Oregon Voters Consider Tax Hikes on Businesses

By Jeff Reynolds

This November, voters in Oregon will be asked to approve a ballot measure that would raise taxes on businesses in the state.

If approved, the Oregon Business Tax Increase Initiative, officially designated Measure 97, will establish a minimum tax of $30,000 on corporations in the state and increase taxes on revenue exceeding $25 million per year.

If approved, Measure 97 would not replace existing income and alternative minimum corporate taxes paid by business owners in Oregon, but it would instead add to the cost of doing business in Oregon.

Jason Williams, president and cofounder of the Taxpayers Association of Oregon, says Measure 97 is historic.

Trump Relaunches Economic Plan in Detroit

By Marybeth Glenn

At a speech in Detroit in August, Republican presidential candidate Donald Trump relaunched his to-do list for economic reform if elected in November.

Trump had already announced his tax policy proposals in a September 2015 speech, but he has revised them over the past 11 months with the guidance of an economic policy team that includes notable business figures and investors.

During the Detroit speech, Trump proposed cutting tax rates, consolidating tax brackets, and eliminating tax loopholes. Trump also promised to ensure “the rich will pay their fair share” as part of his envisioned tax reforms.

Different Steps, Same Path

Grover Norquist, president of Americans

TRUMP, p. 4
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REPRESENTATIVE ISAAC LATTERELL
SOUTH DAKOTA
House Speaker Paul Ryan Rolls Out ‘Better Way’ Economic Reform Agenda

By Lindsey Curnutte

The top lawmaker in the U.S. House of Representatives unveiled a comprehensive reform agenda in which he proposes a set of economic policy reforms to reduce the size of government using conservative principles.

The “Better Way” agenda, unveiled in late June by House Speaker Paul Ryan (R-WI), includes proposals to expand work requirements for federal entitlement programs and elaborate the responsibilities of entitlement programs’ administration to local and state governments.

Other economic planks of the agenda include reforming government regulatory processes, balancing the national budget and paying off federal government debts, and subjecting government agencies to stricter watchdog scrutiny.

Spending on Autopilot

Jonathan Bydlak, president of the Coalition to Reduce Spending, a non-partisan organization calling for reduced government spending and balanced budgets, says restoring the constitutional authority given to Congress to fully appropriate funds is a necessary component of Ryan’s plan.

“Mandatory spending is the largest portion of the budget, and there’s basically no accountability whatsoever,” Bydlak said. “At the end of the day, you can’t be serious about spending without being serious about addressing mandatory spending.”

Budget Control Needed

Bydlak says taming the government beast will not be an easy task for lawmakers.

“You could essentially at this point, given the deficits we’re running, eliminate all discretionary spending and still be running a budget deficit,” Bydlak said. “I think what we know is that the budgetary process in recent years has gotten very disjointed and hasn’t really operated in the way that it should. I think it’s very clear that too much power has been invested in the executive [branch], and Congress hasn’t really pushed back on that.”

Regulatory Costs Increasing

Diane Katz, a research fellow in regulatory policy at The Heritage Foundation, says government regulations have real economic costs.

“Since President [Barack] Obama took office in 2009, the costs of major regulations have increased by $108 billion a year,” Katz said. “Agen-
ties very often fail to quantify the costs—and [they] overstate the benefits—of their rules. But analyzing costs is necessary to identify the tradeoffs inherent in rulemaking and to determine the most efficient and effective course of action among [the] various alternatives.”

Congressional Checks

“It is also important that the agenda calls for requiring the explicit approval of Congress before any major regulation is allowed to take effect,” Katz said. “Congress, not regulators, should make the laws and be accountable to the American people for the results.”

Katz says rulemaking reforms are needed.

“Returning accountability to Congress would be a major step, but there is no single silver bullet,” Katz said. “Reforms are needed throughout the rulemaking process.”

‘Would Unleash the Economy’

Katz says Ryan’s ideas are sound but need to be reinforced by lawmakers.

“Much of the agenda therein, if enacted, would unleash the economy and restore at least some of the individual liberty that has been crushed by the massive increase in the size and scope of government,” Katz said. “But the agenda is only half the reform equation. What’s also needed is political will to enact it.”

Lindsey Curnutte (lindseycurnutte@gmail.com) writes from Athens, Ohio.

IN OTHER WORDS . . .

“The majority of [Speaker Paul] Ryan’s August campaigning for down-ballot candidates will be through private events and fundraisers, the aide said, but he may take a more public role in the lead-up to the November elections. “At fundraisers, Ryan gets an opportunity to talk about what the House Republican majority has accomplished so far during his tenure as speaker and what it can do in the next Congress. That includes touting the ‘Better Way’ policy agenda focused on taxes, health care, poverty, national security, regulations and the constitution.

“The speaker has said frequently that the agenda allows Republicans to run a campaign of ideas, something he acknowledged his campaign with 2012 presidential nominee Mitt Romney was lacking. While the agenda was formed in large part before Donald Trump was named the GOP standard-bearer, it does provide down-ballot candidates with proposals to attach themselves to that are typically less controversial than many of Trump’s ideas.”

— Lindsey McPherson, “Ryan to Cover 12 States Campaigning for House Candidates in August,” Roll Call, August 17, 2016
Trump Relaunches His Economic Plan in Detroit

Continued from page 1

for Tax Reform, says Trump’s election in November would mean good things for taxpayers’ bottom lines, even if lawmakers and a potential President Trump disagree on the exact figures.

“One thing that could derail tax reform, even if you elect Trump and a Republican House and Senate, would be [their] dramatically different strategies for how to get there,” Norquist said. “[But their] goals are almost identical, and compromise would be easy. Slightly higher or lower tax rates here and there, or various small details, are easy to compromise on. If he’s elected president, tax reform will happen.”

Cutting Business Taxes
Norquist says Trump’s call for reducing taxes on businesses’ income to 15 percent, and applying that tax to more kinds of businesses, is a much-needed reform.

“If you’re the business and the business is you, instead of being taxed at 44 percent, you would be taxed at 15 percent” on the part of your income that counts as business income, Norquist said. “Small business, big business, Subchapter S, C corporations, etc., will all be treated the same, which has not been done for many years.”

‘Fair Share’ Comments
Norquist says promising voters to ensure “the rich will pay their fair share” is good for taxpayers and is good politics, too.

“Stating that everyone should pay their fair share does not mean that anyone has to pay more,” Norquist said. “Trump said that everybody’s rate would drop. It lets you know that he’s not playing to left-wing envy, as he gets rid of various taxes and takes all rates down.”

Yaron Brook, president and executive director of the Ayn Rand Institute, says Trump’s rhetoric about paying a “fair share” is immoral and economically illiterate.

“What’s ‘fair’?” Brook asked. “What does a ‘fair share’ mean? Morally, if you’re wealthy, you should pay less because you already created so much. It’s not economically sound and it’s not morally sound for the rich to pay a higher percentage of their income.”

Populism and Politicians
“My view is that anything presidential candidates say is just meaningless,” Brook said. “When they get to be president, everybody compromises, and what we get as an outcome has nothing to do with what they promised. All the details indicate is how the candidate is positioning himself, and Trump is positioning himself as a populist, which is what he always has been.”

Brook says Trump is more likely to tinker around the edges of the tax issue, instead of fighting for real reforms.

“[Trump’s] inclination is to keep spending like crazy, because he has no plans for cutting government spending, and to tinker with the tax code,” Brook said. “It’s not even a dramatic change; it’s not a big change. It’s a tinkering.”

Worrying About Wrong Problem?
Brook says the country does not have a revenue problem; it has a spending problem. “At the end of the day, this is what Republicans and conservatives never get: Taxes don’t matter,” Brook said. “You can tinker, as Reagan did, all you want with taxes, but if you don’t change spending habits, the money has to come from somewhere. You either raise taxes in the future or you inflate [the currency] or you issue bonds, which suck money out of the private economy as well. How they suck money out of the private economy, whether through debt, inflation, or taxes, doesn’t really matter.”

Marybeth Glenn (glennmarybeth@yahoo.com) writes from Wausau, Wisconsin.
Dodd-Frank Costs Are Rising Rapidly

By Lindsey Curnutte

Researchers at the American Action Forum (AAF) think tank report the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, commonly referred to as “Dodd-Frank,” has added $36 billion to the cost of complying with financial regulations over the law’s six-year lifetime.

Compliance cost increases are accelerating, AAF found. Between 2015 and 2016 alone, costs rose by more than $10 billion, an increase of 50 percent.

More than 60 additional regulations are scheduled to be added to Dodd-Frank in 2016, increasing the law’s cost by another $3.3 billion.

Sam Batkins, director of regulatory policy at AAF, says even government regulators admit Dodd-Frank’s expansion is making it tougher to buy a house.

“The law is now six years old, and although there are still pieces left to implement, there are only a few major rulemakings on the horizon,” Batkins said. “Regulators have already forecasted higher mortgage costs because of Dodd-Frank regulation.”

Patrick McLaughlin, a senior research fellow at the Mercatus Center, said, “Dodd-Frank induced more new regulatory restrictions than all other acts of Congress passed between 2009 and 2014, combined.”

McLaughlin says Dodd-Frank will have several negative effects.

“For one, prices will rise,” McLaughlin said. “Recent research by economists Dustin Chambers and Courtney Collins highlighted the fact that price inflation is strongly associated with the growth of the number of regulations over time. It’s going to be something to keep an eye on, because many effects, such as lessened competition or innovation, are typically ignored in agency-performed cost estimates.”

Lindsey Curnutte (lindseycurnutte@gmail.com) writes from Athens, Ohio.

NFL Star Calls for End of Stadium Tax Subsidies

By Ben Johnson

During an interview with a sports-talk radio host in Seattle, Washington, a prominent National Football League star player called on lawmakers to stop using taxpayer money to subsidize stadiums for privately owned sports teams.

In June, Seattle Seahawks cornerback Richard Sherman was interviewed by ESPN sportswriter and talk-show host John Clayton about what Sherman would do if he ever ran for political office.

During the live interview, Sherman expressed opposition to sports stadium subsidies, saying he’d “stop spending billions of taxpayer dollars on stadiums and probably get us out of debt, and maybe make the billionaires who actually benefit from the stadiums pay for them.”

Broken Economic Promises

J.C. Bradbury, an economist and professor of sports management at Kennesaw State University, says sports stadium subsidies don’t just fail to provide economic benefits to communities, they often damage cities’ economic health.

“Economists have conducted many studies of the economic impact of stadiums, and the clear consensus is that they don’t just not meet the promises of big returns, but the returns are normally negative,” Bradbury said. “It’s a classic case of redirection, transferring wealth from one part of the community to another. What people miss is that people spending money at the game aren’t spending it at restaurants, movies, etcetera in the same community, offsetting the spending at the stadium.”

Bradbury says subsidizing professional sports stadiums benefits team owners at the expense of almost everyone else.

“The benefits largely accrue to team owners, who get a heavily subsidized or free storefront to sell their product,” Bradbury said. “Sports fans in the town benefit, but they also pay for it through taxes. Taxpayers who don’t care about the team or may actively dislike the team end up the worst off, subsidizing a product they wouldn’t otherwise be willing to pay for.”

‘Not a Public Service’

Paul Guppy, vice president for research at the Washington Policy Center, said funding sports stadium construction is not a proper activity of government.

“Professional sports is not a public service,” Guppy said. “It’s pretty clear that pro sports would be just fine if they received no tax subsidy at all. All they’re doing is subsidizing a multibillion-dollar industry, and I don’t think that serves the public interest.”

Ben Johnson (therightswriter@gmail.com) writes from Stockport, Ohio.
How Railroad Industry Keeps U.S. Economy on Track

By Elizabeth BeShears

A new study examining the extent of the railroad industry’s impact on the overall strength of the nation’s economy shows railroad commerce generates more than $32.9 billion in tax revenue for local and state governments, in addition to employing millions of Americans every year.

The research, conducted by Towson University economist Daraius Irani, attributes nearly $274 billion in overall economic activity to the railroad industry.

Full Steam Ahead

Irani, an economics professor and chief economist at Towson University’s Regional Economic Studies Institute, says large railroad companies, or “class-one railroads,” such as CSX and Union Pacific Railroad, significantly contribute to overall economic prosperity in the United States.

‘Class-one railroads’ total economic impact for 2014 was about 1.4 million jobs supported across the economy, which is about 1.1 percent of all jobs in the United States,” Irani told Budget & Tax News. “Its contribution to [gross domestic product] was about $273 billion, or 1.6 percent of total U.S. GDP in 2014. In terms of wages, there were approximately $88 billion in wages, which represents about 1.3 percent of wages in the United States. In terms of fiscal impacts in 2014, the railroads and their economic activity generated $11 billion in state and local taxes and $20 billion in federal taxes.”

Ripple Effects

Irani says the railroad industry has other positive effects on the American economy as well.

“This is only part of the spending and revenues for one single year,” Irani said. “It doesn’t factor in, for example, that railroads allow the transportation of goods such as steel to be able to go to the next level. This is just basically the effect of railroads by themselves and not how they contribute to other industries’ ability to produce goods and services.”

Holding Back Industrial Power

Marc Scribner, a senior fellow with the Competitive Enterprise Institute, says big government is hitting railroad commerce with the brakes on railroads’ economic power.

“Back in 2008, Congress mandated that the railroads—all of them, including commuter railroads, Amtrak, and the freight—install positive train control technology as a safety measure,” Scribner said. “This is very expensive. It cost the freight railroads billions of dollars, even though, as the Federal Railroad Administration admitted in an impact analysis in 2009, the costs greatly outweighed the benefits. The railroads complied and spent all this money installing this technology.”

‘Deregulation Works’

Despite those impediments, Scribner says the U.S. railroads’ success story provides an important lesson for lawmakers.

“The moral of the story is that deregulation works,” Scribner said. “If you’re in a heavily regulated, moribund industry, there’s really only one thing you can do, and that is to get the government off [your] back and let markets work.”

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

State Agencies Plan Pilot Programs of Mileage-Based Road User Fees

By Leo Pusateri

Lawmakers in several states are applying for federal government grants, sponsored by the Federal Highway Administration, to fund programs to study the viability of implementing mileage-based user fees (MBUFs) to fund government road construction, to reduce reliance on state or national revenue from excise taxes on fuel purchases.

Government transportation agency officials from four states, including Connecticut and Delaware, applied in July for federal grants to fund pilot programs to test implementation of MBUF-based systems.

Motor-fuel taxes tax the volume of fuel purchased by an individual before driving on government roads, but MBUFs directly tie a driver’s tax liability to that individual’s use of government roads.

Theory vs. Practice

Joseph Schwieterman, a professor of public service and director of DePaul University’s Chaddick Institute for Metropolitan Development, says the use of MBUFs could increase taxation by reducing transparency.

“In theory, per-mile fees look good, but the difficult part is that state governments possess considerable monop-oloy power when it comes to pricing roads,” Schwieterman said. “No doubt, the public is apprehensive that states will exercise this pricing power to extract more revenue than is necessary simply to maintain the system.”

Schwieterman says politics may pose a barrier to the acceptance in using user fees to fund government road construction.

“In an ideal world, fees would closely reflect the full, allocated cost of maintaining the highways and achieving congestion relief, as well as in certain cases, expanding the road system,” Schwieterman said. “Achieving that in today’s turbocharged political environment, though, could be difficult.”

Some Have Privacy Concerns

David Stevenson, a research fellow at the Caesar Rodney Institute in Delaware, says the systems are likely to create big privacy problems and encourage abuse by local governments.

“The privacy issue is huge,” Stevenson said. “Do we really want the government to know where we are all the time? This system is open to abuse. For example, red-light cameras were introduced as a safety feature, but the City of Wilmington now has them everywhere and uses the fines as a major revenue source. What would stop them from mailing speeding tickets based on the [Global Positioning System]?”

Stevenson says mileage-based user fees are not as fair as gas taxes. “People may keep older cars longer or find other ways to trick the system,” Stevenson said. “The gasoline tax is in place, and [it’s] very simple. It is also more transparent, as you can see the rate on the pump.”

Leo Pusateri (psychmeistr@fastmail.fm) writes from St. Cloud, Minnesota.
**Omaha Lawmakers Delay Vote to Raise Taxes and Regs on Food Trucks**

**By Elizabeth BeShears**

Lawmakers in Omaha, Nebraska are debating an ordinance that would extend the city’s business tax on restaurants to food trucks and other mobile vendors.

In August, five members of the seven-member Omaha City Council voted to delay deciding on a proposed ordinance that would extend the city's occupation tax on restaurants and caterers to include food trucks. The tax, enacted in 2010 to help pay for public pension liabilities, is a 2.5 percent excise tax added to the price of food and drinks purchased by individuals plus state sales taxes.

The proposed ordinance also restricts where food truck vendors may serve customers, prohibiting food vendors from parking in parking lots or in government-owned parking spaces.

Doug Kagan, president of Nebraska Taxpayers for Freedom, says the new regulations are the most burdensome element of the law.

“The tax itself won’t hurt the food trucks’ competitiveness at all,” Kagan explained. “They might just raise their prices a few cents. When you talk about the regulations, that’s where it gets sticky, because if they pass regulations to prohibit the food trucks from parking in front of parking meters or in parking lots or in public right-of-ways, then it could get very controversial.”

**Piling on Regulations**

Adam Weinberg, communications and outreach director with the Platte Institute for Economic Research, says local lawmakers across Nebraska are leaving foodies and entrepreneurs with a bad taste in their mouths.

“From a free-market perspective, the most concerning thing in the food truck scene in Nebraska, in Omaha, and in many other cities where food truck scenes are forming, is really not as much on taxation, but more on regulation,” Weinberg said. “The main issue food truck operators in our state have run into, particularly in some of our larger cities like Lincoln, are parking regulations that essentially make it impossible for them to compete with brick-and-mortar restaurants.”

Weinberg says Omaha lawmakers should look to Lincoln as an example of how not to handle food truck regulation.

“In the City of Lincoln, right now there are actually only a handful of successful food truck enterprises, because they’re not allowed to park in public parking, like food trucks are in many other major cities, so they have to have somebody to provide private parking for them and basically sponsor them and allow them to operate there,” Weinberg said. “Of course, that’s to protect existing restaurants, which is against competition and against entrepreneurship, and we think it’s something that needs to change to open the marketplace in Nebraska.”

**INTERNET INFO**


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**Madison, Georgia Lawmakers Propose Business Tax Hike**

**By Danedri Herbert**

Lawmakers in Madison, Georgia are considering hiking an “occupation tax” paid by the city’s business owners.

In June, the Madison City Council held a public hearing exploring the tax-hike proposal. At the meeting, government officials said the city government currently collects about $37,000 annually in occupation-tax revenue. Business owners’ occupation-tax obligations are based on the number of individuals employed at the business.

Madison lawmakers are considering hiking the occupation tax’s base rate and increasing tax rates charged for hiring additional employees.

**‘Taxpayers Should Be Outraged’**

Nan Swift, director of federal affairs for the National Taxpayers Union, says local taxpayers should be upset about the proposed tax hike.

“Taxpayers should be outraged,” Swift said. “If I were a taxpayer in Madison, Georgia, I would be concerned that my city leaders are making it harder for businesses to want to move there and have economic growth.”

Swift says the proposal will also lighten consumers’ pocketbooks.

“For a business that sells things, those are costs that would be passed on to customers,” Swift said. “In that way, it would dissuade people from coming to town. It definitely hurts business growth. Certainly, no small business would be eager to expand or relocate there, and if people face higher prices, that’s going to affect their buying decisions as well.”

**Need for Revenue Questioned**

Swift says local lawmakers should consider reducing spending, instead of hiking taxes.

“Most places do not have a revenue problem; they have a spending problem,” Swift said. “That’s the first place to look. If Madison, Georgia wants to attract business, this tax is not the way to do it. We see more economic growth when taxes are lowered.”

**Fire the Tax Collector?**

Kelly McCutchen, president of the Georgia Public Policy Foundation, says instead of raising taxes, city lawmakers should consider cutting government payrolls.

“They might want to look at their collection costs,” McCutchen said. “It seems like there was about $40,000 they were needing, and if they have one person dedicated to managing collections and recordings for that tax, it might be easier just to eliminate it and use the savings. That would be a recurring savings.”

McCutchen says lawmakers should consider cutting regulations, too.

“T’m always concerned about small businesses and all of the bureaucratic hoops they’re required to jump through,” McCutchen said.

Danedri Herbert (danedri.herbert@gmail.com) writes from Kansas City, Kansas.

**INTERNET INFO**

By Danedri Herbert

West Virginia lawmakers approved excise tax hikes on cigarettes and e-cigarettes in June to help patch a projected $100 million shortfall in the state’s budget.

The tax hike, signed into law by Gov. Earl Tomblin (D) during a June special legislative session, increases the state’s tax on cigarettes from 55 cents per pack to $1.20 per pack, a 118 percent tax hike.

“A Precarious Position”

Garrett Ballengee, executive director of the Cardinal Institute for West Virginia Policy, says the state’s lawmakers built their budget on shaky ground.

“It’s a precarious position for us to be in, relying on such an unstable revenue source when we’ve already seen problems from doing this type of practice,” Ballengee said. “One of our major industries is natural resources: coal, timber, natural gas. With a severance tax, anytime you sever or extract a natural resource, you tax it. That’s also an extremely volatile revenue source. That’s one of the reasons they had to pass this tobacco or cigarette tax.”

Ballengee says the new tax will hurt small-business owners in West Virginia.

“When people go to the convenience store to buy cigarettes, often they’re not just purchasing cigarettes or tobacco,” Ballengee said. “They’re buying Doritos or gasoline or beef jerky or soda. I don’t think it’s unreasonable to expect small businesses to be disproportionately burdened by this.”

Road Trippin’

Kevin Callison, an assistant professor of economics at Grand Valley State University, says high excise taxes cause people to make more purchases in other states with lower tax rates.

“There’s pretty good evidence that cross-state border purchasing is prevalent in states that have lower-tax states near them, with populations that are relatively close to those borders,” Callison said. “This could mean that this won’t raise the amount of revenue legislators think it will. The more controversial aspect is not whether the taxes raise revenues but whether they impact public health.”

Callison says cigarette-tax hikes are often all about the money.

“In some states, if you see an increase of $1, $1.50, or $2, I think that’s a pretty clear sign that the goal of the tax increase is to improve public health [by discouraging tobacco use],” Callison said. “When you see states with smaller tax increases, to me that looks more like a way to enhance revenue than to really improve health.”

Danedri Herbert (danedri.herbert@gmail.com) writes from Kansas City, Kansas.

“It’s a precarious position for us to be in, relying on such an unstable revenue source when we’ve already seen problems from doing this type of practice.”

GARRETT BALLENGEE, EXECUTIVE DIRECTOR
CARDINAL INSTITUTE FOR WEST VIRGINIA POLICY

Oregon Voters Consider Big Taxes on Businesses

Continued from page 1

for all the wrong reasons.

“This is the largest tax in Oregon history,” said Williams. “[The tax] increases total state taxes by 25 percent and will cost families over $613 a year in higher consumer prices. In 2009, the politicians raised $1 billion in new taxes on income, gas, hospitals, and business. They spent it all and are now back for more—this time $6 billion more. When those taxes hit, we saw businesses vanish. New start-ups in Oregon were at record lows and faring worse than the national average.”

Williams says Measure 97 is “a hidden sales tax that will drive up costs, prices, and taxes. This hidden sales tax on gross receipts is a much worse form of taxation, because it is hidden from the public and it creates all kinds of double- and triple-taxation nightmares.”

$2.65 Million per Company

Eric Fruits, an adjunct professor of economics at Portland State University, says the proposed tax would harm thousands of Oregon businesses.

“The tax is applied to any corporation with $25 million or more in sales in the state of Oregon,” Fruits said. “It’s widely accepted that about 1,000 corporations in Oregon satisfy these criteria. A company with $30 million in Oregon sales would see taxes increase by $125,000. A company with $50 million in sales would see taxes increase by $625,000. The most-cited estimates project the tax would raise $2.65 billion a year, spread over 1,000 corporations subject to the tax. [This suggests] an average per-firm tax increase of $2.65 million a year.”

Huge Impact on Consumers

Hiking taxes on businesses means raising prices for consumers, Fruits says.

“In fact, much of the tax will be passed on to customers,” Fruits said. “If those customers are also corporations subject to the tax, then those higher costs will also get passed on. This is known as pyramid ing. Every corporation along a supply chain would see an increase in their taxes, along with increased prices from the previous stop in that supply chain—because of the tax increase that is passed on.”

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

“Measure 97 is a hidden sales tax that will drive up costs, prices, and taxes.”

JASON WILLIAMS, PRESIDENT
TAXPAYERS ASSOCIATION OF OREGON

INTERNET INFO

By Dustin Siggins

Accepting the Republican Party’s nomination in July, New York City businessman Donald Trump declared himself a standard-bearer for voters who believe there is increasing unrest and violence in the country.

“Americans watching this address tonight have seen the recent images of violence in our streets and the chaos in our communities,” Trump said during his high-profile nomination acceptance speech at the Republican Party’s national convention in Cleveland, Ohio. “Many have witnessed this violence personally. Some have even been its victims. I have a message for all of you: The crime and violence that today afflicts our nation will soon come to an end. Beginning on January 20, 2017, safety will be restored.

“In this race for the White House, I am the law-and-order candidate,” Trump said. “Our convention occurs at a moment of crisis for our nation. The attacks on our police and the terrorism in our cities threaten our very way of life.”

Short-Term, Long-Term

John Malcolm, director of The Heritage Foundation’s Edwin Meese III Center for Legal and Judicial Studies, says the short-term and long-term trends in violence statistics tell a different story about safety.

“The violent crime rate has increased dramatically in the past couple of years, which is very alarming, but it is still much lower than it was in the past,” Malcolm said. “It is important to keep in mind that twice as many people were killed in the top 50 cities in 1991 as in 2015.”

Malcolm says there is currently no definitive answer explaining these short-term spikes in violent crime.

“The violent crime rate has increased dramatically in the past couple of years, which is very alarming, but it is still much lower than it was in the past.”

JOHN MALCOLM, DIRECTOR
EDWIN MEESE III CENTER FOR LEGAL AND JUDICIAL STUDIES
THE HERITAGE FOUNDATION

Calls for Policies Based on Reality

Marian Tupy, a senior policy analyst at the Cato Institute’s Center for Global Liberty and Prosperity and editor of HumanProgress.org, says people are predisposed to believe things are spinning out of control.

“We are, by nature, pessimistic,” Tupy said. “We process new information through the amygdala, which is always on the look-out for bad stuff to warn our brains. But, also there is the instantaneous and immediate nature of modern information flow. We learn about and internalize bad things as they happen, even if they are far away. In the past, we would not know about them.”

“Disinformation will change the way you look at intelligence, foreign affairs, the press, and much else besides.”

—R. JAMES WOOLSEY, former Director of Central Intelligence

THE SECRET STRATEGY TO DESTROY THE WEST

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“It’s a Joke”
Jared Meyer, a fellow at the Manhattan Institute, says Ortiz’s threat to use government power to protect consumers from a popular game downloaded by more than 100 million consumers in about three weeks is “a joke.”

“This is just a caricature,” said Meyer. “It’s a joke that now politicians and left-leaning columnists are coming out saying we need to regulate or ban this, because it’s so clearly a good thing. The best way to combat that is just to point out how ridiculous that is.”

Meyer says it’s in lawmakers’ nature to invent problems requiring more laws and regulations.

“I always try to look for who are the winners and who’s pushing for something, and I’ve realized it’s not quite as common as having a special interest, but it’s still pretty common for regulators to just regulate or lawmakers to make laws; it’s just what they do,” Meyer said. “They are not going to gain greater funding or notoriety by just letting people have this fun thing. They are going to go and do what they do best, which is regulate and ruin all our fun.”

Political Risk Aversion
Adam Millsap, a research fellow with the Mercatus Center’s State and Local Policy Project, says lawmakers are overly cautious when dealing with new technology.

“Politicians—at least some of them—tend to be very cautious,” Millsap said. “When things come out, they’re not sure how they’re going to work, and politicians often catch a lot more blame for things when things go bad than when things go well.”

Millsap says Pokémon Go benefits both consumers and business owners. “People are out exploring their cities for the first time and saying, ‘You know, I never really noticed these things in my own city,’ and it’s driving customers to local businesses,” Millsap said. “You’ve always got to weigh those benefits against the costs, so you can’t just squash the entire thing because we’re afraid of the unknown.”

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

Federal Court to Hear Arguments in Password-Sharing Case

By Danedri Herbert

Judges on the U.S. Court of Appeals for the Ninth Circuit are hearing arguments over a criminal case about the legality of sharing passwords and login credentials for computer services such as Netflix, a common activity that might violate federal law.

In 2008, David Nosal resigned from a Los Angeles company but continued to work as an independent contractor for the company, agreeing not to compete with the company for one year. Nosal convinced company employees to give him access to internal databases to help him start his own business.

In 2008, Nosal was charged with multiple violations of the Computer Fraud and Abuse Act (CFAA), a federal law criminalizing unauthorized access to computer systems, and was indicted in 2008. Since 2008, Nosal has been challenging his conviction with legal appeals.

In 2012, the U.S. Court of Appeals for the Ninth Circuit agreed with Nosal’s claim that violating employers’ corporate policy is not a federal crime, requiring the case to return to the U.S. District Court for the Northern District of California to settle the remaining charges.

The lower court upheld the conviction, and Nosal’s case has returned to the Court of Appeals, where arguments over the district court’s ruling will begin in October.

Brave New Worlds

Jamie Williams, a lawyer at the Electronic Frontier Foundation, says people no longer live in the world in which CFAA was written.

“It didn’t even envision the type of world we live in today, where we use other people’s computers all the time,” Williams said. “Every time I check my e-mail, I’m logging into Gmail’s computer. Every time I log onto Facebook, I’m logging into Facebook’s computer. We live in this very connected world, and the CFAA is so vague.”

Laws, Laws, and More Laws

Williams says ambiguous laws and over-criminalization violate the Constitution.

“Our Constitution requires that the criminal laws give everybody notice of what’s being criminalized, so we know what we can do, what’s right and what’s wrong. That’s what our Constitution requires,” Williams said.

Michael Seibler, a legal fellow at The Heritage Foundation’s Edwin Meese III Center for Legal and Judicial Studies, says CFAA is an example of over-criminalization.

“It was originally designed to prevent hackers from going into computer networks maintained by the federal government or taking the confidential information maintained on federal computers,” Seibler said. “Since 1986, Congress has amended this several times, of course, and each time they’ve amended it, the scope has gotten a lot bigger. If a federal prosecutor brings you in their crosshairs, it’s only a matter of time and investment of resources before you’re found guilty of a crime. If they want you to be guilty of something, chances are they can substantiate that claim.”

Danedri Herbert (danedri.herbert@gmail.com) writes from Kansas City, Kansas.

“[Regulators and lawmakers] are going to go and do what they do best, which is regulate and ruin all our fun.”
JARED MEYER, FELLOW MANHATTAN INSTITUTE

INTERNET INFO

“People are out exploring their cities for the first time and saying, ‘You know, I never really noticed these things in my own city,’ and it’s driving customers to local businesses,” Millsap said. “You’ve always got to weigh those benefits against the costs, so you can’t just squash the entire thing because we’re afraid of the unknown.”

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

INTERNET INFO
House Panel OKs Bill to Allow Post Offices to Offer Banking Services

By Tori Hart

The U.S. House of Representatives is considering a bill that would allow the struggling U.S. Postal Service (USPS), a quasi-government agency, to expand its government-granted monopoly into banking and delivery services.

In July, the House Government Reform and Oversight Committee approved House Resolution 5714, the Postal Service Reform Act of 2016.

If approved by Congress and signed into law, the bill would allow USPS to increase prices of postal services and expand its services to include grocery delivery, banking and financial services, and other “nonpostal products and services” currently provided by private-sector businesses.

In fiscal year 2015, USPS spending exceeded revenue by $5.1 billion, and the organization defaulted on approximately $5.9 billion in government pension payments promised to employees. In total, USPS has accumulated a total net loss of about $57 billion over the past eight years.

‘Dire Financial Situation’

Michi Iljazi, a policy manager for the Taxpayers Protection Alliance, says USPS must be reformed right away, and the House proposal is the wrong way to do so.

“The USPS is in a dire financial situation, and it is getting worse every month,” Iljazi said. “The agency has lost $36.6 billion in the last five years.”

Iljazi says Congress should change the USPS leadership team.

“There is a lack of accountability, and the Board of Governors currently has several vacancies,” Iljazi said. “This bill would just get rid of those seats, leaving us with the same leadership that has failed, instead of bringing in new leaders with new ideas.”

Questions Need for Expansion

Justin Sykes, federal affairs manager for Americans for Tax Reform, says the bill would make USPS’s monopoly on mail service even worse for consumers.

“As part of the reform bill, the Postal Service is allowed to increases rates on monopoly products such as stamps, ironically the very products that generate the bulk of USPS profits,” Sykes said.

“Such a move will only increase consumer costs and drive even more users away from USPS products and services, in turn reducing revenue the Postal Service desperately needs.”

Focusing on the Job

Sykes says lawmakers should concentrate on making USPS a lean, mean, mail-delivering machine.

“Alternatively, lawmakers should instead focus solely on reforming USPS’s operating efficiency and improving the Postal Service’s core mission of mail delivery, reducing waste and rein in costs,” Sykes said. “It is currently the case that the bottom 4,500 USPS locations average roughly four customers per day. Increasing rates on consumers and shifting to non-postal products and services will not solve such issues and would instead serve as only a distraction from the basic reforms needed.”

Tori Hart (tori.heartland@gmail.com) writes from Arlington Heights, Illinois.

Free-Market Group Asks Federal Court for Retrial on ‘Net Neutrality’ Case

By In Reynolds

In the wake of a federal court ruling upholding a federal government agency’s decision to expand its powers, a nonpartisan public policy think tank is asking the court to rehear the case.

In June 2016, two out of three judges on a panel of the U.S. Court of Appeals for the District of Columbia Circuit ruled the Federal Communications Commission (FCC) did not violate the law when it expanded its powers. FCC commissioners voted on February 26, 2015 to regulate internet service providers as utility companies, claiming authority under Title II of the Communications Act of 1934.

TechFreedom, a nonprofit, nonpartisan organization, filed a petition in late July asking the full 11-member court to rehear the case. The petition claims FCC improperly exceeded the authority granted to it by Congress and is not constitutionally authorized to rewrite U.S. laws.

Outdated Regulatory Model

Tom Struble, policy counsel for TechFreedom, says the court’s June decision allows government bureaucrats to party like it’s 1934.

“The Title II regulations go back to 1934, under the ‘Ma Bell’-AT&T model,’ of a common carrier throughout the country,” Struble said. “So, you have heavy-handed regulations to prevent a monopoly provider from pricing that hurts consumers. Basically, you have a lot of regulatory baggage under Title II that goes back to the early twentieth century and even before that, with railroad regulations. Most of the common carrier regulations came from that.”

‘Regulated and Controlled’

Phil Kerpen, president of American Commitment, a nonprofit group dedicated to restoring and protecting free-market values, says government regulators are invested in treating internet service providers under rules developed for older technologies.

“The argument is that internet service should be regulated and controlled like your electric or water or sewer service, rather than in a competitive free market,” Kerpen said. “That concept has a lot of purchase on the left, but if you look around at the state of government-controlled infrastructure, there are so many examples of waste, mismanagement, and failure. That’s because a government-owned or government-regulated model lacks market discipline and competition.”

Kerpen says net neutrality has always been about increasing the power of government.

“This whole debate has moved so far from the idea of preventing phone and cable companies from blocking or throttling access to certain sites, which no company does and Republicans have offered to prohibit legislatively as a compromise,” Kerpen said. “Now, it’s about applying a Depression-era regulatory framework designed for the old ‘Ma Bell’ telephone monopoly. It’s crazy.”

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

INTERNET INFO

By Elizabeth BeShears

In the wake of a U.S. Senate vote to lower trade barriers on catfish meat imported from other countries, a group of U.S. House lawmakers is blocking a vote on repealing food inspection rules currently in effect.

The House’s inaction leaves in place an Obama administration decision effectively protecting American agricultural businesses against competitors in other countries by increasing the costs of complying with trade regulations.

In 2015, the U.S. Department of Agriculture (USDA) issued a rule on imported catfish meat that requires it to be tested for quality by USDA instead of the U.S. Food and Drug Administration (FDA)—a federal agency whose mission statement includes the goal of “ensuring the security of the food supply”—before allowing the fish to be sold in the United States. FDA already inspects imported seafood.

USDA’s regulations on catfish imports are more stringent than FDA’s import regulations, and they are much costlier. FDA’s catfish inspection program costs taxpayers $700,000 per year, but the USDA regulations will cost taxpayers $14 million annually, plus an additional $20 million in one-time costs.

In June, the U.S. House Energy and Commerce Committee sent a letter signed by nearly 200 House lawmakers to senior legislators in the chamber calling on House leaders to use the Congressional Review Act to end the USDA Catfish Inspection program and return the inspection responsibilities to FDA.

‘Concentrated Benefits’

Jerry Ellis, a senior research fellow with the Mercatus Center at George Mason University, says the fight over catfish-import inspections is an example of the conflict between free trade and protectionism.

“This kind of regulation is a great example of concentrated benefits and dispersed costs,” Ellis said. “The benefits of the regulation are concentrated on catfish farmers in a few Southern states, who gain protection from foreign competition. The costs are spread among consumers in all 50 states.”

Ellis says protectionism is not always a partisan issue.

“The divisions are more regional than partisan,” Ellis said. “A legislator’s position is likely to depend on whether he or she has catfish farmers or seafood importers in his or her state or congressional district.”

A ‘Loser’ Program

Darren Bakst, a research fellow in agricultural policy at The Heritage Foundation, says if lawmakers don’t lower trade barriers by choice, those obstacles will be removed through international legal action.

“It’s important to remember that this program will be a loser when other countries challenge it within the World Trade Organization, because the other countries will almost certainly win,” Bakst said. “Then they’re going to be able to retaliate against the United States by going after other agricultural interests. We might be helping some small special interest now, but you might end up hurting a lot more folks in the long run by pushing this program.”

‘Embarrassing’ Resistance to Trade

Bakst says President Barack Obama and the majority of Congress support returning the program’s responsibilities to FDA.

“President Obama has made it clear he would be in favor of getting rid of this program,” Bakst said. “The Senate has passed the resolution. … It’s going to be the House that’s the obstacle in addressing cronyism. That is embarrassing.”

Elizabeth BeShears (liz.erob@gmail.com) writes from Trussville, Alabama.
Two U.S. Senators are sponsoring a bill to create an office under the attorney general of the District of Columbia to supervise government occupational licensing boards in Washington, DC and reduce licensing barriers to entry for employment in some federal government jobs.

Senate Bill 3158, the Alternatives to Licensing that Lower Obstacles to Work Act (ALLOW), was proposed by Sens. Mike Lee (R-UT) and Ben Sasse (R-NE) in July. The bill was referred to the U.S. Senate Committee on Homeland Security and Governmental Affairs on July 12, where it now awaits a vote.

Free Markets and Feedback
If approved by Congress and signed into law by President Barack Obama, the bill would eliminate licensing requirements for tour guides in government parks located in the nation’s capital, such as the National Mall.

Timothy Terrell, an associate professor in economics at Wofford College, says occupational licensing is not about protecting “victims” from poor customer service; it’s about protecting businesses from competition. “Potential ‘victims’ aren’t actually being protected, for several reasons,” Terrell said. “It’s commonly assumed that without licensure, customers would be helpless to determine the quality of the service providers with whom they do business. This is not the case. As with eBay, Amazon, Uber, and many other marketplaces that use feedback from previous customers to sort out the low-quality providers from the higher-quality ones, customers can be protected from malpractice by service providers with similar mechanisms.”

Terrell says allowing market forces to help consumers determine providers’ quality is a better option than government restrictions. “For some markets, insurance companies may provide some quality assurance, as they would generally be unwilling to pay for ineffective services or services that lead to greater costs in the future,” Terrell said.

Who Benefits from Barriers?
Rob Johnson, an attorney with the Institute for Justice, says special-interest groups are a driving force behind the enactment of occupational licensing laws.

“For instance, the American Society of Interior Designers has gone all across the country trying to impose licensing on the interior design industry,” Johnson said. “Claims that licensing protects consumers are often transparently false. What danger, for instance, is posed by bad interior design?”

‘Really Important Reform’
Johnson says ALLOW has national significance. “This is a really important reform and a welcome innovation, as it underscores that licensing should be the last resort of regulators,” Johnson said. “Often, regulators seem to think that licensing can be imposed so long as a regulation supposes some kind of danger to the public. Legitimate concerns can be addressed in other ways: through targeted laws, insurance requirements, voluntary certification, or other means.”

Marybeth Glenn (glennmarybeth@yahoo.com) writes from Wausau, Wisconsin.

### INTERNET INFO
Anaheim, California Lawmakers Say ‘Lights Out’ to Airbnb Users

By Gabrielle Cintorino

Anaheim, California lawmakers approved new regulations targeting companies such as Airbnb, a peer-to-peer economy company connecting tourists seeking short-term housing and hosts who provide places to stay.

Part of the ordinance, which took effect on August 11, requires the city government to deny electric and water utility service to any homeowners “who rent, offer to rent, or advertise for rent” space in their homes to individuals for fewer than 30 days. The Anaheim Public Utilities Department, a government agency, holds a monopoly on all electricity and water services for consumers in the city.

Homeowners violating the restrictions will be charged $500 per infraction, and companies accused of facilitating the voluntary transactions, such as Airbnb, will also be charged $500 for each violation.

Information Economy

Wayne Winegarden, a senior fellow in business and economics at the Pacific Research Institute, says sharing-economy services such as Airbnb are good for consumers and the economy as a whole.

“If it’s using information, using our resources more productively,” Winegarden said. “It opens up new opportunities. If you travel a lot, and you live in New York City, where you have a huge shortage and hotel rooms are very expensive, it becomes a very valuable way to do transactions, and Airbnb lowers those transaction costs. It improves the economy. It makes those people better off.”

Community Solutions

Winegarden says there are alternatives to government restrictions that Anaheim lawmakers could have explored to soothe residents’ concerns.

“Leave it up to the homeowners association,” Winegarden said. “There are many gated communities where a homeowners association can make that decision, to make it more of a local than a broad, citywide ban.”

Winegarden says Anaheim lawmakers are preventing people from realizing the value of their property.

“If I’m a homeowner in a desirable location, you’re taking away the value of my property by restricting my ability to rent it out,” Winegarden said. “You’re taking value away, and it’s more than just economic taking. This is a beneficial transaction.”

Zoning Alternative

Adam Smith, an associate professor of economics at Johnson and Wales University, says Anaheim lawmakers had better alternatives available.

“They could have zoned different parts of the city: Short-term rentals can only happen in zones 1 through 5, and zones 6 through 10 are Airbnb-free,” Smith said. “That would have an impact on how the city develops and how things look in the different zones.”

Smith says allowing short-term renting transactions to happen in some parts of the city and not others would have been a better option.

“Doing so may create additional issues in regards to zoning, but that’s better than not having the option anywhere in the city, says Smith.

“You would have the issues that big cities have with zoning, but people could still offer their services,” Smith said.

Gabrielle Cintorino (gcintorino4@gmail.com) writes from Nashville, Tennessee.

New Rideshare Rules to Take Effect in Chicago

By Jeff Reynolds

Governments restrictions on peer-to-peer transportation network companies such as Uber and Lyft will soon make it more difficult for the popular “ridesharing” companies to provide services desired by Chicago, Illinois consumers seeking to get around town.

The new restrictions, approved by the Chicago City Council in June, take effect in late September and will require peer-to-peer service providers to obtain government permission, attend government-mandated training courses, and undergo exams and inspections conducted by government agencies.

The ordinance also creates committees for lawmakers to study the feasibility of additional regulation of individuals’ privately owned vehicles, including mandatory government collection of drivers’ fingerprints and medical information.

‘Tried-and-True Tactics’

Andrew Moylan, executive director and senior fellow of the R Street Institute, says city lawmakers across the nation are using such regulations to protect taxi cab companies.

“In Chicago, they’re using the tried-and-true tactics that have been used in other cities to create, essentially, nuisance regulations that affect Uber and Lyft,” Moylan said. “For instance, preventing you from using them to get to the airport, or prohibiting advertisements, or requiring certain kinds of signage, which doesn’t do much to keep the public safe. What it does is to serve to single out drivers. This gives cause to police officers and cab drivers to essentially harass Uber and Lyft drivers and make it impossible to operate in some areas.”

‘Onerous Requirement’

Adams says the new regulations are bad for the people providing services to Chicagoans.

“For a lot of drivers, especially people who might only want to drive a few hours a week, having to put aside a whole day of your time and having to pay could be a particularly onerous requirement in terms of getting started,” Adams said. “And again, that’s going to disproportionately affect people from low-income and minority communities, where they don’t necessarily have the financial resources or they’re not able to get away for a whole day from work.”

Mark Adams, director of regulatory reform at the Illinois Policy Institute, says it’s not clear how the new ordinance improves consumers’ safety.

“It’s not entirely clear how the ... ordinance would have resolved any safety issues,” Adams said. “It seems that it’s more likely that you have a special interest in passing this rule, although I can’t speak to the motivations of a specific Chicago alderman.”

INTERNET INFO


Gabrielle Cintorino (gcintorino4@gmail.com) writes from Nashville, Tennessee.

Jeff Reynolds (jeffreyreynolds@comcast.net) writes from Portland, Oregon.
N.Y. Lawmakers OK Expansion of State’s Film Tax-Credit Program

By Jen Kuznicki

The New York State Assembly in June approved Senate Bill 6987, which extends the New York State Film Production Tax Credit program to eight additional counties in southern Upstate New York.

If approved by the State Senate and signed into law by Gov. Andrew Cuomo (D), film companies doing business in that region will receive refundable tax credits worth 40 percent of their costs. Companies producing films or television shows in New York State are currently refunded between 30 percent and 55 percent of their costs, depending on where in the state they film and the credit programs for which they qualify.

The bill would expand the geographic area in which film companies will qualify for the 40 percent credit.

‘Enriching Movie Producers’

Jared Meyer, a fellow at the Manhattan Institute for Policy Research, says film tax credits target Hollywood actors and directors, instead of benefitting all taxpayers.

“It’s all about enriching movie producers of a favored industry with taxpayer money,” Meyer said. “Every single economic study has found that film tax credits do nothing to increase the state’s economic growth.”

Michael Thom, an assistant professor at the University of Southern California Sol Price School of Public Policy, agrees film tax credits benefit members of the film industry and few others.

“The best-case scenario is that some tax credits have a small, short-term impact on the wages paid to people already in the film industry,” Thom said. “Most studies show the incentives are a waste of money.”

‘Race to the Bottom’

Meyer says lawmakers in other states around the nation are increasingly refusing to use tax credits to pursue film production.

“This isn’t long-term economic activity, and it is a race to the bottom for lawmakers to see who can subsidize film the most,” Meyer said. “Thankfully, a lot of states are eliminating them, but we have some like New York and California that continue to dig themselves deeper and deeper into this hole.”

‘Stay Out of the Way’

Thom says lawmakers who want to boost their states’ economies should look at making real reforms.

By Jen Kuznicki

Jen Kuznicki (jenkuznicki@gmail.com) writes from Hawks, Michigan.
Entitlement Spending, Debt to Explode, CBO Says

By Ben Johnson

A new report by the Congressional Budget Office (CBO) predicts the total amount of liabilities, or debt, owed by the U.S. government will exceed 141 percent of the country’s gross domestic product (GDP) by 2046.

GDP is the total value of goods produced and services provided in the nation each year. CBO, a nonpartisan, independent government agency responsible for providing economic and budgetary analyses, also predicts taxpayer-funded entitlement programs, such as Medicare and Social Security, will consume about 17 percent of the country’s total gross annual economic output by 2046.

CBO warns these trends will decrease Americans’ ability to earn and save money and will increase the likelihood of fiscal crises.

Time Is Running Out

Michael Tanner, a senior fellow at the Cato Institute, says the fuse on the national debt bomb is growing shorter every day. “Once you’re over about 80 percent of GDP, it begins to slow overall economic growth,” Tanner said. “That means lower wages. It means fewer jobs, and it means it’s that much harder to pay back the debt.”

Tanner says reducing the size of government is the only real cure. “The issue is that you’re not going to see that kind of [revenue] growth in the future,” Tanner said. “There’s reason to be very skeptical toward the belief growth alone is going to do this. You really do need to cut spending. That’s where the money is. There are a variety of reforms out there, some better than others on each program. Regardless of which you choose, choose one of them. If you choose the fourth or fifth best, it would still be better than doing nothing.”

Entitlement Spending Run Amok

Romina Boccia, deputy director of The Heritage Foundation’s Thomas A. Roe Institute for Economic Policy Studies, says “mandatory” entitlement spending is consuming ever-increasing proportions of federal spending. “Discretionary spending, as a percentage of the budget and of the GDP, has actually been on the decline,” Boccia said. “Mandatory programs are allowed to continue growing regardless of the resources that are available to the federal government, so they are crowding out other areas of the budget and growing regardless of what the size of the deficit is, how much revenue the federal government is able to collect. Congress has not taken appropriate action to slow the growth in those programs to make sure they are targeted appropriately, make sure they are functioning effectively.”

Politicians Ignoring Problem

Boccia says both major-party presidential candidates, Democratic Party nominee Hillary Clinton and Republican Party nominee Donald Trump, are failing to address the problem. “I’m very concerned that the current debate in this election cycle does not reflect the entitlement spending challenges that we face with the seriousness that they require,” Boccia said. “We’ve already waited too long, and the longer we wait, the more drastic the changes will have to be and the less time people will have to adjust to them.”

Ben Johnson (therightswriter@gmail.com) writes from Stockport, Ohio.
Utah Lawmaker Considers Liquor Privatization Vote

By Ben Johnson

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ate Sen. Jim Dabakis (D-Salt Lake City) is considering launching a ballot initiative to privatize the 125 liquor stores controlled by the Utah Department of Alcoholic Beverage Control.

In July, Dabakis told Salt Lake City media he was considering launching a ballot initiative campaign to ask voters to approve returning liquor sales to the private sector, if lawmakers fail to approve re-privatization measures in the coming legislative session. The Utah government has enjoyed a monopoly on all packaged alcohol and liquor sales since 1935.

“No Need” to Own Liquor Sales

Josh Daniels, director of policy at the Libertas Institute, says the government should get out of the booze business.

“Government should not own, let alone monopolize, enterprises that can reasonably be provided in the market by private actors,” Daniels said. “Utah taxpayers have no need to own a share of the liquor distribution business.”

Daniels says liquor privatization and liquor regulations are separate issues.

“Regulations on the sale of alcohol can be implemented without the state having to be in the business of alcohol sales,” Daniels said. “Privatizing alcohol sales would not change state and local laws regulating alcohol sales.”

Daniels says privatization would be a more moral choice than government-run monopolies.

“Many Utahans choose to abstain from consuming alcohol for religious reasons, which makes it awkward to think that they, through their state government, participate in liquor distribution,” Daniels said.

‘Downward Trend’ in Crime

Leonard Gilroy, director of government reform at the Reason Foundation, says liquor re-privatization is correlated with improved public health.

“After Washington State fully privatized a few years ago, the state saw a continued downward trend in areas like alcohol-related driver fatalities, DUI collisions, DUI arrests, and minor-in-possession charges.”

Gilroy says re-privatization does not mean throwing out the rulebook.

“In the states with fully privatized alcohol markets, regulations limit the number of alcohol outlets that are allowed, there are prohibitions against sales to minors, and there are influences over pricing through state excise taxes,” Gilroy said. “Hence, privatization does not imply a loss in state control, just an exit from the alcohol industry, which government should not be involved with in the first place.”

Gilroy says liquor re-privatization benefits everyone, including the government.

“The greatest benefits of privatization would be increased consumer choice and convenience, as well as getting government to shed an alcohol monopoly more appropriate for the failed Soviet Union than twenty-first-century America,” Gilroy said.

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

INTERNET INFO


Political Parties Issue Calls for Article V Conventions

By Dotty Young

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oth major political parties are embracing the idea of using the Article V amendment process to enact constitutional changes, although they disagree on what changes should be made to how the federal government operates.

At the Republican Party’s national convention in July, the platform passed by the GOP includes calls for amendments that would require the federal government to operate with a balanced budget, shorten federal lawmakers’ maximum time of service in elected office, and reestablish Congress’ authority to restrict federal regulatory agencies’ power.

The Democratic Party’s platform included a request for a constitutional amendment that would restrict private organizations’ ability to engage in political speech.

For a state-initiated amendment to be considered, 34 states must pass resolutions requesting an amendments convention...

David Guldenschuh, special counsel for the Balanced Budget Amendment Task Force, one of several national organizations working with state lawmakers to help pass reform resolutions in state general assemblies, says state lawmakers can do what federal lawmakers can’t or won’t do.

“Congress doesn’t want to rein in its authority to borrow, so it will never propose such an amendment,” Guldenschuh said. “Article V is intended to allow a convention of states to be called on a specific amendment.”

Kyle Maichle, project manager for constitutional reform at The Heartland Institute, which publishes Budget & Tax News, says the major political parties’ embrace of constitutional reform will spark greater interest in the Article V movement.

“Whatever is included in a party platform can be important in getting support among fellow legislators,” said Maichle.

Dotty Young (dottyjyoung@yahoo.com) writes from Annapolis, Maryland.
An Engaging Exploration of Progressive Policy Failures

We Have Seen the Future and It Looks Like Baltimore: American Dream vs. Progressive Dream, by Craig R. Smith and Lowell Ponte

By Jay Lehr

Over the past year, a feeling of frustration and despair seems to have taken hold of many people across the United States.

We Have Seen the Future and It Looks Like Baltimore, written by political commentators Craig Smith and Lowell Ponte, shows readers why people’s simmering frustrations with the political status quo are coming to a boil. They accomplish this by focusing on the causes of the April 2015 riots in Baltimore, Maryland, which were sparked by the death of Freddie Gray, an African-American, while under arrest by city police.

American Dream vs. Progressive Dream

As the book focuses on Baltimore and Gray, the authors extrapolate the news to a wider theme, weaving a treatise explaining how liberalism’s “progressive dream” has supplanted the “American dream” the nation’s founders hoped to foster.

In the world of the progressive dream, Smith and Lowell write, individuality is subordinated to the best interests of the collective, which is, in practice, the government’s best interests. In Europe, the progressive dream yielded communism, Nazism, fascism, and the socialist welfare states now commonly found there.

Tracing the liberal fantasy’s roots in the United States, the authors highlight Woodrow Wilson as one of the fathers of the American liberal movement, whose standard is now borne by President Barack Obama.

Desire for ‘Total Control’

The authors’ exhortation to “remember who the progressives really are and the total control over the rest of us that they really want” is poignant given Obama’s efforts over the past eight years to take control of the American health care system and other sectors of the economy, especially energy.

Smith and Ponte remind readers America was founded by individuals seeking autonomy from autocrats controlling them from afar, evoking readers’ memories of the federal government’s many and various intrusions into the market over the years.

Smith and Ponte say government social-engineering programs are subtle and insidious and take many forms, such as monetary policies that artificially increase the cost of housing and real estate and student loan programs that promote ideologies and dependence on government by redistributing wealth from taxpayers to colleges and universities.

All of this progressive dream-making has resulted in massive taxpayer liabilities and the devaluation of the worth of a college degree, Smith and Ponte write.

Making Work Not Work

The authors explain why almost eight million Americans are unemployed and hundreds of thousands more chose to stop looking for work. In 35 states, dependency on government entitlement programs pays more than work, making the decision to accept the dole an economically rational one for many people.

In Hawaii, for example, one can collect up to $60,590 a year in government entitlements, redistributing wealth from those who choose to work to those who choose not to. In Washington, DC, individuals can receive up to $50,820 a year in taxpayer-funded benefits. The lavish nature of government entitlement programs punishes work by making it a sucker’s game, Smith and Ponte write.

International Relevance

Although some parts of the book are more speculative than others, it remains an engaging and darkly honest examination of what’s going wrong with America. Zooming out a step further, We Have Seen the Future and It Looks Like Baltimore contrasts the American Dream with the reality being experienced by European countries such as Denmark and Sweden attempting to realize the progressive dream.

The European Union (EU) experiment is a fundamentally untenable mishmash of competing interests, and the effects are being felt in every participating country—all the way from top to bottom, from Germany to Greece, write Smith and Ponte.

The European Union was intended to foster trade by creating a common currency, instituting broader use of the German deutschmark by calling it by another name. Having failed to conquer Europe through violence, the authors suggest, Germany used economics to achieve that goal, through monetary policy.

The authors say this plan was flawed from the start. Lawmakers in countries with weaker economies, such as Greece and Portugal, used loans made through the European Union’s central bank as though they were limitless credit cards, spending to their hearts’ content without consideration of later repayment.

Smith and Ponte say German taxpayers have already paid the price for their neighbors’ liberal irresponsibility, to the tune of hundreds of billions of dollars, and they are under pressure to issue more blank checks. The European Union is unstable because it is a multi-decade experiment attempting to emulate the United States by establishing a common currency without much in the way of a common government, write Smith and Ponte.

Gloomy Prospects

If one sets out to uncover and examine how lawmakers’ ideological inequities and mismanagement have led to the problems of today, one would be hard-pressed to produce a better book than We Have Seen the Future and It Looks Like Baltimore.

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Jay Lehr, Ph.D. (jlehr@heartland.org) is science director of The Heartland Institute.

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