers in bottles, cans, or from dispensers, included soda, iced tea, lemonade, and sports drinks.

Commissioners voted to repeal the tax, which was initially approved in November 2016.

The county will stop collecting the tax on December 1, 2017.

The repeal vote was a grassroots effort, Cook County Commissioner Sean Morrison (R-17th District) told CBS 2 Chicago political reporter Derrick Blakley on October 11.

“It was the citizens who made this,” Morrison said. “The citizens who made the phone calls, who wrote the letters. Without their involvement, this likely would not have passed.”

—Jesse Hathaway

“Voting With Their Dollars”

Chris Lentino, manager of Chicago outreach for the Illinois Policy Institute, says high excise taxes prompt consumers to take their business to other cities or counties.

“Consumers are voting with their dollars,” Lentino said. “They’re going across the border. A lot of these neighborhoods and suburbs cross the border, or it’s only a five-minute drive across. It’s pretty easy for a lot of these retailers that are on the border to suffer quite a bit.”

Piling on Taxes

Lentino says Chicago and Cook County residents already pay enough taxes on soft drinks.

“In Chicago, there are at least five different taxes on soda or sweetened beverages, and that’s on top of at least 30 other taxes and fees,” Lentino said. “If you’re buying a 20-ounce Coke in the city of Chicago, you are levied the sales tax of 10.25 percent, and the city of Chicago levies a 3 percent soft drink tax.

“When you look at the bottom of your receipt, you’re paying 13.25 percent for that 20-ounce Coke, in addition to the penny-per-ounce tax from Cook County.”

The effective tax rate of purchasing soda in Chicago is around 40 percent.”

S. M. Chavey (sarahchavey@gmail.com) writes from St. Paul, Minnesota.

Official Connections:
Illinois state Rep. Christine Winger (R-Bloomingdale):
http://www.ilga.gov/house/rep.asp?MemberID=2461

INTERNET INFO
Second Gas Tax Hike Repeal Campaign Revs Up in Calif.

Continued from page 1

the gas tax, but the effort was delayed by a lawsuit, filed by Allen, challenging California Secretary of State Xavier Becerra’s recommended ballot language for the question.

On November 20, a second ballot initiative, led by former San Diego City Council member Carl DeMaio, began collecting signatures from registered California voters. To get the repeal question on the November 2018 ballot, DeMaio’s campaign will have to collect 587,407 valid signatures.

High State Taxes
Californians are already paying far too much for roads, DeMaio says.

“Proponents of the gas tax say that we have to pay for the roads, but we are already paying for the roads,” DeMaio said. “The total state taxes, fees, and mandates on gas are about $1 per gallon in California. This does not include federal gas taxes, just the state of California.”

“The state government is using the road money as a slush fund for spending on other items, DeMaio says. “Only about 20 percent of every gas tax dollar collected [in California] actually makes it into road infrastructure,” DeMaio said. “About 50 percent of the funds are diverted to transit projects or programs that have nothing to do with roads. The remaining funds are gobbled up by administrative fees. If you are going to tax gas, 100 percent of what is collected should be spent on road maintenance.”

‘Most Onerous’ Taxes, Regulations
Akash Chougule, director of policy at Americans for Prosperity, says raising the gas tax will only exacerbate California’s economic and financial problems.

“California has the most onerous tax and regulatory policies in the country,” Chougule said. “It is already an unbelievably uncompetitive place to do business because of its tax climate, and the fuel tax increase will only make this problem worse.

“The increased gas tax does not just affect people who put gas in their cars,” Chougule said. “Individuals trying to realize the American Dream by starting or growing a business are going to find that it becomes even more expensive to do business in California.”

Hitting Poor People Harder
The gas tax hike disproportionately affects low-income individuals, Chougule says.

“The very wealthy elites, who pass tax hikes like this in California, can easily bear the costs, but working folks cannot,” Chougule said. “Many California residents are already struggling to keep up with the state’s high cost of living, especially those living in the urban areas. The regressive nature of this tax makes that particularly painful for low-income individuals.”

Brandi Wielgopolski (brandi.wielgolini@gmail.com) writes from Columbus, Ohio.

Michigan House Approves Bill For Interstate Medical Licensure Compact

By Joshua Paladino

The Michigan House of Representatives passed a bill to approve joining an interstate compact to synchronize its medical licensing regulations with those of 22 other states, allowing health care providers licensed in participating states to provide services in Michigan.

Legislators approved House Bill 4066 (HB 4066) on October 10. The bill awaits action by the Michigan Senate Committee on Health Policy.

Improving Health Care Access
HB 4066 sponsor Rep. Jim Tedder (R-Clarkston) says the bill would help increase consumers’ access to quality health care.

“In an era when we see advances in telemedicine, we also hear recurring themes of lack of access to quality care in rural and [other] underserved areas,” Tedder said. “The interstate medical licensure compact allows a means through which specialty practice physicians can maintain multistate licensure in an expedited process.”

The bill would synchronize Michigan’s health care licensing rules with other states’, Tedder says.

“In effect, through a compact, we’re really coordinating our statutory and regulatory rules in line with others,” Tedder said. “This brings a lot of states in line with what I consider to be very highly scrutinized rules here in Michigan.”

Staving Off Federal Overregulation
Interstate compacts can preempt federal regulatory overreach, Tedder says.

“In many cases, when you see an interstate compact established, it preempts any potential for federal licensure of physicians,” Tedder said. “With increasing health care costs and increasing encroachment from the federal government, this is a prudent preemption of any forthcoming licensing regulations at the federal level.”

Pros and Cons
Jarrett Skorup, strategic outreach manager for the Mackinac Center for Public Policy, says the proposed compact is a mixed bag.

“There’s two sides to this, from a free-market standpoint,” Skorup said. “The one side is licensing restrictions are too high in all professions, so we want to work toward lessening that. To the extent that this allows people to move among states with one license, it’s a good thing. The problem with it is, you don’t want Michigan to lock itself into restrictive licensing agreements or into a compact that will vote to raise requirements.”

Skorup says reciprocity agreements, in which states agree to recognize other states’ occupational licenses, are a good idea.

“You pretty much have the same requirements in every state to be a medical doctor, so for those states with similar requirements, it makes sense for states to enter a reciprocity agreement,” Skorup said.

Joshua Paladino (jpaladino@hillsdale.edu) writes from Hillsdale, Michigan.

“THE very wealthy elites, who pass tax hikes like this in California, can easily bear the costs, but working folks cannot. Many California residents are already struggling to keep up with the state’s high cost of living, especially those living in the urban areas. The regressive nature of this tax makes that particularly painful for low-income individuals.”

AKASH CHOUGULE
DIRECTOR OF POLICY
AMERICANS FOR PROSPERITY

Official Connections:

http://www.gophouse.org/representatives/southeast/tedder
Temporary Puerto Rico Jones Act Waiver Expires

By Hayley Sledge

President Donald Trump allowed his ten-day waiver of the Merchant Marine Act of 1920 to expire on October 8, reinstating enforcement of the federal law restricting which maritime vessels are allowed to ship goods over the ocean between U.S. states.

The Merchant Marine Act of 1920, also known as the Jones Act, prohibits trade vessels employing foreign crew or containing foreign-made parts from shipping goods between U.S. ports.

On September 28, the White House had announced it would suspend Jones Act enforcement in Puerto Rico until October 8.

On September 27, Trump defended his initial decision to deny Gov. Ricardo Rossello’s request for suspension of the Jones Act, saying the Jones Act was supposed to help defend citizens from foreign invasions. “It’s very old, as you probably know—almost 100 years old—and the rationale given by the proponents was you need a strong merchant marine to have a strong navy, and you need a strong navy for national defense,” Grennes said. “It was argued in terms of national security.”

‘It’s Just an Obstacle’
The Jones Act inserts the government between people who need goods and the businesses supplying those goods, Grennes says.

“If you have a disaster such as a hurricane, where people are desperately trying to get some relief immediately, you rule out one possibility of getting help, from foreign-flag vessels that might happen to be in U.S. ports, that would be willing to send supplies, that are not able to because of the Jones Act,” Grennes said. “It’s just an obstacle.”

The benefits of the Jones Act are concentrated among a small group of economic interests, and its costs are diffuse, Grennes says.

“It’s beneficial to a small number of people, but it’s costly in general, so it costs billions of dollars to consumers,” Grennes said.

Making Domestic Trade Costlier
Salim Furth, a research fellow in macroeconomics at The Heritage Foundation, says the Jones Act makes trade with Puerto Rico easier for foreign businesses than U.S. ones.

“Trump is looking at these issues very differently than most economists, or anyone else,” Lester said. “I think it’s fair to say he is pretty narrowly focused on whether there is or is not a trade deficit. When he sees a trade deficit, he thinks that there’s something unfair going on, that the U.S. is being treated badly, and he wants a new deal.”

“The good news for Puerto Ricans is that they’re allowed to trade freely with other countries, so at least they can rely on ships from other countries to supply their need, but there’s no reason the United States should be cut out of helping Puerto Rico to recover,” Furth said.

Repealing the Jones Act would benefit Puerto Rico’s economy and increase opportunities there, Furth says. “Repeal would make it a more attractive location for all sorts of other businesses and would make it more affordable for tourists, which is obviously a major industry in the Caribbean,” Furth said. “It would allow Puerto Rico to develop and contribute by being a trading partner with the mainland United States.”

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

NAFTA Renegotiation Talks Enter Fifth Round

By Hayley Sledge

Representatives from the United States, Canada, and Mexico will meet in November to continue renegotiating the North American Free Trade Agreement (NAFTA), a trilateral trade bloc created in 1994.

Standing with Canadian Foreign Minister Chrystia Freeland and Mexican Secretary of Economy Ildefonso Guajardo on October 17, U.S. Trade Representative Robert Lighthizer said he was “surprised and disappointed by the resistance to change from our negotiating partners on both fronts.”

Representatives from the three countries agreed to meet for a fifth round of talks starting November 14 in Mexico City, Mexico.

In the fourth round of talks, U.S. trade representatives proposed mandating reauthorization of the agreement every five years and requiring all automobiles manufactured and sold in other member countries to contain at least 85 percent U.S.-made parts or face tariffs.

Concern over Trade Deficits
Simon Lester, a trade policy analyst with the Cato Institute, says President Donald Trump’s negotiators believe NAFTA is a net loss for America.

“Trump is looking at these issues very differently than most economists, or anyone else,” Lester said. “I think it’s fair to say he is pretty narrowly focused on whether there is or is not a trade deficit. When he sees a trade deficit, he thinks that there’s something unfair going on, that the U.S. is being treated badly, and he wants a new deal.”

Workers’ Worst-Case Scenario
Claude Barfield, a resident scholar at the American Enterprise Institute, says dissolving NAFTA or leaving the bloc would reduce the competitiveness of products made in the member countries.

“Because you have raised tariffs on parts and components, or made them more expensive, it would mean that U.S. automobiles produced in North America, whether you end up with the final product in the United States or in Mexico, would be less competitive vis-a-vis the rest of the world.”

Hayley Sledge (hayley@sledges.us) writes from Dayton, Ohio.
Kentucky Government Employees Protest Pension Reform Proposal

By Savannah Edgens

A n organization claiming to represent more than 10,000 current and former Kentucky government employees protested against Gov. Matt Bevin’s pension reform plan on November 1.

Bevin proposes to put new government employees into defined-contribution pension plans, similar to 401(k) plans enjoyed by workers in the private sector. The state’s eight public pension plans, serving approximately 207,000 active government employees, are underfunded, including the state’s largest public pension plan, the Kentucky Employees Retirement System Non-Hazardous, also known as KERS Non-Hazardous.

KERS Non-Hazardous has enough assets on hand to pay only 16 cents toward each $1 of liabilities, according to a May 2017 report by PFM Consulting Group.

United We Stand—KY Government Employees protested Bevin’s plan at the Kentucky state capitol on November 2, joined by protestors from the National Organization for Women, Central Kentucky Council for Peace and Justice, and other activist groups.

‘Fiscal Basket Case’

Jonathan Williams, chief economist and vice president of the American Legislative Exchange Council’s Center for State Fiscal Reform, says Kentucky’s public pensions are nearly out of money.

“It turns out that Kentucky has one of the least-funded pension systems in America, ranking right up there, on a funded ratio, with perennial fiscal basket cases like Illinois and Connecticut,” Williams said.

“Kentucky has gotten cut by a buzz saw, in a way,” Williams said. “It has remained in defined-benefit plans that are expensive and getting more expensive by the year.”

Defined-benefit pension plans guarantee employees a set benefit amount upon retirement.

Less Risk for Everyone

William Smith, director of the Bluegrass Institute’s pension reform team, says defined-contribution plans, such as those proposed by Bevin and Kentucky legislators, are good for employees and taxpayers alike.

“They make a specified payroll contribution into the plan, and they have no additional risk,” Smith said. “When you mitigate risk, it creates certainty.”

Savannah Edgens (savannah.edgens@gmail.com) writes from Gainesville, Florida.

Congress Considers Tax Cuts and Jobs Act

“R-E-F-O-R-M Spells ‘Relief’”

Jonathan Williams, chief economist and vice president of the American Legislative Exchange Council’s Center for State Fiscal Reform, says the tax reform bill offers long-overdue relief for taxpayers.

“We have suffered through the weakest economic recovery following a recession since World War II,” Williams said. “Our economy needs pro-growth tax relief. The proposed $1.5 trillion net tax cut should benefit individuals and families of all types.”

Cuts in business taxes boost economic prosperity for everybody, Williams says.

“As we always say, businesses don’t pay taxes, people do,” Williams said. “The reduction in the corporate tax rate will provide a much-needed economic boost for all Americans. While some of the benefit from business tax cuts might come in the form of lower prices or better returns on investments like 401(k)s, working Americans will enjoy a significant boost in wages,” Williams said.

Increasing State Tax Competition

Removing the state and local tax deduction (SALT), a federal tax break for payment of local and state taxes, will promote better state government tax policies, Williams says.

“When state and local policymakers who refuse to address overspending and their lack of tax competitiveness will lose a good portion of the federal tax subsidy from the SALT deduction,” Williams said. “That’s a good thing for tax competition across states, and ultimately all American taxpayers.”

Calls for More Reforms

The bill is a step in the right direction, but the system needs further reform, Pilla says.

“I’m not saying it’s not a positive thing, but it’s not fundamental tax reform,” Pilla said. “There’s all kinds of things that were done in 1986 that are being proposed to be repeated here, and a lot of these things are favorable, but it’s not fundamental tax reform. We still need fundamental tax reform.”

Savannah Edgens (savannah.edgens@gmail.com) writes from Gainesville, Florida.
Daily Fantasy Sports Bill Introduced in Florida

By Andy Singer

The Florida Senate Regulated Industries Committee is considering a bill to redefine daily fantasy sports (DFS) competitions as games of skill, thus exempting such competitions from the state’s gambling laws.

DFS services such as DraftKings and FanDuel allow players to compete online in selecting professional athletes for fantasy teams and comparing real-world performance statistics over an agreed-on period. Team “owners” with the best results can win prizes or cash.

State Sen. Dana Young (R-Tampa) introduced Senate Bill 374 (SB 374), which was referred to the state Senate Regulated Industries Committee on October 16.

Importance of Skills

Success in DFS games depends on skill and knowledge, Young says, not gambler’s luck.

“Fantasy sports are a game of skill,” Young said. “If they were a game of chance, then a lot more people would be good at them. The fact that you have people who tend to win frequently is the exact point: You have to know what you’re doing with these games.”

SB 374 is about accommodating different ways of doing the same thing, Young says.

“Under this legislation, there’s no difference between the 20 guys that meet at the sports bar and play between themselves and the commercial enterprises that offer the games,” Young said. “The bill is really geared towards the consumers that enjoy fantasy sports as a pastime, and ensures that they can do so without fear of breaking the law.”

Forcing Preferences

Steven Titch, an associate fellow of the R Street Institute, says governments should stop trying to micromanage people.

“Governments shouldn’t be trying to weigh these things,” Titch said. “They should say, ‘We’re going to allow gambling, and this is what it is,’ rather than, ‘We’re going to have a little bit, and run it this way or run it that way.’ Basically, they should not try to micromanage it.”

Titch says gambling bans force lawmakers’ personal preferences and tastes on everybody.

“Let’s be adults about this,” Titch said. “Let’s not say somehow playing a $1 pool or a $10 pool is somehow okay, but doing it for $300 or $400 is not. That’s a pure value judgement.”

Different Choices

People may want to spend money differently than lawmakers prefer, Titch says, and they have a right to do so.

“It’s like me saying $20,000 is the right amount someone should ethically and morally pay for an automobile,” Titch said. “To allow someone to spend $100,000, to me, is a waste of money on a sports car that’s going to waste resources. That’s an equivalent moral issue to when we start making value judgements about whether a $1 bet is okay but $10 is not. Is playing in a $1.50 poker game different than a $10 poker game?”

Andy Singer (asinger@heartland.org) is a new media specialist for The Heartland Institute.

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Rhode Island Baseball Team Wants Taxpayers To Fund its New Stadium

By Emma Restuccia

The Rhode Island Legislature heard arguments over whether to give $38 million in state taxpayer money to the owners of the Pawtucket Red Sox (PawSox), a local minor-league baseball team requesting subsidies to finance construction of a new stadium.

On October 3, the Rhode Island Senate Finance Committee held the third of six planned committee hearings about a proposed subsidy deal to give the team’s owners up to $38 million in taxpayer money for a new ballpark. Currently, the PawSox play in government-owned McCoy Stadium.

Since 2015, the team’s owners have regularly threatened to relocate the team to Providence if state lawmakers refuse to subsidize construction of a new stadium.

Political Calculations
Mike Stenhouse, chief executive officer of the Rhode Island Center for Freedom and Prosperity, says the stadium proposal has created an unusual political alliance.

“Tennesseans are finding gainful employment, and they are ready to see the team stay. I think it’s good for our state, and I’m not even talking about economic development.”

David Surdam, a University of Northern Iowa economics professor, says sports stadium subsidies don’t generate prosperity.

“The new stadium creates visible economic activity that largely displaced alternative activities,” Surdam said. “It is doubtful that much, if any, economic growth or benefit transpires. In fact, there might be a diminution in the residents’ overall satisfaction, if sufficient people disdain sports.”

Benefitting Few, Costing Many
Helping finance privately owned sports stadiums is not the proper sphere of government, Surdam says.

“My opinion is that the government should not be heavily involved in activities whereby a few get disproportionately gains at the expense of the many,” Surdam said. “In a perfect world, if the stadium was worthwhile, private-sector lending—or creating equity within the franchise itself—should suffice in creating the capital funds to build the stadium.

“If you define corporate welfare as privately owned businesses gaining benefits at the expense of taxpayers, then the stadium subsidies qualify,” Surdam said.

Emma Restuccia (evint7@gmail.com) writes from Alexandria, Virginia.

Tennessee Reinstates Food Stamp Work Requirements

By Lindsey Curnutte

Tennessee Gov. Bill Haslam will start enforcing federal work requirements for food stamp recipients in 70 of the state’s 95 counties, beginning in February 2018.

Able-bodied adults without dependents receiving food stamps will be required to work, volunteer, or engage in approved job training or educational activities for at least 20 hours a week.

The state has been enforcing the work requirement provisions of the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 in only seven counties, having waived them in 2008. Haslam announced the new plan in September 2017.

Win-Win Situation
Jonathan Ingram, vice president of research for the Foundation for Government Accountability, says work requirements make welfare recipients’ lives better.

“Research from other states that have implemented these common-sense work requirements has witnessed able-bodied adults go back to work in record numbers and more than double their incomes on average,” Ingram said. “Those higher wages more than offset the welfare benefits they lost, meaning more income for former enrollees, greater economic activity, and higher state and local tax revenue.”

Encouraging people to get back to work allows states to focus on those who need more help, Ingram says.

“The amount of time the average able-bodied adult spends on welfare is cut in half after work requirements are reinstated,” Ingram said. “With fewer able-bodied adults dependent on welfare, states can refocus the program on the truly needy.”

Expects ‘Positive Impacts’
Lindsay Boyd, director of policy at the Beacon Center of Tennessee, says she expects the work requirements to promote individual success.

“I do expect to see positive impacts on our unemployment rates, as well as greater outcomes for individuals,” Boyd said.

Boyd says states with similar work requirements have experienced positive results.

“We know that states that have maintained or reinstated work requirements for able-bodied working-age adults without dependents receiving welfare benefits have seen an increase in the percentage of those individuals who find gainful employment, and an increase in their earnings,” Boyd said. “Incentives work, and the progress made in welfare reform both nationally and at the state levels has proven this.”

Getting Back to Work
Reinstating work requirements encourages people to take charge of their lives, Boyd says.

“Tennesseans are finding gainful employment and opportunities to provide for their families,” Boyd said. “Reinstating work requirements will help to further encourage those who’ve dropped out of the job market to reenter and better their circumstances.”

Lindsey Curnutte (lindseycurnutte@gmail.com) writes from Athens, Ohio.
State Lawmakers Ready to Follow Up on Amendment Convention Meeting

By Michael McGrady

State legislatures returning to work in January will include 72 lawmakers from 19 states who attended a September 2017 national planning session authorizing rules and procedures for an upcoming national amendment convention.

In September, delegates met at the Balanced Budget Amendment (BBA) Planning Convention, hosted by the Arizona State Legislature, to set ground rules for a possible future amendment convention.

Article V of the U.S. Constitution established methods for proposing and enacting amendments. After 34 states call for an amendment convention, commissioners will be limited to consideration of amendments specified by the call. State legislatures are responsible for selecting commissioners.

Currently, 27 states have resolutions on file with Congress calling for new constitutional restrictions on federal spending.

Setting the Rules

Arizona state Rep. Kelly Townsend (R-Mesa), chairwoman of the Planning Convention Committee, says the meeting prepared attendees well for a real amendment convention.

“It was a really good exercise where we focused on the rules of the convention,” Townsend said. “We talked about the logistics of when the convention is called. They also decided to go forward with the Phoenix Correspondence Committee, a unique thing that came out of it, so that we can stay in touch with each other and continue to plan on other things as we get closer to an actual convention.”

Restoring Balance

The amendment convention process is about restoring the proper relationship between the states and the national government, Townsend says.

“We are far too disconnected from where we were intended to be, as state legislatures, in our relationship with the federal government,” Townsend said. “The weight [of authority] was supposed to be with the states, and the federal government was only supposed to have the enumerated powers [explicitly granted in the Constitution]. Yet, we have ceded those powers to the federal government in exchange for funding from them. We do have control, and we ought to have control, over the federal government.”

Lawsuit Challenges Border Patrol Phone Searches

By Michael McGrady

Ten U.S. citizens are suing the Department of Homeland Security, alleging federal border patrol agents violated their constitutional rights by searching their personal electronic devices without first obtaining a search warrant from a judge.

Customs and Border Protection (CBP) agents allegedly detained Ghassan Al-Asaad, a Vermont limousine driver, for more than six hours in July 2017 as Al-Asaad and his family attempted to drive home after a visit to Quebec, Canada.

During the detention, CBP agents allegedly forced Al-Asaad and his family to provide them with passwords to facilitate searches of their mobile phones.

Other plaintiffs, including Diane Maye, an assistant professor of homeland security at Embry-Riddle Aeronautical University, and Colorado software programmer Matthew Wright, claim Border Patrol agents committed similar warrantless searches during their attempts to return from travel abroad.

Lawyers from the American Civil Liberties Union and Electronic Frontier Foundation representing Al-Asaad, Maye, Wright, and the other plaintiffs filed the lawsuit on September 13 in the U.S. District Court for the District of Massachusetts.

The judge in the case has not yet scheduled a date to hear the lawsuit.

Constitutional Questions

Adam Schwartz, a senior staff attorney with Electronic Frontier Foundation, says the lawsuit is about requiring the national government to abide by the Constitution.

“We allege that border searches of phones, absent a warrant, violate the First and Fourth Amendments,” Schwartz said. “We also allege that lengthy confiscations of phones, absent probable cause, violate the Fourth Amendment. We are seeking declaratory and injunctive relief.”

Unless Congress changes the law or federal judges interpret the Fourth Amendment’s requirement for search warrants to cover electronic data, the government will continue to invade our personal lives, Schwartz says.

“As a warrant requirement, the problem will get worse,” Schwartz said. “People are carrying more and more information in their phones. Border agents are searching more and more phones, more than tripling in frequency over the last two years. Border agents use increasingly sophisticated forensic tools to search our phones.”

Gone Fishin’ for Data

James Purtilo, an associate professor of computer science at the University of Maryland–College Park, says government agents’ digital fishing expeditions should be declared unconstitutional.

“In fact, phones and computers are among the most-sought items when police search a house or business, and to do this requires a warrant,” Purtilo said. “This creates a genuine dissonance: We enjoy Fourth Amendment protection for documents inside a structure we call ‘home,’ yet the exact [same] documents in a digital home on our person seem to be fair game for officials on fishing expeditions.”

‘Federal Overreach’

Warrantless searches of citizens’ data are a government power grab, Purtilo says.

“For example, if police have articulable reasons to treat it otherwise, digital property should be given no more scrutiny than any other property, for purposes of ensuring basic physical safety at a point of entry,” Purtilo said. “Going beyond that is federal overreach.”

Michael McGrady (mmcgrady@mcgradypolicyresearch.org) writes from Colorado Springs, Colorado.
Okla. Labor Dept. Readies Occupational Licensing Report

By Andy Singer

An Oklahoma Department of Labor task force studying the effects of occupational licensing will send its final report to Gov. Mary Fallin in December 2017.

Fallin established the Occupational Licensing Task Force in the Oklahoma Department of Labor (DOL) in December 2016 to study and make recommendations on reforming government restrictions on who may and may not enter jobs in the state.

The task force, headed by DOL Commissioner Melissa Houston, held hearings in August 2017, requesting input from the public and other stakeholders on how occupational licensing affects residents of the state.

Gathering Information

On October 22, the Norman (Oklahoma) Transcript published an interview with Houston about the task force’s work. The December report will recommend creating a database tracking occupational licenses, a set of guidelines for lawmakers evaluating licensing standards, Houston told the Transcript.

“Consumers are pretty good judges of the competency of the provider,” Terrell said. “And yet the state is standing in the way of entrepreneurs who want to get into that profession, for no other purpose than just to protect the incomes of those who are already there.”

Andy Singer (asinger@heartland.org) is a new media specialist for The Heartland Institute.

Reducing Economic Mobility

Timothy Terrell, an economics professor at Wofford College, says occupational licensing rules can reduce individuals’ geographic mobility and the economic competition it would otherwise create.

“One of the problems that licensure has created is a reduction of mobility for people in licensed professions,” Terrell said. “We have one-fourth of Americans that have to have some kind of government permission to do their jobs. When you tell them they’re certified in one state but have to jump through a lot of hoops to get licensed in another state, that restricts their mobility. If you look at the statistics on worker mobility in the United States, it’s pretty low. There’s not much movement across state lines. This might be part of the reason for that.”

Consumers Know Best

Consumers are better at determining service providers’ qualifications than government boards and commissions, Terrell says.

“Consumers are pretty good judges of the competency of the provider,” Terrell said. “And yet the state is standing in the way of entrepreneurs who want to get into that profession, for no other purpose than just to protect the incomes of those who are already there.”

Nebraska State Senator Hosts Occupational Licensing Reform Forum

By Jesse Hathaway

Nebraska state Sen. Laura Ebke (L-Crete) hosted a town hall meeting with voters, soliciting citizen input on legislative priorities for the 2018 session, including occupational licensing reform.

On October 16, Ebke met with voters in Lexington, Nebraska, according to KHGI reporter Valerie Juarez.

“I’ve had a lot of people talk to me about the difficulty of people getting a license, that the paperwork, going through the board, is difficult,” Ebke told the event’s attendees, KHGI reported. “The number of hours of existing licenses, then having to take additional hours in order to practice their profession inside of Nebraska.”

Ebke told the town hall attendees she plans to introduce a bill to require a regular review of Nebraska’s occupational licensing laws, Juarez reported.

Jesse Hathaway (jhathaway@heartland.org) is managing editor of Budget & Tax News.
By Leo Pusateri

Lawyers representing an Illinois state government employee challenging the constitutionality of forcibly deducting union fees from his paycheck will get to present their case to the U.S. Supreme Court.

On September 28, the Court granted a petition to hear the case during its current term, which concludes on April 25, 2018. No date has been set for the beginning of oral arguments in the case.

Mark Janus, a child support specialist in the Illinois Department of Healthcare and Family Services, is suing to establish the right of individual government employees to decide whether they want to join and contribute to labor unions.

Currently, many government employees are required to contribute to a labor union as a condition of employment. Janus is seeking a reversal of a 40-year-old Supreme Court ruling, Abood v. Detroit Board of Education, which denies government employees the right to opt out of union membership if employed in a government office in which workers are unionized.

‘The Right to Decide’

Jacob Huebert, a Liberty Justice Center senior attorney representing Janus, says the case is about protecting individuals’ freedom to choose what’s right for them.

“If we prevail in this case, then every government worker across the country will have the right to decide if they will give any of their money to a union,” Huebert said. “These people will have the right to decide what political advocacy groups they will or won’t support with their money. Unions will have to solicit the support of the people they represent by providing something of value, so it could be that unions will be more responsive to government workers.”

Inherent Political Ties

Patrick Semmens, vice president of public information for the National Right to Work Legal Defense Foundation, says public-sector labor unions are inherently political, because everything they do affects government policy.

“When they’re talking to the government on Mark Janus’ behalf, we say, ‘Look, that’s a First Amendment issue,’” Semmens said. “No matter the subject of the conversation, he shouldn’t be forced to pay for it.”

If the Court sides with Janus, all public employees will benefit, Semmens says.

“The winners are every single public employee, because it will give them a choice,” Semmens said. “It will mean they can pay if they want to, but no longer will be required to.”

Leo Pusateri (psycmeistr@fastmail.fm) writes from Saint Cloud, Minnesota.

IN OTHER WORDS . . .

“Janus was a full dues-paying member to the union for less than a year before he opted to become an agency fee payer, which allows him to pay solely for collective bargaining and other work-related expenses while not funding the union’s political activities.

“The union spent about $3 million on political activities and $9.5 million on representational activities in 2016, according to its federal labor filings. Its 59,557 members paid dues ranging from $34.65 to $46.53 a month, helping to fuel $22 million in per capita fees from its local unions. Janus was one of 6,600 agency fee payers affiliated with the union.

“He objects to those fees because he sees the union as inherently political, given the fact that its negotiations involve taxpayer dollars and the budgetary process in the deeply indebted state. He said 2016 exposed the political use of union dues.”


Individuals should be free to choose to negotiate their own contracts or pay labor unions to negotiate on their behalf, Huebert says.

“Not every worker considers what the union does to be of benefit,” Huebert said. “Some workers might think they can do better for themselves. If they’re above average, they may want to be paid based on their individual performance rather than being lumped with everyone else.”

Inherent Political Ties

Patrick Semmens, vice president of public information for the National Right to Work Legal Defense Foundation, says public-sector labor unions are inherently political, because everything they do affects government policy.

“In the public sector, there is no real distinction,” Semmens said. “Everything the union does is essentially lobbying, because everything they’re trying to do is get the way the government acts to change. They want public policy to change, like negotiating for teacher seniority rules so that a teacher is going to keep their job based on seniority and not their merit. That’s important public policy.”

‘Give Them a Choice’

The Janus case is about protecting government employees’ freedom of speech, Semmens says.

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7 million men ages 24 to 55 are neither working nor looking for work?

To request a complimentary copy of Men Without Work by AEI’s Nicholas Eberstadt, please visit www.aei.org/heartland-offer/

To learn more about Mr. Eberstadt and his work visit www.aei.org.
**Fayetteville, North Carolina Taxpayers Will Foot Bill for New Baseball Park**

**By Andrea Dillon**

Fayetteville, North Carolina and Cumberland County elected officials are completing negotiations over subsidies for a new minor-league baseball stadium in the city.

At a September 28 Fayetteville City Council Baseball Committee meeting, City Councilman Mitch Colvin said negotiations between the city and county over the two governments’ shares of the subsidies were “90 percent there.”

In 2016, city and county elected officials pledged to give the team’s owners $3.3 million in taxpayer money toward construction of a stadium.

Baseballs, Not School Halls

Julie Tisdale, a policy analyst for the John Locke Foundation, says taxpayer money spent on stadiums precludes funding for other priorities, such as education.

“They took money away from schools to put in this ball park,” Tisdale said. “In order to do this, the school board had to approve it, and the school board approved it!”

The county’s public schools need money for repairs and classroom materials, Tisdale says.

“I looked into just how bad this move was for Cumberland County Schools,” Tisdale said. “I found out that the latest data available on per-student expenditures showed Cumberland schools ranked 92nd out of 115 districts. In terms of local dollars provided by the county, the district ranked 71st in the state.

“More data, using the Statewide Facility Needs Survey, showed Cumberland had a need for more than $142 million in school renovation, addition, and equipment,” Tisdale said. “This is a huge problem because the majority of these items are paid for through local dollars.”

‘Sports Stadiums Are Bad Investments’

Marc Poitras, an associate professor of economics at the University of Dayton, says scientific studies have established stadium subsidies are wasteful.

“The economics literature has shown overwhelmingly that subsidies for sports stadiums are bad investments,” Poitras said. “The City of Fayetteville’s website states, ‘The building of the baseball stadium is anticipated to generate considerable new spending and a resulting economic impact on an annual basis amount [sic] to $7.2 million in annual economic output.’ Poitras says the real number will fall short of that prediction.

“Consulting reports are notorious for overestimating the economic benefits of stadiums, and the $7.2 million estimate for economic activity does seem hard to believe,” Poitras said. “Assuming 3,000 fans per game, and assuming—generously—that fans spend an average of $25 on everything, including parking, tickets, drinks, etc., implies total spending of $5.25 million.”

**Shopping for Corporate Welfare**

Team owners and sports leagues have enough money to build new stadiums without taxpayer dollars, Poitras says, but they hold taxpayers and fans hostage because it pays.

“The sports leagues have more than enough revenue to pay for stadiums themselves, and do not need to rely on taxpayer subsidies,” Poitras said. “The leagues are effectively playing one city against another in order to extract subsidies.”

**Colorado City Drops Netflix Tax Attempt**

**By Michael McGrady**

Lawsyers representing Netflix sued the City of Loveland, Colorado, alleging the government was violating state and federal laws by taxing streaming services.

A Colorado state judge pulled the plug on the lawsuit just a few days later, after the city withdrew the tax assessment.

In August 2016, the City of Loveland Department of Revenue demanded the digital video streaming service Netflix pay $116,508.22 in sales taxes and late fees, claiming Netflix’s digital video transmissions to people living in Loveland were taxable as “tangible personal property.”

Lawyers representing Netflix sued the city’s Department of Revenue on October 3, 2017, alleging Loveland was attempting to apply sales taxes on physical goods to online streaming video transactions.

On October 26, the City of Loveland’s Department of Revenue rescinded the tax assessment, prompting Judge Thomas R. French of the Colorado Eighth Judicial District Court to dismiss the case on November 2 without ruling on the merits.

Taxing Electrons

Mike Krause, director of public affairs at the Independence Institute, says Loveland officials were hoping for free money from Netflix.

“Loveland was not claiming to have a physical nexus,” he said, referring to the legal principle limiting taxation to entities with a physical presence in the state levying the tax. “It’s actually the opposite. It seems to me like they are saying, ‘You’re sending your electrons into our city, so pay us.’ If Netflix had a physical location and had servers in the city, maybe that would make a little bit more sense. That’s not really the case here.”

“It seems to me that this problem, this interpretation of what’s just commonly accepted sales tax practices, [was] being flipped on its head by the city,” Krause said.

‘Wrongheaded’ Policy

Steven Greenhut, a senior fellow with the R Street Institute, says Loveland’s tax attempt was unjustified.

“The City of Loveland’s efforts to impose the sales tax on video streaming services is wrongheaded,” Greenhut said. “Netflix [was] right on point with its arguments: Local sales taxes are imposed on ‘the sales of tangible personal property that are also subject to the Colorado sales tax.’ Streaming services are not tangible, and buyers can receive the video on their devices anywhere.”

‘Notorious Over-Spenders’

City governments across the country often try to find novel ways to tax consumers, Greenhut says.

“A number of California cities have also considered expanding their utility taxes to the streaming services, and Chicago has tried to use its amusement tax to nab consumers,” Greenhut said. “These are wrong too. Local governments are notorious over-spenders and are constantly looking for new ways to tax the citizenry.”

Michael McGrady (mmcgrady@mcgradypolicyresearch.org) writes from Colorado Springs, Colorado.
After Welfare Reforms, Kansas Childhood Poverty Rates Fall

By S. M. Chavey

Childhood poverty rates in Kansas declined by 26 percent over the past five years, according to data from the U.S. Census Bureau, with the great majority of the improvement coming after the state government instituted work requirements for welfare recipients.

On October 19, the U.S. Census Bureau released datasets for the 2016 American Community Survey (ACS) including survey data on the number of children living in impoverished households. Last year, the bureau estimated 122,000 Kansas children lived in low-income households.

This year, ACS reported Kansas’ childhood poverty rate declined by 18.9 percent between 2015 and 2016. On September 28, Brownback issued a press release about the falling poverty rates reported by ACS’ preliminary data, saying “our policies are good for Kansas families, the economy and taxpayers.” In 2015, Brownback signed into law Senate Bill 265 into law, reinstating work requirements for welfare recipients and reducing the cumulative lifetime length of time an individual can collect food stamps.

From Welfare to Work

Jonathan Ingram, vice president of research at the Foundation for Government Accountability, says Kansans are better off, thanks to the entitlement reforms.

“Kansas’ reforms have led to more employment, higher incomes, and less time trapped in dependency,” Ingram said. “After the reforms were implemented, those on welfare went back to work in more than 600 different industries, and their incomes more than doubled. Those leaving welfare are now earning more than they were collecting in welfare benefits, leaving them better off.”

Government Creating Poverty

State Sen. Mary Pilcher-Cook (R-Shawnee), former chair of the Kansas Senate’s Public Health and Welfare Committee, says dependency on government typically causes poverty instead of curing it. “Most poverty exists because of government bureaucracy that encourages dependency,” Pilcher-Cook said. “Blind government assistance can never be enough, because it does not reach the real needs of actual persons. When government violates the basic tenets of human nature, it destroys human dignity, and it is severely destructive to our society. Giving aid to the poor should not be government gaining more control over citizens’ lives.”

Government should work to help struggling individuals help themselves, Pilcher-Cook said. “The poor should be given assistance, but it must be done in a way for the sake of human dignity and the good of the human person, so that it brings the poor into a situation where they can help themselves,” Pilcher-Cook said.

‘Builds Self-Esteem’

Government should not pay people to do nothing, Pilcher-Cook says. “Welfare without work requirements is paying people not to work,” Pilcher-Cook said. “That perverse incentive needs to be eliminated and replaced with job training and work obligations. Much more value needs to be placed on work, which builds self-esteem and self-worth and gives individuals the ability to take care of their families while giving back to their community.”

People respond to real-life incentives, not lawmakers’ intent, Pilcher-Cook says. “Incentives matter,” Pilcher-Cook said. “They factor into how specific decisions are made based on costs and benefits, and they change behavior. It is important to point out that good intentions of policymakers do not change behavior. Therefore, it is imperative to take the time necessary to evaluate natural human action due to incentives and then incorporate the correct incentives into policy.”

One way state lawmakers can do that is by expanding work requirements to other entitlement programs, Ingram says. “Lawmakers should also expand common-sense work requirements to other welfare programs, including Medicaid,” Ingram said. “The Trump administration should swiftly approve other work requirements when states propose them.”

S. M. Chavey (sarahchavey@gmail.com) writes from St. Paul, Minnesota.

IN OTHER WORDS . . .

“Kansas Republican Gov. Sam Brownback took office in 2011 and began to implement welfare reform after the previous governor, Kathleen Sebelius, had relaxed requirements for those on welfare to work or search for employment.

“From 2000 to 2011, the number of able-bodied adults on cash welfare was increasing by 42 percent in Kansas, while nationally the number on welfare had dropped by a third.

“Brownback first began reforming welfare by strengthening sanctions for those who received cash assistance by implementing a three-month ban on those who refused to meet work requirements. If an individual failed to meet the requirement for a second or third time, the ban was prolonged for six months to a year.”


Putting Constitutional Limits Back on The Federal Government

The new book Limiting Federal Regulation, provides historical background for the apparently simple patent clause of the Constitution. The clause allows Congress to guarantee to authors and inventors limited exclusive power to their creations.

But that simplicity was coupled to the founding fathers, at the same time, explicitly precluding nearly all other federal powers on commerce. The federal government today ignores nearly all of those preclusions.

The author explains how the federal government avoided acknowledging their imposed limits, and then proposes solutions to correct the course.

by Paul A. Ballonoff

This Book is Available on Amazon.com

($14.99 for Paperback and $9.99 on Kindle)
States Can Lead on Health Care Reform

By Tim Huelskamp

In November 2016, the American people elected a Congress and a president who promised to repeal the Affordable Care Act, a.k.a. Obamacare. After the election, President Donald Trump went to work to keep his campaign promise. But 12 months later, it’s pretty clear Congress won’t keep its end of the election bargain.

There’s an old saying attributed to Alexander Graham Bell: When one door closes, another door opens. Congress may have slammed shut the door on the “repeal and replace” of Obamacare, but that has opened many doors for health care reform.

What HHS Can Do

The Affordable Care Act gives great discretion to the Secretary of Health and Human Services (HHS). Trump’s first HHS Secretary, Dr. Tom Price, promised to use that discretion to roll back many Obama-era regulations and replace them with options to encourage consumer-directed health care, empower low-income Americans with work requirements, and restore the role states have historically played in health care. In a letter to all 50 governors, he promised unprecedented flexibility to replace top-down programs with patient-centered, free market-oriented health care solutions. Price encouraged states to apply for waivers allowing them to deviate from the one-size-fits-all national model.

What States Can Do

Few states have taken the Trump Administration up on the offer. Some governors and legislators may be waiting for Congress to act. Others may have given up after so many years of unimpeded intrusion by Washington. And others simply may not believe a federal agency really is open to reducing its own power.

But it is time for states to return to this arena.

States can apply for and receive waivers to implement free-market Medicaid reforms. HHS is practically begging for requests that impose work requirements on the millions of able-bodied adults on Medicaid. It will consider Medicaid block grants, defined-contribution payments, health saving accounts, and direct primary care initiatives. The Medicaid waiver door is wide open.

Using waivers to reform Obamacare is more difficult, but HHS is opening avenues there too. State legislators need to start now to formulate legislation and approve waiver requests. They can restart high-risk or reinsurance pools, expand general population HSAs, waive Obamacare penalties for individuals and businesses, and remove community rating and guaranteed issue rules.

Through the Medicaid and Obamacare waiver doors, states can roll back decades of government control of our health care decisions. They also can implement other parts of a consumer-driven health care agenda.

Opportunities Await

It would have been nice if Congress had repealed and replaced Obamacare with a free-market alternative. It would have been tremendous if Congress recognized that patients and their health care providers should be in charge. Alas, that did not happen.

But states can free themselves from Medicaid and Obamacare dictates via robust waivers and implement state-level reforms that improve access and reduce the cost of health care. Congress’ failure opens doors to exciting new opportunities for health care reform.

Tim Huelskamp, Ph.D. (thuelskamp@heartland.org) is president of The Heartland Institute and a recovering former member of Congress.

How to Save a Life Without Spending a Dime

Thanks to lawmakers across the country patients with terminal illnesses have new hope—and it’s not costing states a dime. State Right to Try Acts are sweeping the country and are passing with overwhelming bipartisan support. And it’s working. In Texas, for example, almost 100 terminal cancer patients have access to a life-saving treatment that they wouldn’t otherwise. Good ideas can’t become good policy without lawmakers who are willing to do the right thing. So thank you. We thank you and the millions of American families with a loved one facing a terminal illness thank you.
National Right-to-Work Ban Proposed

By Lindsey Curnutte

Congressional Democrats are lining up behind two bills in the U.S. House of Representatives and Senate to repeal right-to-work laws in 28 states and prohibit states from passing such laws.


Sen. Elizabeth Warren (D-MA) introduced S 1838 on September 18. The Senate bill is cosponsored by Sens. Tammy Baldwin (D-WI), Sherrod Brown (D-OH), Kirsten Gillibrand (D-NY), Margaret Wood Hassan (D-NH), and Jeff Merkley (D-OR).

The bill would remove states' authority under the National Labor Relations Act to prohibit involuntary union membership as a condition of employment.

Death Tax Is on House Hit List

By Brandi Wielgopolski

Speaker of the House Paul Ryan (R-WI), Rep. Kevin Brady (R-TX), and other members of Congress announced the planned phase-out of the federal death tax in the proposed Tax Cuts and Jobs Act.

In addition to reducing the number of personal income tax brackets from seven to four and cutting taxes by approximately $1.51 trillion over the next ten years, the bill would double the amount of money exempt from the federal estate tax, commonly referred to as the "death tax," and eliminate the tax by 2024.

Middle-income Families Hurt

Antony Davies, an associate professor of economics at Duquesne University, says the death tax has a disproportionate impact on middle-income households and owners of small businesses.

"The people who are in the most danger of being hit with the estate tax are not the ultra-wealthy, they are the frugal middle class and small-business owners," Davies said. "A very wealthy person can afford to hire lawyers and accountants who will find plenty of ways around the tax. On the other hand, a frugal middle-class wage earner or a small-business owner can accumulate enough wealth to trigger the estate tax but not enough wealth to afford the bidding of lawyers and accountants to get around it."

Fighting for Fat Cats

Richard Vedder, a distinguished professor of economics emeritus at Ohio University, says those behind the bill, such as Brown, are working against the public's best interests.

"I think people's rights have been enhanced by allowing people choice," Vedder said. "Sherrod Brown wants to decry people's choices, to protect the union bosses who run these things. Sherrod Brown is an apologist for a group of union bosses, rather than for the workers."

(UN)truth in Labeling

David Kreutzer, a senior research fellow with The Heritage Foundation's Institute for Economic Freedom and Opportunity, says those behind the bill want to "help" people by taking away their freedom.

"It's strange that the bill's sponsors claim that taking away workers' options is 'pro-worker,'" Kreutzer said. "Many of the same members say taking away consumers' choices for appliances and cars is pro-consumer. You have to wonder if they would restrict voters' choices over candidates and call it 'voter protection.'"

The only people benefitting from compulsory unionism are the union bosses, Kreutzer says.

"It's not even 'pro-organized labor,'" Kreutzer said. "It only helps union leaders who cannot get worker support when the workers have a choice."

Official Connections:

https://kevinbrady.house.gov
A Challenging Perspective on a Founding Father

Review By Jay Lehr

As time progresses and memory fades into legend, history’s mists may obscure heroes’ rough edges and imperfections.

In *How Alexander Hamilton Screwed Up America*, conservative author and speaker Brion McClanahan takes up the task of dispelling the myths surrounding American Founding Father and former Secretary of the Treasury Alexander Hamilton, including those conveyed by Lin-Manuel Miranda’s popular Broadway play.

Although his footnoting and documentation is impeccable, McClanahan’s critical analysis of Hamilton’s legacy is perhaps too thorough and certainly too negative, in my view, leaving one wondering whether anyone’s life can withstand such withering scrutiny.

**Masters of Government Expansionism**

McClanahan characterizes Hamilton as a central figure in the increase of the national government’s power at the expense of the states and the people, with much damage being done later by Supreme Court Justices John Marshall, Joseph Story, and Hugo Black following Hamilton’s principles.

Hamilton redefined the relationship between the government and the governed in the United States, McClanahan writes, telling his contemporaries one thing and doing another once in power.

“To be blunt, Hamilton’s ‘American nation’ is little more than a fraud,” McClanahan writes. “Step by step, Hamilton refocused the way even men of his own generation thought about the central government. He sold them a bill of goods during ratification and then pulled the rug out from under them once in power. His arguments in favor of ‘loose construction’ forged the constitutional underpinnings of every Supreme Court decision that upheld his agenda, both during the Marshall Court and into the twenty-first century.

... The United States Constitution was never intended to be interpreted the way Hamilton, Marshall, Story, and Black insisted it was during their political and legal careers. The evidence is all against them.”

**Dramatic Reenactments**

My primary criticism of *How Alexander Hamilton Screwed Up America* is McClanahan’s dramatization of pivotal debates for which no primary records exist.

There are, of course, no video or audio recordings of the ratification debates over the Constitution, and C-SPAN did not gain access to a time machine for broadcasting the discussions. Such details make for gripping reading, but they detract from the book’s nonfictional purpose. The audiovisual details are not provable and hence have no evidentiary value.

**Making the Indictment**

McClanahan’s main indictment against Hamilton is the latter’s creation of a national banking system, an invention clearly uncalled for, and perhaps not even allowed, by the United States Constitution.

Hamilton’s push for a national banking system, McClanahan writes, facilitated expansion of federal power, breaking open the dam for future generations of lawmakers to build on his work empowering Washington, DC over the states and the people.

“Hamilton’s proposals to Congress for the reorganization of American finances rested on the creation of a central banking system,” McClanahan writes.

**Behind-the-Scenes Intrigue**

Another milestone on the route along which McClanahan traces America’s decline is the Whiskey Rebellion of 1794, a pivotal moment defining the relationship between the states and the national government.

Although the official trigger of the rebellion was the unequal effect of the newly created whiskey tax on western farmers, Hamilton saw the rebellion as a manifestation of foreign ideas distorting American affairs, McClanahan writes.

“The Whiskey Rebellion cannot be viewed in a vacuum,” McClanahan writes. “Certainly, hard feelings over what frontier farmers considered unjust and illegitl tax had started the scuffle, but to Hamilton and other members of his faction, these backwoods tax dodgers filled with liquid courage were simply a manifestation of French Jacobins who intended to erect guillotines on American soil to start lopping off heads, maybe even his own.”

**Increasing Presidential Powers**

Hamilton’s desire to maneuver the United States toward Great Britain and away from France, McClanahan argues, led to the creation of the unilateral executive, in which the president, not Congress, would take charge of foreign relations.

In “Pacificus Number 1,” published on July 29, 1793, Hamilton explained this new theory of the powers of the president, much different from the explanation given during the arguments over the ratification of the Constitution. McClanahan writes.

“Hamilton concluded that the ‘Executive Power’ being vested in a president of the United States of America implied that its powers were ‘subject only to the exceptions and qualifications which are expressed in the instrument.’ Executive power was unlimited except for those ‘qualifications’ where Congress had a concurrent role, namely the participation of the Senate in the appointment of Officers and the making of Treaties and the right of the Legislature to ‘declare war and grant letters of marque and reprisal.’ This was not how the executive branch was sold to the states during ratification, nor how it was presented in the Philadelphia Convention in 1787.”

**Well-Research Retelling**

*How Alexander Hamilton Screwed Up America* is a thought-provoking, well-researched critique of Hamilton’s legacy. There is no question about the quality of the author’s scholarship, which he supports with hundreds of references. It’s the conclusions and characterizations which I find arguable.

Readers looking for a challenge to their assumptions and knowledge of American history will be well-served by the book, regardless of whether one agrees or disagrees with the author’s opinions.

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