Trump Unveils Tax Reform Plan

Dialing Down FCC Power
FCC head Ajit Pai says he plans to reverse one of the biggest federal power grabs in recent history, previous chairman Tom Wheeler’s net neutrality rules. Page 16

Death to the Death Tax!
Momentum is growing in Congress for ending the federal government’s post-mortem tax collection efforts. Page 11

Indiana Airbnb Reform
An Indiana lawmaker proposes standardizing rules for homeowners using peer-to-peer economy services, fighting local government’s war on Airbnb. Page 4

Ohio Prevailing Wage Reform
Ohio is considering giving local lawmakers the option of paying market wages for government projects instead of inflated rates. Page 6

Watching the Detectives
A bill currently under consideration in Congress would enhance constitutional protections and standardize the rules for federal government agencies spying on citizens. Page 8

New Mississippi Law Tackles Welfare Fraud

By Kimberly Morin
Mississippi Gov. Phil Bryant (R) approved a bill requiring government agencies to verify whether recipients of food stamps and other entitlement programs, such as Medicaid, are eligible to receive those benefits.

Bryant signed House Bill 1090, sponsored by state Rep. Chris Brown (R-Nettleton), into law on April 12. Beginning on July 1, the state’s Department of Human Services (MDHS) will be required to privatize its eligibility verification operations, instead of hiring more government employees to do the work.

HB 1090 also prohibits MDHS from asking the federal government for exemptions from federal laws requiring welfare recipients to demonstrate need.

By Jesse Hathaway
President Donald Trump’s memorandum listing the administration’s goals for reforming the federal tax code shows the president’s plan would decrease the tax burden faced by individuals and businesses.

At an April 26 press conference, U.S. Treasury Secretary Steven Mnuchin and White House economic advisor Gary Cohn described Trump’s blueprint for federal tax reform, releasing a one-page memorandum containing 11 proposals. The reforms include reducing the number of individual tax brackets from seven to two.

TAX REFORM, p. 4

By Jesse Hathaway
President Donald Trump’s memorandum listing the administration’s goals for reforming the federal tax code shows the president’s plan would decrease the tax burden faced by individuals and businesses.

At an April 26 press conference, U.S. Treasury Secretary Steven Mnuchin and White House economic advisor Gary Cohn described Trump’s blueprint for federal tax reform, releasing a one-page memorandum containing 11 proposals. The reforms include reducing the number of individual tax brackets from seven to two.

TAX REFORM, p. 4

U.S. Treasury Secretary Steven Mnuchin (R) and National Economic Council Director Gary Cohn (L) present President Donald Trump’s tax reform plan at a press conference at the White House.

U.S. Treasury Secretary Steven Mnuchin (R) and National Economic Council Director Gary Cohn (L) present President Donald Trump’s tax reform plan at a press conference at the White House.
Turning Point USA’s Young Women’s Leadership Summit
Sponsored by the NRA
June 15-18, 2017 | Dallas, TX

Turning Point USA’s Young Women’s Leadership Summit is a 4-day conference for young, conservative women. The 2017 YWLS will take place from June 15-18, 2017 in Dallas, TX. TPUSA will invite 750-1,000 young women between the ages of 16 and 24 to attend.

Throughout the Summit, attendees will hear from some of the nation’s most well-known conservative leaders and activists, receive first-class professional development and leadership training, and network with other attendees and organizations from all across the country.

REGISTER AT WWW.TPUSA.COM/YWLS

Please visit WWW.YWLS.ORG for an updated agenda and list of confirmed speakers.

From Top Left to Right: Kellyanne Conway, Wayne LaPierre, Susan LaPierre, Antonia Okafor, Kimberly Corban, Tomi Lahren

Learn more and apply for an invitation at www.tpusa.com/YWLS. The deadline to apply is May 25, 2017.
South Carolina Governor Approves Pension Bill

By Elizabeth BeShears

South Carolina Gov. Henry McMaster (R) approved changes to how the South Carolina state government's five public pension programs operate. In April, both legislative chambers approved House Bill 3726, legislation to increase taxpayer payments to government employees’ pension funds each year, reaching $826 million per year in 2023.

McMaster signed the bill on April 25.

South Carolina’s taxpayer-funded pension programs’ total liabilities exceed available assets by at least $16.8 billion, or $7,909 per taxpayer in the state.

‘Big Bailout Dollars’

Ellen Weaver, president and chief operating officer of the Palmetto Promise Institute, says the legislation will force the state’s taxpayers to correct past mismanagement.

“The big bailout dollars come from incremental increases in contributions from taxpayer-funded government entities and worker contributions,” Weaver said. “This legislation puts taxpayers on the hook for the majority of the cost, an additional $826 million annually by 2023, while workers would contribute an additional $40 million annually in the same time frame.”

Storm Warning

Weaver says the state urgently needs real reforms, such as moving from defined-benefit plans, which guarantee employees a set payout amount, to defined-contribution plans similar to those enjoyed by many private-sector employees.

“Hurricane Gray’ is moving toward South Carolina,” Weaver said. “Currently, 59 out of every 100 people in our state are under 18 or are over 65. By 2030, the U.S. Census Bureau predicts that number will be 79 out of every 100. With fewer taxpayers shouldering these looming burdens, we don’t have the luxury of time: South Carolina needs to bite the bullet on big reforms, like transitioning to a defined-contribution plan, now.”

Crowding Out Current Services

Leonard Gilroy, director of government reform at the Reason Foundation, says diverting current taxpayers’ money to retired workers makes it difficult or impossible for government to fulfill its duties to the public.

“You have jurisdictions that have seen massive and rapid increases in what they’re putting into public pension systems every year,” Gilroy said. “It basically starts to crowd out the ability to put those resources to other uses. ... [An increasing amount of money] is going to pay for the ‘Department of the Past,’ when you have all sorts of needs for current citizens and taxpayers and service delivery expectations that are either not being met or are at risk of not being met. As more money goes to pensions, less money can go to things like parks, police, and payroll.”

Elizabeth BeShears (liz.erobb@gmail.com) writes from Trussville, Alabama.

Congressional Committee Approves USPS Pension Reform Bill

By Michael McGrady

In March, the U.S. House Oversight and Government Reform Committee approved a bill changing how the U.S. Postal Service (USPS) must fund pension payments for its government employees.

House Resolution 756 would relax operating officer of the Palmetto Promise Institute, says the legislation will force the state’s taxpayers to correct past mismanagement.

House Resolution 756 would relax funding pension requirements on the quasi-government agency, allowing USPS to partially reduce unfunded liabilities by putting employees into Medicare instead of paying for employees’ health care through USPS’ pension program.

At the time of this article’s publication, HR 756 was not yet scheduled to be voted on by the full House.

Currently, USPS owes current and retired employees about $5.8 billion in health care and pension benefits.

The bill would also preauthorize future rate increases for consumer services to help reduce USPS’ deficits. In fiscal year 2016, USPS’ total expenses exceeded revenue by $5.6 billion, up from $5.1 billion the prior fiscal year.

Tinkering Around the Edges

Michi Iljazi, vice president of the Taxpayers Protection Alliance, says lawmakers must stop tinkering with USPS and “deliver” on real reforms to the sinking government operation.

“It is important to note that the USPS continues to lose money, posting a $5 billion loss last year,” Iljazi said. “This was on top of the tens of billions of dollars’ worth of losses over the last decade. Meaningful postal reform efforts have eluded legislative attempts, and the time has come for Congress and the USPS to deliver—no pun intended.”

Calls for Fundamental Reforms

Richard Geddes, an associate professor at Cornell University’s Department of Policy Analysis and Management, says real postal reforms would allow USPS to adapt to what consumers want.

“We need fundamental commercial reforms of the U.S. Postal Service itself,” Geddes said. “Hopefully, this would make the Postal Service more adapted, or allow it to adapt, to the electronic marketplace and the new world of electronic communications.”

Michael McGrady (mmcgrady@mcgradypolicyresearch.org) writes from Colorado Springs, Colorado.
Trump Unveils Tax Reforms Reducing Individual, Business Burdens

Continued from page 1

three and ending U.S. taxes on profits earned overseas by American businesses taxed by the countries in which they earned the profits.

Bringing Prosperity Back
Peter Ferrara, a senior fellow for entitlement and budget policy at The Heartland Institute, which publishes Budget & Tax News, says the Trump tax reforms would bring significant, long-term economic growth back to the United States.

“The proposal would restore booming economic growth, create new jobs, and raise wages for working people,” Ferrara said. “Just like the tax rate cuts did for Reagan and for Kennedy, this proposed reform would bring on a long-overdue, booming economic recovery and spread prosperity to parts of the economy that have been stagnant for years.”

‘Heading in the Right Direction’
Adam Michel, a policy analyst with The Heritage Foundation, says the blueprint is a good start, but lawmakers must take care to get the details right.

“The proposal is heading in the right direction, but the details will be important,” Michel said. “I’d like to see expensing [of business asset purchases] included as the proposal evolves. Full expensing would simplify the currently complex and economically harmful system of depreciation and would encourage additional investment, job creation, and economic growth by treating all business costs equally.”

Taking Care of Business
Michel says lowering business taxes to make them competitive with other nations’ tax systems is an important part of Trump’s tax blueprint.

“Lowering the business income tax rate to 15 percent has rightly received the most attention,” Michel said. “Because businesses are made up of people, it is those Americans who work for and invest in American companies who actually pay the tax.”

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

Indiana Lawmakers Approve Bill Standardizing Local Airbnb Rules

By Joshua Paladino
The Indiana Senate approved a bill blocking local governments in the state from preventing homeowners from using Airbnb and other peer-to-peer economy companies to connect with consumers seeking short-term housing accommodations.

The state Senate approved an amended version of House Bill 1133 on April 6 and returned the bill to the House for final approval. The legislation would prohibit local governments from targeting homeowners using Airbnb or other short-term rental businesses with additional housing regulations, such as minimum rental duration regulations or increased noise and parking regulations, beyond those experienced by other homeowners.

Creating Win-Win Situations
Benjamin Powell, director of the Free Market Institute at Texas Tech University, says the peer-to-peer economy, also known as the sharing economy, is an example of voluntary exchanges benefiting everyone.

“It involves buyers and sellers cooperating to make each other better off,” Powell said. “The new feature of the sharing economy is that it often utilizes technology to mobilize labor and capital that are otherwise underutilized, in order to serve others. Often, this is done as a side job. Examples include renting a spare room in your home or using your car to give someone a ride, both in exchange for money, just like any other economic transaction.”

Equal Protection for Homeowners
Lehman says the bill would prevent local governments from treating homeowners using Airbnb differently from others.

“You can regulate them like everyone else in the community: for noise, pollution, public safety, traffic,” Lehman said. “All those things are still under local discretion. You just can’t do it more strictly for Airbnb than others.”

Lehman said lawmakers should not impede new options for consumers and service providers.

“It’s a changing economy and a changing world, and we need to be able to adapt,” Lehman said.

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

INTERNET INFO
Treasury Chief Calls on Lawmakers to Raise Debt Ceiling

By Jeff Reynolds

After legal limits on the total amount of federal government debt were reinstated in March, U.S. Secretary of the Treasury Steven Mnuchin called on lawmakers to increase the limits on the federal government’s authority to borrow and spend.

In November 2015, lawmakers waived the debt ceiling, a legal limit on how much debt the federal government could take on, until March 15, 2017. On March 16, the ceiling was reinstated, capping the government’s debt level at $19.9 trillion, or about $60,954 per person.

In March 2017, Mnuchin called on lawmakers to increase the debt ceiling so the federal government could borrow money to fund spending increases.

‘Extraordinary Measures’

On March 16, the U.S. Treasury announced the beginning of “extraordinary measures” to buy time for lawmakers to approve increased borrowing, such as delaying payments to government pension-fund investors.

Brian Wesbury, a senior fellow with The Heartland Institute, which publishes Budget & Tax News, says it’s important to restrain federal debt and the spending it finances.

“The debt ceiling is an issue because the federal government has needed to borrow to operate for the past 15 years,” Wesbury said. “I believe Congress should keep the debt ceiling in place as a constant reminder that they are choosing to borrow. The federal government spends too much.”

‘Spending Is the Problem’

Wesbury says government overspending is the root cause of the nation’s fiscal problems.

“Spending is the problem, not tax rates,” Wesbury said. “Our government cannot seem to live within its means.”

Showdown in W. Virginia over Shutdown Provides Tax Reform Opportunity

By Ben Johnson

West Virginia Gov. Jim Justice (D) and the state’s legislature may have to cooperate on tax relief this summer to avoid a June 30 lapse in payments owed by the state government.

Justice rejected legislators’ budget bill, passed hours before the House of Delegates adjourned for the year in April. Justice called proposed reductions in entitlement spending “a bunch of political you-know-what.”

During an upcoming special session in June or July, lawmakers may offer Justice a compromise bill incorporating elements of a bill, proposed by state Sen. Robert Karnes (R-Upshur), offsetting an increase in the state’s sales tax with income tax relief.

Senate Bill 409 would lower the state’s top income tax rate from 6.5 percent to 5.45 percent and reduce tax rates by 0.1 percentage points across the board in years when sales tax revenues exceed a specified amount.

The Senate approved SB 409 in March, and the bill was referred to the House Finance Committee, allowing it to survive the end of the regular session.

More Money, More Growth

Karnes says decreasing income tax rates will allow people to keep and spend more of their money, encouraging economic expansion.

“Lower personal income taxes will put more disposable income into the hands of ordinary West Virginians,” Karnes said. “That money will be spent in the economy, driving business growth and job growth across the state. You actually get two effects there: First, people spending money and, second, people investing money. And long-term, that causes greater growth.”

Ripple Effects

Garrett Ballengee, executive director of the Cardinal Institute for West Virginia Policy, says allowing people to keep more of their income causes numerous positive effects on the economy.

“As an economy accumulates savings, interest rates tend to go down, which makes more projects profitable, so investment in things like new technology, machinery, buildings, labor, etc. tends to increase,” Ballengee said. “This is the basis of economic growth, which West Virginia desperately needs.”

Ben Johnson (therightswriter@gmail.com) writes from Stockport, Ohio.

Somkeless Tobacco Can Save Your Life

In For Smokers Only Dr. Brad Rodu explores and explains the advantages of smokeless tobacco to cigarettes and as a better alternative to the nicotine patch.

On the forefront of research and policy development regarding tobacco harm reduction, Rodu asserts that permanent nicotine maintenance with safer tobacco products by smokers who are unable or unwilling to quit smoking with conventional cessation methods is a safer method.

First published in 1995, For Smokers Only has been revisited and now includes a bonus chapter on E-cigarettes. Audiobook features a bonus discussion with Dr. Rodu.

Get your copy of For Smokers Only today. Purchase the e-book at audible.com or the paperback on Amazon.com.
Ohio Lawmakers Propose Prevailing-Wage Bills

By Matt Hurley

The Ohio Legislature is considering bills to free local governments from prevailing-wage requirements for partnerships with private businesses on capital infrastructure projects.

Prevailing-wage laws regulate the compensation for workers on public capital projects, such as school construction and road repair, instead of allowing businesses to set their own pay rates according to market value.

In April, state Rep. Craig Riedel (R-Defiance) introduced House Bill 163 allowing businesses to set their own compensation for workers on public capital infrastructure projects.

Emphasizes Flexibility
Huffman says local lawmakers should be given more flexibility, instead of being forced to follow one-size-fits-all mandates.

With public construction projects, the state mandates to local jurisdictions—cities, villages, counties, park districts, zoos, libraries, fairgrounds, anything that is public construction—that they have to pay the construction workers a certain wage, which is euphemistically called a prevailing wage,” Huffman said. “What our bill says is that each jurisdiction can decide for themselves, separately, whether they want to comply with these mandates. In other words, it won’t be a mandate, it will be permissive. Let’s just let the local jurisdictions manage their own shops.”

Calls Policies Outdated
Huffman says mandatory prevailing-wage laws are an example of obsolete and unnecessary government policies.

“A lot of these laws are vestiges of the way things used to work, when it was hard for people to get information from the government,” Huffman said. “There shouldn’t be this protected group of people who the government says [can] get more than these other folks.”

Greg Lawson, a policy analyst with The Buckeye Institute for Public Policy Solutions, says Huffman’s bill expands on successful prevailing-wage reforms Ohio enacted in 2001.

“When prevailing wage was prohibited on school construction projects using state dollars, there were significant cost savings, to the tune of nearly $488 million,” Lawson said.

Stresses It’s ‘Local Option’
Lawson says it’s important Huffman’s bill does not repeal prevailing-wage requirements altogether.

“The bill being discussed is a local-option bill,” Lawson said. “In other words, any community that wants to continue to pay prevailing wage can continue to do so. This merely gives local governments an option to not use prevailing wage if they choose to do so. It could be expected that there would be real savings for each and every community that embraces this. Again, it is important to be clear this is fully optional.”

Matt Hurley (wmdtv matt@yahoo.com) writes from Dayton, Ohio.

New Mississippi Law Tackles Welfare Fraud

Continued from page 1

efforts to find work. In addition, the new law prohibits welfare recipients from using taxpayer funds on alcohol, gambling, adult entertainment, and similar purposes.

Customized for Mississippi
Brown says his bill was written with Mississippians in mind.

“We worked with the agencies, both DHS and Mississippi Medicaid, to make sure we tailored our efforts to how Mississippi operates,” Brown said. “We had their input. We got them on board, got the governor’s office to buy in, and thankfully, we got the [lawmakers] to buy in—most of them, anyway.”

Brown says out-of-control increases in entitlement spending have been starving out other government services.

“We have a lot of people that are needy in our state, and the problem we are running into has been escalating costs of Medicaid,” Brown said. “If we didn’t control welfare fraud and abuse, we were going to have to cut services to the neediest.”

‘From Dependency to Dignity’
Jameson Taylor, vice president for policy at the Mississippi Center for Public Policy, says the new law will help reduce welfare fraud and encourage at-risk individuals to be more self-dependent.

“We are the poorest state in the country,” Taylor said. “We have the second-lowest work participation rate in the country. Welfare is a trap. We want to help move people from dependency to dignity, and from poverty to prosperity. That’s what these reforms do. They will also save the state money by kicking fraudsters off our rolls.”

Taylor says the new law is about saving lives, not just saving taxpayers’ money.

“The fiscal savings pales in comparison to how these reforms can transform people’s lives,” Taylor said. “Kansas implemented just one of the reforms in the Mississippi law—eliminating food stamps for able-bodied adults—then they tracked these people to measure the results. Half obtained employment almost immediately, and almost two-thirds were working within a year. Incomes rose by an average of 127 percent per year, with many finding permanent, well-paying jobs in a variety of industries.”

Keeping Faith with Taxpayers
Brown says the new law will ensure government honors the taxpayers’ trust.

“Most taxpayers are more than willing to help those that need help,” said Brown. “If a Mississippian is using those benefits in Disney World, then they start questioning the whole program. Then, if they lose faith, are we really helping people, or are people just gaming the system? We want the taxpayers to have faith in us that we’re good stewards with the taxpayer dollars, by helping people who need the help.”

Kimberly Morin (kimberlyamorin@gmail.com) writes from Brentwood, New Hampshire.
Texas Senate Approves Bill Phasing Out Margins Tax

By Elizabeth BeShears

The Texas Senate approved a bill to reduce and phase out the state's margins tax, which is collected from business owners for the privilege of doing business in the state.

Lawmakers approved Senate Bill 17, sponsored by state Sen. Jane Nelson (R-Flower Mound), in March.

If approved by the House and signed into law by Gov. Greg Abbott (R), the bill would reduce the margins tax—a levy on businesses' gross profits, also known as a franchise tax—every year state government revenue increases by 5 percent or more.

Complicated History

Texas' margins tax has a complex history, says Vince Ginn, an economist with the Texas Public Policy Foundation.

"The business franchise tax [has] been around for a long time," Ginn said. "Until 2006, it was primarily on large businesses. The Texas Supreme Court ruled in 2005 that our school finance system was unconstitutional. They ruled in 2005 that our school finance system was unconstitutional. They ruled in 2005 that our school finance system was unconstitutional. They ruled in 2005 that our school finance system was unconstitutional. They ruled in 2005 that our school finance system was unconstitutional. They ruled in 2005 that our school finance system was unconstitutional. They ruled in 2005 that our school finance system was unconstitutional. They ruled in 2005 that our school finance system was unconstitutional.

Lawmakers created a new tax to replace the old one, Ginn says. "In order to alleviate that issue and bring down property taxes across the state, they put in place what was called the Property Tax Relief Fund, and the way that that was going to be funded was through a 'reformed' franchise tax," Ginn said. "The reformed franchise tax was put in place in a special session in 2006. [It] basically broadened the base, so it wasn't just large businesses anymore."

‘Just a Bad Tax Overall’

"This ends up meaning employers are cutting workers or closing down, in some cases, so it's just a bad tax overall," Ginn said.

Salvador Ayala, a budget and policy analyst for Empower Texans, says the margins tax is costly for business owners and consumers alike.

"Texas businesses contend that the tax is burdensome and sometimes results in a cost of compliance that's greater than their total franchise tax liability," Ayala said. "As you may know, these costs and the tax itself are largely passed through to consumers."

‘A Spending Problem’

Government overspending is the root cause of excessive taxation, Ayala says.

"Approximately $3 billion of franchise tax collections are deposited to the Property Tax Relief Fund, which is then directed to the Foundation School Program. What usually presents as a revenue problem is actually a spending problem. My belief, that phasing out the franchise tax does not necessarily imply less funding for education, isn't affected by this."

Elizabeth BeShears (liz.ero@msn.com) writes from Trussville, Alabama.

Soda Tax to Hit Thirsty Cook County Consumers

By Lindsey Curnutte

The cost of enjoying a cold drink on a hot summer day will be going up for consumers in Cook County, Illinois, after a tax hike approved by the Cook County Board of Commissioners in November 2016 takes effect.

Starting July 1, the county government will begin collecting additional taxes on all sweetened drinks—including soda, iced tea, lemonade, and sports drinks—purchased by Cook County consumers in bottles or cans or from dispensers.

The soda tax will add a 1-cent-per-ounce tax to beverage prices before sales taxes are calculated, adding about 72 cents to the cost of a six-pack of soda.

In November, Cook County Board of Commissioners President Toni Preckwinkle broke a tie vote, saying, "This measure provides important revenue" the county government needs to remain solvent.

Costing Low-Income Households

Ted Dabrowski, vice president of policy for the Illinois Policy Institute, says the soda tax hits low-income people the hardest.

"The big issue is the moral case that it's going to tax people with lower incomes more than others, because they consume more sugary drinks than other people," Dabrowski said. "It's really a regressive tax."

‘Just Another Excuse’

Dabrowski says lawmakers use new taxes such as the soda tax to avoid making hard decisions to cut spending.

"This is just another excuse for politicians to find a way to tax people rather than do their job, which is to reform how the government spends," Dabrowski said.

Government Sin-dustry

Soda taxes don't improve public health, says Erika Davies, a master's degree fellow for the Mercatus Center at George Mason University.

"As the cost rises, consumers will either continue to do the thing, but now they will be unhealthy and poor, ... or they will substitute other, similarly unhealthy things," Davies said.

Soda taxes are self-contradictory, Davies says.

"There is an inherent hypocrisy in politicians holding the idea that sin taxes increase revenue," Davies said. "If policymakers push for their consumption tax as a means of raising revenue, this means that policymakers admit their sin tax does not discourage unhealthy behavior. It just makes people worse off, because they are still consuming the thing and they are spending more money doing it."

Lindsey Curnutte (lindseycurnutte@gmail.com) writes from Athens, Ohio.
Require Search Warrants for Phone Tracking, Congressman Proposes

By Michael McGrady

A U.S. House Judiciary subcommittee is considering the Geolocational Privacy and Surveillance Act (GPS Act), a bill to reform and standardize government law enforcement agencies’ surveillance of individuals’ cell phones and digital devices.

The bill was referred to the U.S. House Judiciary Subcommittee on Crime, Terrorism, Homeland Security, and Investigations in March, where it awaits consideration. Sen. Ron Wyden (D-OR) introduced a companion bill in the U.S. Senate in February.

The GPS Act would create a uniform standard for government agencies’ access to cell phone data, requiring state and federal law enforcement agencies to obtain a judge’s approval before seeking geolocation data from a private company such as an internet service or mobile phone provider.

Geolocation data are generated by devices such as mobile phones and laptop computers when connecting to the internet or phone networks. The data can be used remotely to determine individuals’ geographic location and track their movements.

Reinforcing Constitutional Rights

Marc Blitz, a professor at Oklahoma City University’s School of Law, says the bill creates consistent protections for individuals’ constitutional rights.

“The GPS Act would require the government to get a warrant of probable cause to get this information,” Blitz said. “One way to think about what the GPS Act is trying to do is that it is suggesting to give statutory protection for the Fourth Amendment. I think this bill is saying that even if the Fourth Amendment doesn’t protect us, statutes will.”

Establishing a Consistent Standard

Ernesto Falcon, legislative counsel for the Electronic Frontier Foundation, says he favors the GPS Act.

“This is a good idea because it will provide uniformity for geolocation practices in law enforcement,” Falcon said. “This bill will also require judicial review at all times.”

Falcon says different government agencies have varying policies on surveillance, creating confusion and uncertainty for individuals and government law enforcement agents alike.

“Right now, [regarding] the ability to track someone wirelessly on their phone, ... there is internal guidance with the Departments of Homeland Security and Justice that requires warrants,” Falcon said. “That is not the case for other federal agencies or state governments. There are times when the police think they need a warrant and there are times when they think that they don’t, so having a law on the books would be a win for the Fourth Amendment.”

Michael McGrady (mmcgrady@mcgradypolicyresearch.org) writes from Colorado Springs, Colorado.

Connecticut Governor’s Budget Bill Busts Liquor Price Floors

By Leo Pusateri

Connecticut residents may say “cheers” to a proposal in Gov. Dannel Malloy’s (D) proposed budget agenda.

The Connecticut Senate Finance, Revenue, and Bonding Committee held a public hearing in March to consider Senate Bill 787, sponsored by state Sen. Martin Looney (D-New Haven), to enact Malloy’s proposed budget for fiscal years 2018 and 2019.

Malloy’s budget agenda includes language removing government price controls on alcohol and liquor products sold to consumers. Connecticut is the only state in the nation with government-mandated minimum prices for alcohol sold to consumers.

Cheers to Pro-Consumer Reform

Patrick Gleason, director of state affairs with Americans for Tax Reform, says consumers should raise their glasses to Malloy’s proposed liquor law reform.

“Consumers will benefit from lower prices and increased disposable income, which is especially important for Connecticut residents who contend with the second-highest tax burden in the nation,” Gleason said.

“There are some liquor stores in Connecticut who claim they can’t continue existing if the state government stops forcing their competitors to charge artificially high prices,” Gleason said. “Operations that can only survive under such an anti-consumer, convoluted business model will rightfully need to readjust or find another line of business.”

Competing for Consumers’ Cash

Joseph Horvath, assistant policy director for the Yankee Institute, says increasing competition for consumers’ alcohol purchases would benefit everyone, even business owners.

“Eliminating minimum bottle requirements simply allows for more competition,” Horvath said. “Every store will have the opportunity to adapt and compete in a fair market. The best business owners will find a way to succeed the way they always do. It isn’t the proper role of government to set prices. The market will always do that better.”

Calling for Expansion

Horvath says lawmakers should apply the logic of removing liquor price controls to other regulations holding back consumers and businesses.

“The logic that underpins this policy is that government interference has been bad for consumers, and, by eliminating an intrusion into the marketplace, the state benefits,” Horvath said. “That concept should be translated to other areas and to the benefit of other groups. If price controls that regulate how you sell your product are bad, perhaps the state should look at [eliminating] regulations that govern how you run your business.”

Leo Pusateri (psyceistr@fastmail.fm) writes from St. Cloud, Minnesota.
The president hoped to sign a tax bill—prior to the upcoming health care debate—up or down, win or lose—before we go to taxes,” McConnell said. “It is complicated.”

“I think finishing on tax reform will take longer, but we do have to finish the reform by August. I think we feel very confident that we’re going to get a lot done—continue to get a lot done this year,” Spicer said. “Tax reform is high on the president’s priority list. I think it’s high on the American people’s priority list.”

One proposal under informal consideration by the president and lawmakers was first floated by House Speaker Paul Ryan (R-WI) in 2016 as part of the House Republican Tax Reform Task Force’s “Better Way” blueprint. Ryan’s proposal includes partially replacing taxes on international businesses’ profits earned in other countries with a border adjustment tax (BAT) on imported and domestically produced goods.

Ryan’s proposal is similar to a value-added tax (VAT), a policy used in many European countries. “It’s similar, to a degree, to a VAT,” Gray said. “It’s not a novel system in concept, but it would be a dramatic departure from how the United States currently raises revenue. You determine that your tax base is domestic consumption. The way you do that is that you exclude exports from taxation and you include imports. That focuses on a fairly immobile tax base, then you set the rate and raise revenue.”

“This arrangement would actually incentivize headquartering in the United States,” Spicer said. “It removes the current incentive to headquarter overseas and set up transfer-pricing shenanigans, which shift income overseas. If you want to do business in the United States, those transactions will be taxed here. It removes the current incentive to build a factory in China and—through a foreign subsidiary or a license agreement—ship those goods here.”

VAT’s American Cousin?

Gordon Gray, director of fiscal policy for the American Action Forum, says BAT is a bad idea for consumers. “The reality is that [BAT] is nothing more than a $1.2 trillion tax on the American people,” Lansing said. “It’s going to increase the costs of goods and services across the board, everything from gas to groceries to diapers—you name it. It’s going to result in higher prices for Americans. Call it for what it is. A border adjustment tax is a euphemism.”

Big ‘BAT’

Sean Lansing, chief operating officer for Americans for Prosperity, says BAT is a bad idea for consumers. “The government shouldn’t be picking winners and losers,” Lansing said. “It’s no different in this instance, especially when they’re doing so at the expense of taxpayers. They are once again giving special favors, handouts, carve-outs to big business, to corporations, at the expense of taxpayers. That’s unacceptable.”

By Jeff Reynolds

By Jeff Reynolds

President Donald Trump is hopeful lawmakers will step up to the plate this summer and craft a tax reform bill before August, White House Press Secretary Sean Spicer told reporters in March, after the Republicans’ Senate leader cast doubt on any action occurring in 2017.

At an event hosted by Politico on March 9, U.S. Senate Majority Leader Mitch McConnell (R-KY) said tax reform may be delayed until 2018.

“I think finishing on tax reform will take longer, but we do have to finish the health care debate—up or down, win or lose—before we go to taxes,” McConnell said. “It is complicated.”

Asked on that day about McConnell’s comment, Spicer said tax reform was a priority for the president, confirming the president hoped to sign a tax bill by August.

“The reality is that [BAT is] nothing more than a $1.2 trillion tax on the American people. It’s going to increase the costs of goods and services across the board, everything from gas to groceries to diapers—you name it. It’s going to result in higher prices for Americans. Call it for what it is. A border adjustment tax is a euphemism.”

SEAN LANSING

CHIEF OPERATING OFFICER

AMERICANS FOR PROSPERITY

The government should tax importers and exporters equally, instead of favoring one over the other, Lansing says.

“The government shouldn’t be picking winners and losers,” Lansing said. “It’s no different in this instance, especially when they’re doing so at the expense of taxpayers. They are once again giving special favors, handouts, carve-outs to big business, to corporations, at the expense of taxpayers. That’s unacceptable.”

Jeff Reynolds (jefferyreynolds@comcast.net) writes from Portland, Oregon.

JOIN THE TAX REVOLUTION!

The Tax Revolution Institute (TRI) is a non-partisan, nonprofit organization committed to researching and developing innovative, voluntary tax solutions to promote transparency, accountability and integrity in the delivery of public services in the U.S.

TRI’s purpose is not political. Rather, it is human and it is humane.

To learn more, or to download our reports, visit taxrevolution.us.
DOJ Lawyers Switch Sides, File Brief Opposing CFPB

By Michael McGrady

Lawyers for the U.S. Department of Justice (DOJ) filed an amicus brief opposing a decision by the Consumer Financial Protection Bureau (CFPB), switching sides in a lawsuit over the constitutionality of the structure of the independent government agency.

In October 2016, three judges on the U.S. Court of Appeals for the DC Circuit ruled in favor of a mortgage lending company that alleged Congress improperly designed CFPB. According to the court’s ruling, CFPB is not in compliance with constitutional requirements governing executive agencies’ accountability to the president. The court also determined the agency has allotted too much power to its director, Richard Cordray.

CFPB is an independent government agency created by the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly referred to as Dodd-Frank. CFPB was created to enforce restrictions on financial activity.

CFPB lawyers appealed the DC appellate court’s decision in November, and the case is now being considered again by the full 11-judge panel.

In March, DOJ lawyers filed paperwork siding with the plaintiff and against CFPB, stating the government’s new position is CFPB has acted unconstitutionally to prevent executive oversight.

Who Works for Whom?

Peter Wallison, the American Enterprise Institute’s Arthur F. Burns Fellow in Financial Policy Studies, says the case is about whether Cordray works for himself or for the president.

“The initial panel that heard the case several months ago and decided the case was a three-judge panel, they decided in a 2–1 decision that the CFPB had been unconstitutionally established because the president cannot remove the director of the CFPB at will. Most of the people who serve the president are removable at will.

“In the case of the CFPB, that is not true,” Wallison said. “There, the person that occupies the office of director can only be fired for misconduct of some kind. Under those standards, the president cannot get the director of the CFPB to behave the way the president wants him to behave.”

Courtroom Civil War

Brian Knight, a senior research fellow for the Financial Markets Working Group at George Mason University’s Mercatus Center, says government agencies rarely fight against each other in the courtroom.

“On one hand, it is not too surprising that the DOJ changed its position with the new administration,” Knight said. “It is a rare thing when the DOJ actually opposes another government agency. It isn’t entirely unheard of, but it is very rare.”

Bringing CFPB to Heel

Knight says DOJ’s changed stance indicates the Trump administration sees CFPB as a rogue agency.

“This does indicate that the Trump administration is not currently happy with the CFPB, as it currently is, and they want more control over it,” Knight said.

Michael McGrady (mmcgrady@mcgradypolicyresearch.org) writes from Colorado Springs, Colorado.

Trump Administration Submits Wish List for Trade Bloc Reform

By Michael McGrady

President Donald Trump’s advisors have released a list of changes Trump would like lawmakers to make to the North American Free Trade Agreement (NAFTA), a trilateral trade bloc agreed to in 1994 by the United States, Canada, and Mexico.

The “wish list” includes renegotiating NAFTA to reduce the U.S. trade deficit, the difference between the total value of U.S. goods purchased by foreign consumers and that of foreign-manufactured goods purchased by American consumers.

The Office of the U.S. Trade Representative gave the list to the U.S. Senate Finance Committee’s hearing on the nomination of Robert Lighthizer to the post of U.S. trade representative.

Politics and Prosperity

Clifford Thies, a professor of economics and finance at Shenandoah University, says voters’ opinion of international trade tracks economic prosperity at home.

“Regarding NAFTA, it worked well when the economy was working,” Thies said. “While some jobs were lost, other jobs opened up. But as the economy has slowed down, NAFTA has come under suspicion. During the campaign, both candidates said NAFTA needed to be renegotiated. … I don’t know what either was referring to. What I know is this: Countries that have underperforming economies become inward-oriented and pessimistic.”

Calls for Regulatory Reform

Caleb Watney, a master’s degree fellow at the Mercatus Center at George Mason University, says changing NAFTA’s trade terms will not help unemployed Americans find work or cause businesses to hire locally.

“If we change up the way we do our treaty agreements with Mexico, that’s not going to bring a major revitalization of manufacturing jobs back to America,” Watney said. “The best thing we can do is find ways to make it easier for workers to get retrained and [get] new jobs. That could mean things like job retraining programs, or making it easier to move to big cities. Where there are a lot of artificial housing restrictions that make it more expensive to move into big cities.”

“This does indicate that the Trump administration is not currently happy with the [Consumer Financial Protection Bureau], as it currently is, and they want more control over it.”

BRIAN KNIGHT
SENIOR RESEARCH FELLOW
MERCATUS CENTER

INTERNET INFO


Michael McGrady (mmcgrady@mcgradypolicyresearch.org) writes from Colorado Springs, Colorado.
FTC Chief Unveils Occupational Licensing Reform Task Force

By Elizabeth BeShears

The Federal Trade Commission (FTC) has created a new task force dedicated to reforming government hurdles to job growth, including occupational licensing.

Acting Chairman Maureen Ohlhausen announced in March the launch of the Economic Liberty Task Force’s website, focusing on promoting free-market competition as an alternative to state and local occupational licensing regulations.

Before officially unveiling the initiative, Ohlhausen gave a speech at George Mason University in February saying she “challenge[d] anyone to explain why the state has a legitimate interest in protecting the public from rogue interior designers carpet-bombing living rooms with ugly throw pillows.”

Longtime Reform Proponent

Ed Timmons, an associate professor of economics at Saint Francis University, says FTC has been a part of the fight for common-sense occupational license reforms for decades.

“The FTC has been a good advocate on this front for a while,” Timmons said. “Going all the way back to the 1980s, they did research on licensing in the eye care professions. There were actually some laws for eye care professionals that banned advertising, and clearly that was an anticompetitive practice on the part of the eye care professionals. The FTC did quite a bit of work documenting how it raised prices on eye care services and eyewear. Ultimately those restrictions were removed.”

Growing Consumer Concern

Occupational licensing regulations benefit insiders and cost consumers, and the problem is only getting worse, Timmons says.

“Consider the statistic that in 1950 around 5 percent of workers required licenses for their job, and today estimates range anywhere from 22 to 29 percent,” Timmons said. “We know that it certainly results in higher prices for those who pay for the license—as much as 15 percent. It seems to be associated with higher prices for services for consumers, and estimate range anywhere from 3 percent to 15 percent for that as well. And we know that in many cases, this presents barriers to entry for a lot of workers that are aspiring to enter a new profession and try and climb the job ladder.”

That’s the Spirit!

Patrice Lee Onwuka, communications director at Generation Opportunity, approves of Ohlhausen’s commitment to pro-consumer reforms.

“I think what’s encouraging about what the FTC acting chairwoman mentioned is just the spirit, that the federal government is trying to lead the way and encouraging states to also follow through on their occupational licensing reforms,” Onwuka said.

Government meddling in the marketplace stymies younger workers starting their careers, impeding economic growth and keeping them from finding work, Onwuka says.

“When we look at youth unemployment, which thankfully is no longer in the double digits but hovered around 12 to 15 percent throughout the recession and well into the recovery, we still have a lot of young people who are either underemployed or have dropped out of the job market,” Onwuka said.

House Considers Bill Burying Federal Death Tax

By Michael McGrady

Fifteen lawmakers in the U.S. House of Representatives signed on as cosponsors of a bill that would remove the federal government’s tax on the estates deceased individuals transfer to family or other loved ones.

The estate tax, commonly referred to as the “death tax,” is the only wealth tax levied by the federal government. Death taxes are charged on top of the taxes already collected by the government on that money during the original earner’s life.

In March, 15 lawmakers joined a growing list of cosponsors of House Resolution 631, the Death Tax Repeal Act of 2017. The bill was sponsored by Rep. Kristi Noem (R-SD) in January.

At press time, the bill was under consideration by the House Ways and Means Committee.

Easing Burdens on Families

Noem says her bill is about helping hardworking American families survive and prosper.

“Today, around 70 percent of family-owned businesses fail to survive even one generation,” Noem told Budget & Tax News. “My dad woke up at the crack of dawn almost every morning to build a farm large enough so his kids could farm together one day, if we wanted to. When he died unexpectedly in a farming accident, that American dream was put into jeopardy by the death tax. We ought to be making it easier, not harder, to pass family businesses from one generation to the next. My legislation does that.”

Disparate Impact

Noem says the death tax is especially tough on families of small-farm owners such as her deceased father.

“This tax disproportionately impacts farmers, ranchers, and small businesses, who have a large number of assets but not necessarily cash in the bank,” Noem said. “It’s not right. My legislation fully and permanently repeals the death tax, so no family would have to go through what ours did. Families asked to pay the death tax have already paid taxes when they bought the land or machinery. They shouldn’t be taxed on it again just because a loved one has passed away.”

A Popular Repeal

Patricia Soldano, founder of the Policy and Taxation Group, a think tank promoting economic liberty, says repeal of the federal death tax is popular with voters.

“Death shouldn’t be a taxable event,” Soldano said. “When we surveyed people—just generally around the issue of the tax and what they thought about it—46 percent said that the tax should be reduced or eliminated.”

Michael McGrady (mmgrady@m McGradyPolicyResearch.org) writes from Colorado Springs, Colorado.
By Ben Johnson

Congress sent President Donald Trump a resolution blocking a U.S. Department of Labor (DOL) regulation that prevents state governments from testing individuals for evidence of illegal drug use when applying for entitlements. Using a process created by the Congressional Review Act in 1996, a simple majority of lawmakers in the House and Senate expressed their disapproval of the DOL rules on March 21.

Trump signed the resolution into law on March 31, blocking the DOL rules. On February 7, the White House published a press release supporting Trump’s advisors would encourage the president to sign it. Later that month, Trump promised Conservative Political Action Conference attendees it is “time for all Americans to get off welfare and get back to work.”

During his February 24 speech, referring to welfare reform, Trump added, “You’re going to love it.”

Ensuring Help for Needy

Gregg Pfister, legislative relations director for the Foundation for Government Accountability, says scammers are ripping off government entitlement programs such as Medicaid and the Temporary Assistance for Needy Families program.

“Taxpayer money is a limited resource, and, unfortunately, it is often a target of fraudsters,” Pfister said. “In Illinois, over 14,000 dead people were discovered on the Medicaid rolls. In Florida, over 3,500 people were found collecting food stamps in that state while also receiving benefits in a neighboring state.”

“Every penny wasted is money that cannot go to those in dire circumstances, such as the nearly 600,000 individuals nationwide trapped on Medicaid waiting lists,” Pfister said.

Poverty Trap

Pfister says government handouts keep people stuck in poverty. “The longer an individual is stuck on welfare, the longer their life circumstances are not improving,” Pfister said. “Success should be measured by the number of people transitioning off these programs and onto the path of self-sustainability, which begins with employment.”

Time-Tested Solution

Peter Ferrara, a senior fellow for entitlement and budget policy at The Heartland Institute, which publishes Budget & Tax News, says Congress and Trump should look to past successes for ideas on how to reform government entitlements.

“Welfare reform should be based on extending the block grants for just one federal welfare program in the 1996 reforms—for the old, New Deal, Aid to Families with Dependent Children program—to all of the close to 150 federal and state means-tested welfare programs,” Ferrara said. “Those 1996 reforms got two-thirds of those dependent on AFDC off of welfare and working instead.”

Everyone Is a Winner

When President Bill Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, everyone benefitted, Ferrara says. “The poor gained because their incomes increased by 25 percent as a result, and the taxpayers gained because, after 10 years, the costs of the AFDC program were 50 percent less than they would have been otherwise, based on prior trends,” Ferrara said.

Using block grants to give state governments more flexibility is a time-tested recipe for success, Ferrara says. “The more those reforms are extended through block grants to all federal and state means-tested welfare programs, the more both the poor and taxpayers will be better off,” Ferrara said. “Block grants, as in the 1996 reforms, were President Ronald Reagan’s plan for all welfare programs. I am hoping that this is President Trump’s plan.”

Ben Johnson (therightswriter@gmail.com) writes from Stockport, Ohio.

Who is Violating The Constitution Today?

Our American Constitution

The new website by Robert G. Natelson

Natelson is a nationally known constitutional scholar and Senior Fellow in Constitutional Jurisprudence at The Heartland Institute.

Professor Natelson’s articles and books span many different parts of the Constitution, including groundbreaking studies of the Necessary and Proper Clause, federalism, Founding-Era interpretation, regulation of elections, and the amendment process of Article V.

Visit RobNatelson.com to Find Out.

Congress Considers Rolling Back Global Tax Reporting Rules

By Jeff Reynolds

A bill before Congress would roll back regulations requiring banks in other countries to report to the Internal Revenue Service on U.S. citizens’ assets held abroad.

In April, U.S. Rep. Mark Meadows (R-NC) and Sen. Rand Paul (R-KY) proposed House Resolution 2054 and Senate Bill 869, respectively. The bills would repeal the Foreign Account Tax Compliance Act (FATCA), which was passed in 2010.

More Harm Than Good

Adam Michel, a policy analyst with The Heritage Foundation, says FATCA creates more problems than it solves. “The main problems are that compliance costs are too high, and new reporting requirements have the potential to violate taxpayer privacy by requiring reporting of citizen account information to the IRS without suspicion of a tax law violation,” Michel said. “The reporting burden and potential withholding penalties faced by foreign banks trying to comply with the new regulations have made it easier for some Americans to renounce their citizenship than find a bank that is willing to bear the bureaucratic costs of FATCA.”

FATCA ‘Fundamentally Flawed’

Brian Garst, director of policy and communications at the Center for Freedom and Prosperity, says FATCA is the wrong kind of tax policy. “FATCA is a fundamentally flawed approach to tax enforcement,” Garst said. “Rather than recognize the root causes of tax evasion—excessive rates and overly complex rules—FATCA represents a belief that more draconian enforcement is the best approach to increasing compliance.”

Territorial Tax Alternative

Garst says adopting the international standard for taxing cross-border income would be more likely to achieve FATCA’s stated goals. “Comprehensive tax reform that moves us to a more pro-growth system would render much of FATCA’s targeted information moot,” Garst said. “Adopting a territorial system instead of being one of the only nations that tax citizens no matter where they live or earn income makes FATCA’s reporting requirements superfluous.”

Jeff Reynolds (jefferyreynolds@comcast.net) writes from Portland, Oregon.
Kansas Calls for Regulation Reform Amendment Convention

By Michael McGrady

The Kansas Legislature officially approved a resolution calling for a national convention to draft and enact checks on federal agencies’ authority to create costly regulations without lawmakers’ approval.

In April, the Kansas House of Representatives enrolled House Concurrent Resolution 5003, asking Congress to call an amendment convention. The Kansas Senate approved the concurrent resolution in March, after the House approved the resolution in February.

HCR 5003, sponsored by state Rep. Steven Johnson (R-Assaria) in January, is based on model legislation known as the Regulation Freedom Amendment, which was proposed by the American Opportunity Project, a nonpartisan, nonprofit think tank.

As provided for in Article V of the U.S. Constitution, after 34 states call for an amendment convention, the gathering, consisting of commissioners selected by the individual state legislatures, is limited to consideration of an amendment requiring the federal government to enact the proposal specified in the call.

Lawmakers in 21 states have approved Regulation Freedom Amendment resolutions.

The amendment would create a new check on federal government agencies by requiring congressional approval before the executive branch can implement major regulations.

Real Costs to Consumers

Consumers ultimately pay the price for overregulation, Johnson says.

“The Department of Labor’s fiduciary rule, the Clean Power Plan rule, … things such as these cost millions, perhaps billions, of dollars to industry and are borne by consumers,” Johnson said.

“The goal that is stated for the Regulation Freedom Amendment is to end regulation without representation, such that there would be oversight of regulations,” Johnson said. “If one-quarter of the U.S. House or Senate object to the regulation, then congressional oversight would have to happen before enactment, rather than the possibility of review and repeal after the regulations are enacted by any regulatory authority.”

Johnson says the resolution is all about protecting freedom.

“We don’t want government deciding everything for us, and this is one more way to make sure that agencies can’t take those freedoms away,” Johnson said.

Government Gone Wild

Roman Bühler, director of the Madison Coalition, a nonpartisan organization working to restore a balance of state and federal power, says the proposed amendment would enable elected officials to keep unelected government bureaucrats in check.

“Ending the fear of capricious federal regulators, by requiring that Congress approve major new federal regulations, would be a powerful way to protect our constitutional rights and accelerate economic growth,” Bühler said.

“Just as states helped force Congress to propose the Bill of Rights, leaders in two-thirds of the states, working with allies in Congress, could potentially, over the next two to three years, force Congress to constitutionally require that major new federal regulations be approved by Congress and permanently restore the Article I power of Congress,” Bühler said.

Michael McGrady (mmcgrady@mccgradypolicyresearch.org) writes from Colorado Springs, Colorado.

By Matt Hurley

The U.S. House of Representatives is considering a bill to change how the federal government spends the proceeds from local and state law-enforcement agencies’ use of civil asset forfeiture.

House Resolution 1067, the Build up Illegal Line Defenses with Assets Lawfully Lifted Act of 2017 (BUILD Act), was sponsored by U.S. Rep. James Sensenbrenner (R-WI) in February and referred to the U.S. House Subcommittee on Crime, Terrorism, Homeland Security, and Investigations in March. The BUILD Act would require the federal government’s cut of individuals’ assets and property received through the U.S. Department of Justice’s “equitable sharing” program to be spent on the construction of a border wall with Mexico.

The equitable sharing program allows local and state law-enforcement agencies to receive shares of assets taken from citizens without criminal charges or search warrants, as payment for participation in federal agencies’ asset seizure raids.

“I am against civil asset forfeiture, no matter what use the funds are put to. Civil asset forfeiture is a clear violation of the right to property and the principle that one is innocent until proven guilty. It is an example of placing the state’s interests above the individual’s. The government should have no ability to freeze assets, confiscate property, unless a guilty verdict has been rendered, or there is real evidence that a prosecuted—but not convicted—criminal is trying to move assets out of reach.”

YARON BROOK, EXECUTIVE CHAIRMAN, AYN RAND INSTITUTE

‘A Clear Violation’

Yaron Brook, executive chairman of the Ayn Rand Institute, says civil asset forfeiture is immoral, regardless of how the government uses the proceeds.

“I am against civil asset forfeiture, no matter what use the funds are put to.”

Brook said, “Civil asset forfeiture is a clear violation of the right to property and the principle that one is innocent until proven guilty. It is an example of placing the state’s interests above the individual’s. The government should have no ability to freeze assets, confiscate property, unless a guilty verdict has been rendered, or there is real evidence that a convicted—but not convicted—criminal is trying to move assets out of reach.”

Brook says the government exists to protect the people, not vice versa.

“Individuals’ property is not the state’s to do with as it pleases,” Brook said. “We do not hold wealth at the permission of the state. To take anything from an individual, the burden is on the government to make a case for its criminal use.”

Unconstitutional Takings

Ted Nelson, a representative of the Law Enforcement Action Partnership (LEAP), a nonprofit organization composed of police, prosecutors, judges, and other criminal justice professionals promoting criminal justice reform, says civil asset forfeiture is unconstitutional.

Before joining LEAP, Nelson served as a Michigan State Police lieutenant and instructor.

“If you look at the 14th Amendment and due process, it states that the government shall not take away property without paying you for that property without due process,” Nelson said. “If you are trying to fund something like a wall, then the pressure is going to be on all the agencies to come up with those funds.”

Matt Hurley (wmdtvmat@yahoo.com) writes from Dayton, Ohio.
Mobile, Alabama Lawmakers Uber Mad Over State Ridesharing Bill

By Elizabeth BeShears

The Mobile, Alabama City Council passed a resolution opposing a state lawmaker’s proposal to standardize government licensing regulations on peer-to-peer transportation network companies (TNCs) such as Uber and Lyft, popular services connecting drivers and passengers through mobile phone apps.

In March, the Mobile lawmakers passed a nonbinding resolution voicing opposition to House Bill 283, proposed by state Rep. David Faulkner (R-Mountain Brook) in February.

HB 283 would prohibit local governments from imposing taxes or licensing requirements on TNCs and would replace local laws with a standardized regulatory framework.

Statewide Standards, Standard
Faulkner says a statewide framework of licensing regulations would benefit TNC service providers and consumers alike.

“They’re all over the country, and we’d be the 40th state to have statewide licensing regulations would benefit TNC service providers and consumers alike.”

Localism vs. Reform
Andrew Yerbey, senior policy counsel for the Alabama Policy Institute, says regulatory reform sometimes requires state lawmakers to overrule local leaders.

“In most cases, we believe delegating this decision-making authority should be left to as local a level as possible, but Alabama has a problem with instituting burdensome licensing programs on entrepreneurs,” Yerbey said. “A license should always be the least restrictive means of protecting the public’s health, safety, or welfare, and that’s something that should always be kept in the front of people’s minds, because licensing is so out of control.”

Elizabeth BeShears (liz.erob@gmail.com) writes from Trussville, Alabama.

Minnesota Repeals ‘Blue Law’

By Leo Pusateri

Minnesotaans will soon be toasting a new law, thanks to the repeal of 158-year-old legislation preventing liquor stores from operating on Sundays.

In March, Gov. Mark Dayton (D) signed into law House File 30, a bill proposed by state Rep. Jennifer Loon (R-Eden Prairie). Starting July 2, the state government’s ban on selling alcohol on Sunday, initially enacted in 1857, will end.

Once the repeal takes effect, only 11 states will still have blue laws, restrictions on when consumers may legally purchase liquor and wine.

Convenience for Consumers
Peter Nelson, vice president and senior policy fellow at the Center of the American Experiment, says the new law will benefit all consumers, even teetotalers.

“The upside for consumers will, of course, be convenience,” Nelson said. “But there’s also an upside for Minnesota’s border communities. My research shows employment growth is slower in counties on the Minnesota side of the border, which is at least partly due to the state’s more burdensome taxes and regulations. This helps, though only in a small way, even things out.”

Leo Pusateri (psycheist@fastmail.fm) writes from St. Cloud, Minnesota.

Visit assemblystatelegislatures.com to review the rules for an Article V convention and learn more about how delegates are selected, which topics will be allowed, and who presides over the convention.

The ASL is a bi-partisan group of legislators dedicated to ensuring the framework for an Article V convention free from special interest influence.

Visit assemblystatelegislatures.com for additional information and details.

Minnesotaans will soon be toasting a new law, thanks to the repeal of 158-year-old legislation preventing liquor stores from operating on Sundays.
San Diego voters will be asked to approve a plan to demolish a former National Football League stadium and replace it with a Major League Soccer (MLS) complex without putting any taxpayer money on the line.

In April, FS Investors, a development group led by San Diego investment manager Michael Stone, announced its intentions to organize a ballot initiative in November asking for residents' approval for construction of SoccerCity, a soccer stadium and arena district situated where Qualcomm Stadium is currently located.

SoccerCity would be completely financed by private funds, as opposed to the arena the complex would replace, Qualcomm Stadium. Because Qualcomm Stadium is owned and operated by the city government, a vote is required to transfer ownership from the City of San Diego to FS Investors.

Qualcomm Stadium, also known as “The Q,” previously served as the home of the San Diego Chargers NFL team. In January, the Chargers relocated to Los Angeles, leaving San Diego taxpayers on the hook for about $12 million a year in maintenance and debt payments on a now-unused stadium.

‘Significant Financial Outflow’
Robert Baade, a professor of economics at Lake Forest College, says stadium subsidies often result in taxpayers getting sacked.

“The problem with sports is most of the money goes to players and owners,” Baade said. “A majority of players live outside of where their team plays, and therefore you are setting up an industry that results in significant financial outflow.”

Baade also questions the claims stadiums bring economic benefits.

“With big public projects such as sports stadiums, you have to consider the significant substitution effect, which is the idea that if you spend more time and money on sports spectating, you are going to spend less time and money on other recreational pursuits that involve spending,” Baade said.

Politics of Pigskin
Baade says team owners effectively hold taxpayers hostage to get government funding.

“When you consider sports teams, they are unregulated monopolies, which means they can maintain an excess demand for teams,” Baade said. “No politician wants to lose a team on their watch, and so mayors are constant about making sure the team is accommodated, in order to avoid the loss of that team.”

Benefits for Both Parties
Craig Eyermann, a research fellow at the Independent Institute, says privately funded sports stadiums are a better deal for taxpayers and team owners alike.

“The biggest benefit to a privately funded stadium over a taxpayer-funded one is that the taxpayer doesn’t have any risk if the team’s owners decide to leave for another city or if the team fails,” Eyermann said. “For team owners, private funding has an advantage, in that they can move a stadium construction project along much more quickly than can be done when public tax dollars are involved.”

Elizabeth Sanders (elizabethsanders.heartland@gmail.com) writes from Chicago, Illinois.

INTERNET INFO

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.
Meeting with representatives of telecommunications companies in April, Federal Communications Commission (FCC) Chairman Ajit Pai reportedly promised to work to roll back his predecessor’s efforts to control the internet.

Reuters reported Pai told company representatives on April 4 he plans to reverse former FCC Chairman Tom Wheeler’s “net neutrality” rules, enacted in 2015, and replace them with voluntary agreements with internet service providers (ISPs) to refrain from obstructing or slowing consumers’ data transfers.

If It Ain’t Broke …
Scott Cleland, U.S. coordinator for communications and information policy under President George H.W. Bush, says FCC’s net neutrality rules were just a way to increase the agency’s power over consumers.

“Net neutrality has long been a solution in search of a problem,” Cleland said. “There is consensus that consumers should have the freedom to access legal content, apps, and devices on the net. Where it became controversial is when the previous FCC imagined it needed to reclassify broadband as a Title II common carrier monopoly service for competitive companies. That was totally unjustified, unwarranted, and unnecessary, … a huge mistake.”

Regulation for Regulation’s Sake
Net neutrality is just another way of saying “more government restrictions,” Cleland says. “Net neutrality proponents now claim Title II utility regulation of broadband is net neutrality,” Cleland said. “Consumers are harmed by unnecessary net neutrality regulation that discourages investment in faster networks and innovative new offerings like 5G (gigabit) mobile broadband. Why would an internet service provider not want to win a new customer by providing it the bandwidth it needs?”

Guilt Without Evidence
Katie McAuliffe, executive director of Digital Liberty, a nonprofit organization promoting policies encouraging a consumer-driven technology market, says FCC’s net neutrality rules solved a problem no one had.

“There hasn’t been any indication that any of these companies are blocking or practicing any type of anticompetitive behavior,” McAuliffe said. “If one of the ISPs were to block content from Amazon or the like, it would be considered anti-competitive, and they could easily be taken to court. In fact, Comcast was taken to court over blocking and slowing, and [FCC] lost.”

Customer-Experience Neutrality
McAuliffe says FCC should enact policies promoting consumers’ interests, instead of increasing its own political power.

“Neutrality should mean that everything appears on my screen equally and seamlessly, so I, as a customer, don’t notice any issues,” McAuliffe said. “The speed of an email, the speed of a webpage loading, the speed of a video, and the speed of a video game should all appear seamlessly. When you think about the amount of data a video chat needs versus the amount of data an email needs, the video chat should be prioritized so that you don’t have latencies and so there are no blips in your conversation. Email doesn’t require as much bandwidth. By prioritizing a video chat, you’re not actually harming anyone receiving e-mail.

“Net neutrality is ill-conceived in that it thinks about neutrality in terms of bits and bytes in the network, not neutrality of customer experience,” McAuliffe said.

Leo Pusateri (psycmeistr@fastmail.fm) writes from St. Cloud, Minnesota.
By Ben Johnson

Lawmakers in Congress are considering a measure that would prohibit federal government agencies from using lawsuit settlements to promote political goals and enrich friendly outside groups.

Representatives of foreign automobile manufacturer Volkswagen pleaded guilty in March to charges of falsifying testing data to meet U.S. Environmental Protection Agency requirements, agreeing to pay at least $1.5 billion in civil penalties, plus criminal fines.

The company will be forced to contribute up to $2 billion to third parties uninvolved in the lawsuit, to be used for promoting the adoption of zero-emissions automobiles.

The final details of the settlement were released in April. A bill under consideration in the U.S. House of Representatives would block the federal government from using similar lawsuit settlements to enrich outside organizations in the future.

House Resolution 732, the Stop Settlement Slush Funds Act, would prohibit the federal government from using lawsuit settlement punishments to fund pet causes or political organizations.

The bill would require government officials, such as those in the U.S. Department of Justice (DOJ), to direct lawsuit settlement payments to compensate victims of defendants' actions or to the federal government’s general fund.

Stopping ‘Seedy’ Settlements
Paul Larkin, a senior legal research fellow at The Heritage Foundation, says the bill would stop the government from striking “seedy” settlement deals with defendants.

“It requires government lawyers to deposit into the federal Treasury all monies they receive as a result of a settlement or some other activity,” Larkin said. “The government is engaging in a certain seedy way of trying to technically avoid that by telling the settling party, ‘You don’t need to give all that to me. You can give it to a third party.’”

“That’s an out-and-out sham,” Larkin said. “That’s what the law would recognize as a sham.”

Larkin says settlement slush funds are “unjust” and “unlawful.”

“If I sold you heroin and I said, ‘You don’t have to give the $10,000 to me; you can give it to my associate,’ I would still be liable for that $10,000 for the transaction that was involved, because I had control over what happened to it, even if I never got my mitts on it,” Larkin said. “So, at the outset, it’s really quite unlawful what they’re doing, and unjust for that reason.”

Backdoor Budgeting
Larkin says executive branch agencies such as DOJ and the Environmental Protection Agency are infringing on lawmakers’ authority to determine how money is appropriated.

“All the people making these decisions about who should get money are not elected officials,” Larkin said. “The law doesn’t give the administration, whether it’s Republican or Democrat, a bag of money that it can pass out as it likes.”

Profit Motive, Not Public Interest
Matt Webb, senior vice president of policy at the Institute for Legal Reform, says the settlement slush funds undermine the rule of law.

“These practices do not simply undermine the structure specified in the Constitution,” Webb said. “They also create perverse incentives for agency officials to pursue enforcement activities that are based not on the public interest but on the individual officials’ narrow private interests in obtaining funds for favored private entities. Permitting federal and state enforcement officials to steer funds to third-party organizations allows the profit motive to replace the public interest and undercut legislative spending authority.

“Agencies should not be allowed to fund pet projects and special-interest groups outside of the appropriations process,” Webb said.

Ben Johnson (therightswriter@gmail.com) writes from Stockport, Ohio.
Thought-Provoking Book Considers the State of the American Dream

By Jay Lehr

Tyler Cowen’s The Complacent Class: The Self-Defeating Quest for the American Dream is a thought-provoking examination of what the American Dream is and how people reach it.

To support the book’s claims, the author uses economic and sociological data that are presented in an easily digested way.

Although The Complacent Class is an enjoyable read, Cowen could have used the same data to reach different conclusions. Nonetheless, the book provides much valuable information and insight.

Cowen’s book claims Americanism is synonymous with restlessness, refusing to be content with “good enough.” Identifying the expansionism of the eighteenth and nineteenth centuries as America’s zenith, Cowen writes the American dream for bigger and better decisions at the societal level are significant, unintended, and not always good. They have made us more risk-averse and more set in our ways, more segregated, and they have sapped us of the pioneer spirit that made America the world’s most productive and innovative economy. Furthermore, all this has happened at a time when we may need American dynamism more than ever before.

Self-Sorting a Social Ill? Cowen claims Americanism is becoming balkanized and coming apart, arguing we have largely stopped seeking out new experiences and new people. However, the data he chooses to support this claim do not persuade. Cowen mentions so many positive trends that one can argue Americans have not become complacent or risk-averse.

For example, he uses the clearly pejorative term “segregation” to describe the tendency of people to sort into relatively homogenous neighborhoods, but people have always done that. There is nothing uniquely American nor contemporary about such self-sorting.

Also, when arguing people’s use of technological advancements, such as Google or Facebook, increasingly involves just watching others’ interesting lives instead of actively living their own lives, Cowen ignores that these services didn’t exist to improve people’s lives until only recently, suggesting that culture and technology are not decelerating.

Connecting People with Things Improving the accuracy of matching consumers’ wants with services and products is leading to more complacency and less interest in new experiences, Cowen writes.

“Even when we do get a big breakthrough, its impact is not in every way revolutionary,” Cowen writes. “Paradoxically, Americans can use innovative, ever more efficient information technology to slow down the change in many parts of life and to become more rather than less settled. … Spotify and Pandora match our taste in music. Software matches college roommates. LinkedIn matches executives and employees. Facebook helps us reconnect to our past—our old neighbors, our old boyfriends—and more generally even brings us to just the right news and advertisements, or at least what we think is just right.”

Warning Against Complacency As with many of the other claims in The Complacent Class, I disagree with Cowen’s conclusion the American culture has become stagnant. Nonetheless, the idea has merit as a thought exercise and a warning against a decline of the nation’s spirit.

The Complacent Class: The Self-Defeating Quest for the American Dream is filled with useful and provocative facts and references, and I encourage readers to consider its challenging hypotheses with an open mind, even if one ultimately disagrees with the long-term predictions Cowen makes, as I did.

The Complacent Class: The Self-Defeating Quest for the American Dream is filled with useful and provocative facts and references, and I encourage readers to consider its challenging hypotheses with an open mind, even if one ultimately disagrees with the long-term predictions Cowen makes, as I did.


"The Complacent Class: The Self-Defeating Quest for the American Dream is filled with useful and provocative facts and references, and I encourage readers to consider its challenging hypotheses with an open mind, even if one ultimately disagrees with the long-term predictions Cowen makes, as I did."

"Studying the American Spirit Cowen artfully cites the observations of Alexis de Tocqueville, a French aristocrat and author of the nineteenth-century classic Democracy in America, in describing the type of mindset Cowen believes to be essential to America’s past successes. Cowen seizes on de Tocqueville’s observations of Americans of the time as identifying “restlessness”—striving for different, more, and better—as what sparked the flame of American democracy.”

"If there is any primary theorist for the decline of American restlessness, it is Tocqueville, who understood that a static America might in the longer run have trouble maintaining the democratic spirit of the country and that an ongoing status was not the same as perpetual stability.” Cowen writes. “Whatever his fears for the future, Tocqueville’s basic portrait of the United States was of a land perpetually in motion. Democracy in America details a nation in ferment, in the process of becoming, and full of energy and ambition. Tocqueville noted that Americans were far more restless than the English, and furthermore this restlessness came from a great awareness of what they always were lacking.”
The Heartland Institute is a 33-year-old 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 Web site at heartland.org or call 312/377-4000.

Take Our Experts Where You Go.

Wherever you are, wherever you go, and whatever your policy interests, Heartland’s Daily Podcasts connect you with key players!

**Budget & Tax**
Jesse Hathaway and other budget and tax policy experts relate news and views from the local, state, and federal arenas.

[heartland.org/topics/taxes](http://heartland.org/topics/taxes)

**Energy**
Isaac Orr covers fracking and energy policy like no one else, from the (under)ground up.

[heartland.org/topics/energy](http://heartland.org/topics/energy)

**Environment**
H. Sterling Burnett, Ph.D. conducts interviews and breaks news on climate change and other environment issues.

[heartland.org/topics/environment](http://heartland.org/topics/environment)

**Health Care**
Michael Hamilton interviews leading health care policy analysts and relates news and views from the health policy arena.

[heartland.org/topics/health-care](http://heartland.org/topics/health-care)

**Constitutional Reform**
Lindsey Stroud keeps you up to date on constitutional reform efforts, interviewing experts.

[heartland.org/con-reform](http://heartland.org/con-reform)

**In the Tank**
Hosts Donny Kendal and John Nothdurft explore the world of think tanks in a weekly podcast that features interviews, debates, roundtable discussions, stories, and light-hearted segments on a variety of topics on the latest news.

[heartland.org/multimedia/podcast](http://heartland.org/multimedia/podcast)

**Education**
Teresa Mull conducts interviews covering the latest in education and school choice.

[heartland.org/topics/education](http://heartland.org/topics/education)

Subscribe to Heartland’s daily podcasts on iTunes or listen from the audio pages at heartland.org
YOU ARE OFFICIALLY INVITED!

WESTERN CONSERVATIVE SUMMIT 2017
MAKING GOODNESS FASHIONABLE

★ JULY 21-23 ★

Colorado Convention Center ★ Denver
Reserve your seats today!
wcs17.com/Summit | 877.798.6298