Chicago Considers UBI
Chicago alderman wants to experiment with giving everybody free money to boost prosperity. Page 12

New York Janus ‘Workaround’
A New York state lawmaker is trying to devise a way for public-sector unions to circumvent the July Janus Supreme Court decision that freed government workers from mandatory agency fees. Page 11

Cigarette Tax Proposed
South Boston, Virginia lawmakers want to tax tobacco stores to fund pay raises for government workers. Page 5

Founding Fathers’ Feud
A new book traces the rivalry between Alexander Hamilton and James Madison and discusses how their debates resonate to this day. Page 19

Ohio State Senators Bet on Sports Gambling
By Brandon Best
With the U.S. Supreme Court having lifted a federal prohibition on state-level gambling laws, a bipartisan team of Ohio senators is backing a bill to legalize betting on professional sports events.

Senate Bill 316, sponsored by state Sens. John Eklund (R–Munson Township) and Sean O’Brien (D–Bazetta), has not yet been assigned to a committee for consideration.

In reversing a lower court’s dismissal of Murphy v. National Collegiate Athletic Association, the Court on May 14 ruled anti-gambling provisions in the federal Professional and Amateur Sports Protection Act of 1992 improperly infringed on the authority of state governments.

Completion date for consideration.
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Judge Rejects Challenge to Missouri Amendment Convention Resolution

By Ashley Herzog

A Missouri judge dismissed a lawsuit challenging the state General Assembly’s May 2017 approval of a resolution calling on Congress to convene a convention to draft an amendment to “impose fiscal restraints on the federal government, limit the power and jurisdiction of the federal government, and limit the terms of office for its officials and members of Congress.”

The lawsuit, filed in September 2017, claimed the call, officially known as Senate Concurrent Resolution 4, should have been presented to then-Gov. Eric Greitens for approval or rejection.

Cole County, Missouri Circuit Court Judge Jon E. Beetem dismissed the case on June 28, stating the authority of the General Assembly to file amendment convention calls is granted by the U.S. Constitution and supersedes procedures for concurrent resolutions specified in the state’s constitution.

S.C.R. 4 was based on model legislation proposed by the Convention of States (COS), a project of Citizens for Self-Governance, a nonprofit organization advocating restoration of state and local authority.

Fail-Safes in Place

Article V of the U.S. Constitution establishes methods for proposing and enacting amendments, including a state-led process. After two-thirds of states call for an amendment convention, commissioners from the states meet to draft an amendment or amendments on the specified proposal. Three-quarters of the full 50 states must ratify the proposed amendment for it to take effect.

Currently, 28 states have passed resolutions calling for a convention to draft a balanced-budget amendment, and 12 have approved the COS resolution.

Blueprint for Fighting Tyranny

Missouri state Rep. Keith Frederick (R–Rolla), sponsor of S.C.R. 4 in the lower chamber, says the amendment convention movement is key to beating back an overbearing federal government and restoring the proper balance of power.

“Just think about the Constitution: It was written by people who had been oppressed to such a degree that they were willing to pledge their lives to break free from that tyranny, and they gave us a blueprint, with the Constitution, of how to keep it from happening again in the future,” Frederick said.

Bipartisan Government Growth

Brett Sterley, Missouri director of Convention of States, says the amendment convention movement is becoming increasingly popular because both major political parties are contributing to the problems plaguing the country.

“Throughout the 1990s and 2000s, it became more apparent that Washington, DC was becoming less responsive to the people,” Sterley said. “Regardless of which party controlled Congress and the White House, government and the deficit continued to grow. Elections were important, but it was clear they were not sufficient. There has to be another answer.”

‘A Lot of Federal Overreach’

Frederick says state lawmakers have a responsibility to fight against federal government overreach.

“One of the things that made me run for office was because I felt the principles America was founded upon were being threatened,” Frederick said. “During the Obama administration, I felt like there was a lot of federal overreach around. A basic, fundamental belief of mine is that the states created the federal government, not the other way around.”

Frederick says the amendment convention movement is an example of the people exercising their rights.

“If you look at the Constitution, Article V talks about the ability of the people to propose amendments to the Constitution that the U.S. Congress will never propose. For example, they’ll never propose to limit their own terms.”

KEITH FREDERICK
MISSOURI STATE REPRESENTATIVE (R–ROLLA)

Praises Judge’s Decision

Sterley says dismissing the case was the right call, from a constitutional and procedural perspective.

“The judge addressed the underlying fallacy of the lawsuit,” Sterley said. “This resolution called for an interstate meeting to discuss proposals to limit the size and scope of the federal government, discuss term limits for federal officials, and restore fiscal restraints. It was our position, and that of the historical record, that the Missouri legislature acted in accordance with Article V of the U.S. Constitution. The court agreed the legislature’s authority was derived from the U.S. Constitution and not from the legislative power of the state.”

Ashley Herzog (aebristow85@gmail.com) writes from Avon Lake, Ohio.

Official Connections:
Missouri state Rep. Keith Frederick (R–Rolla):
https://house.mo.gov/MemberDetails.aspx?district=121
Ohio State Senators Bet on Sports Gambling

Continued from page 1

The Murphy ruling reversed a 26-year prohibition on state-level gambling regulations, freeing states to decide the legality of gambling on sports events within their borders.

Into the Light

Steven Titch, a policy advisor for The Heartland Institute, which publishes Budget & Tax News, says legalizing gambling takes this American pastime out of the shadows.

“Gambling is simply a monetization of risk on a recreational basis,” Titch said. “We monetize risk every day, when you buy a mortgage, purchase insurance, or take a job. Legalization gives people the opportunity to partake in an activity they enjoy, and representatives have responded to that.

“If legalization is done right, we’ll see a migration from the black market to legal betting,” Titch said.

Eklund says many Ohioans already bet on sports in black markets, and they should be allowed to do so legally and safely, out in the open.

“There’s reason to believe millions of dollars are wagered by Ohioans on sports events each year,” Eklund said. “It’s a form of entertainment and private pleasure for them, but because bookmaking is illegal, people who enjoy this activity are faced with relatively limited alternatives.

“Why should we have a hotbed of ostensibly illegal activity going on when we can have a hotbed of carefully regulated and safe activity going on?” Eklund said.

‘Very Little Additional Risk’

If legalization is done right, there’s little downside, Titch says. “The job at hand is to make the regulations fair for both players and licensees,” Titch said. “States should use proper regulations to create additional sources of revenue by transitioning illegal gaming into legal operations. For states like Ohio—with casinos in operation and a state lottery—opening up sports betting makes sense in terms of value and presents very little additional risk.”

Doubling Down on Freedom

Eklund says the Murphy decision was a win for federalism.

“The Supreme Court decision was not just a landmark decision on sports gambling but also states’ rights and the limits on the federal government,” Eklund said. “There’s a change in the air between the federal and state governments. Generally speaking, the government that is closer to the people is more responsive to the people.”

One-size-fits-all approaches, such as the federal government’s former monopoly on gambling regulations, rarely serve people well, Eklund says. “I’m a big believer that individual people in their jurisdictions are the best at deciding what to allow and disallow,” Eklund said. “We have our own mechanisms that will make sure it’s done in a safe and appropriate fashion that benefits the people of the State of Ohio.

“You can’t write all the permutations and varieties that might suit or serve the purposes of a particular state into a law at the federal level,” Eklund said.

Brandon Best (bbest@cedarville.edu) writes from Cedarville, Ohio.

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Brandon Best (bbest@cedarville.edu) writes from Cedarville, Ohio.
South Boston, Virginia Proposes Cig Tax to Fund Government Pay Hikes

By Sarah Quinlan

The South Boston, Virginia City Council is considering levying a tax on tobacco sales in the city to fund pay hikes for city government employees and pad general revenue.

The ordinance, proposed by Councilwoman Tina Wyatt-Younger in May, would place a 10-cents-per-pack tax on cigarette vendors operating in the city. Businesses selling cigarettes would be required to purchase and display stamps indicating payment of the tax.

“I want to recommend Council implement a cigarette tax, with the money going to increasing the salaries for town employees, and also a portion going to general funding,” Wyatt-Younger said at a May 29 work session, according to South Boston Gazette-Virginian reporter Doug Ford.

The City Council decided on June 25 to delay voting on the ordinance until August, to allow more time to research the issue.

Cigars to Pay Hikes

Caleb Taylor, director of policy at the Virginia Institute for Public Policy, says although the tax would be levied directly on business owners, low-income people would end up paying for it.

“Cigarette taxes, like other ‘sin taxes,’ only greatly affect one particular portion of the population: those in the lower echelon of the income scale,” Taylor said. “The people it’s going to affect most are the poor, because sin taxes are often regressive taxes, and the poor end up picking up the larger portion of paying the tax.”

Cheryl Deal, manager of the Blue Ridge Tobacco and Candle store in South Boston, says the ordinance is an unfair cash grab.

“They’re picking on one group of people,” Deal said. “If they were taxing the whole county or taxing an item the whole county uses, that would be fine. I think it’s wrong they treat people who smoke differently.

“You want to take money from these already struggling people?” Deal said. “Ninety percent of my clientele are older people or people who live paycheck to paycheck or people on a fixed income, and you want to take their money and give it to government employees, who are already paid using our money? I can’t see the point in that.”

Deal says the city should use the tax to increase revenue, and垫 general funding,” Wyatt-Younger said at a May 29 work session, according to South Boston Gazette-Virginian reporter Doug Ford.

Found Plenty to Cut

Taylor says the city can increase pay and budget out of the way is the key to economic success.

“Generally speaking, towns like this have difficulty increasing per-capita income, usually because local government is in the way in one fashion or another,” Taylor said. “Getting the city and local government out of the way will help this town in the long run actually accomplish the goals that they specifically say they want to accomplish.”

Predicts Job Losses

Deal says increasing tobacco taxes won’t reduce local smoking rates, but they will increase the city’s unemployment rolls.

“The tax would affect my business revenue, and I would have to let members of my staff go to make up for it,” Deal said. “Some of these businesses have been here for decades, and they will have to get rid of some employees because of the tax.

“The tax won’t reduce smoking,” Deal said. “My customers will go right down the street here and buy their cigarettes cheaper there, and I don’t blame them one bit. If I were my customers, I would go to the cheapest place I could, too.”

Sarah Quinlan (think@heartland.org) writes from New York City, New York.
increased by 7 cents in July, rising to $27.05. Over the past year, the average wage has grown by 2.7 percent.

**Spreading Success**

Richard Ebeling, an economics professor at The Citadel and a policy advisor for The Heartland Institute, which publishes *Budget & Tax News*, says the increase in economic prosperity is lifting all boats, including the groups of people most adversely affected by past economic downturns.

“These are improvements in the unemployment rate among the population in general and among particular subgroups, including blacks, Hispanics, and those without a high school diploma,” Ebeling said. “What it means is that those who have been on unemployment insurance or a variety of welfare programs now have the opportunity to not only earn a paycheck from gainful employment, but also a job that can offer the chance for higher salaries in the future through advancement with the company that has hired them.”

Ebeling says Trump-era tax and regulatory reforms are the primary causes of the current economic revitalization.

“Overall, the improvement in the labor outlook has been greatly influenced by two policy changes over the past two years,” Ebeling said. “First, the slowdown in the growth of government regulation of the private sector, one indication being the size of the Federal Register, which contains all business regulations. The number of pages in the *Federal Register* decreased from 95,894 pages at the end of 2016 to 61,950 pages at the end of 2017.”

**Fewer Restrictions, More Jobs**

Alison Winters, a senior policy fellow with Americans for Prosperity, says the reforms undertaken by President Donald Trump and Congress of overly burdensome regulatory measures, including the Dodd–Frank Wall Street Reform and Consumer Protection Act and the Affordable Care Act (ACA), have spurred business owners to hire more workers and boost salaries.

“Dodd–Frank is one example of intrusive regulation,” Winters said. “The ACA, of course, led to government meddling in a huge sector of the economy. We’re seeing falling unemployment rates and economic recovery because Trump has given the private sector confidence that it is business-friendly, and that’s when you start seeing job creation and falling unemployment.”

**Concerned About Roadblocks**

Winters says the potential consequences of increased government spending and the imposition of import duties on consumer and manufacturing goods could impede further improvement in the U.S. economy.

“There are two areas I’m concerned about: runaway federal spending and tariffs,” Winters said. “Both could hinder the economic progress we’re seeing right now.”

Reducing tax and regulatory burdens creates more opportunities for disadvantaged individuals and the public as a whole, Ebeling says.

“It means the ability to improve the quality and standard of the now-employed person’s family: better food, some new furniture, maybe over time being able to afford a nicer apartment, or even owning a home down the road,” Ebeling said. “This is especially true in the African-American and Hispanic communities, in which people sometimes feel locked into the welfare system of government dependency. It is particularly important for minority youth, who often seem to have no hope for a better life.

“Nothing provides more chances for higher incomes in the future than workplace experience,” Ebeling said. “The social dead end that seems before youth, who often seem to have no hope for a better life.

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**Concerned About Roadblocks**

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Ashley Herzog (aebristow85@gmail.com) writes from Avon Lake, Ohio.

*INTERNET INFO*

Senate Considers Taxpayer-Financed Parental Paid-Leave Bill

By Leo Pusateri

The U.S. Senate is considering a bill that would use Social Security to finance a new paid parental-leave benefit for couples with new children.

Senate Bill 3345, the Economic Security for New Parents Act, is the result of meetings between Sen. Marco Rubio (R-FL) and President Donald Trump’s daughter, Ivanka Trump, held in June 2017 to discuss taxpayer-funded paid parental leave.

Under the proposal, individuals with newborn children would be able to receive government payments for two months or more after the child’s birth, financing the parental leave from employment in return for agreeing to delay receiving Social Security by three to six months after reaching retirement age.

Rubio introduced the bill on August 1. It was referred to the Senate Committee on Finance for consideration.

Heading Toward Depletion

Ben Gitis, director of labor market policy at the American Action Forum, says Rubio’s bill is a bad idea because it would further undermine the funding of an already overstressed government program.

“The main challenge with this specific proposal is that its implementation coincides with the Social Security Trust Fund’s insolvency,” Gitis said. “Since 2010, Social Security has run annual cash deficits, and the Social Security Trust Funds are projected to reach depletion by 2034. At that point, all Social Security benefits will fall to only what tax revenues can support, which will be a 21 percent cut. Adding paid parental leave benefits to Social Security would accelerate trust fund depletion.”

Leave vs. Welfare

Carrie Lukas, president of the Independent Women’s Forum, says Rubio’s bill would be a net benefit to taxpayers.

“When you think about this concept, it’s always good to look at the liability to the taxpayers as a whole,” Lukas said. “One thing that’s important is that if you don’t have paid leave, and if you’re giving birth and have to take time off of work, a share of people who don’t have paid leave end up on some other form of government assistance. Almost 17 percent of everyone who lacks paid leave, and nearly 50 percent of low-income workers who lack paid leave, end up using other forms of public assistance when they face those times and need paid leave.”

Rubio’s plan would shift people’s use of entitlement programs instead of increasing the overall amount of dependency on government, Lukas says. “If this became law, while there would be people drawing on Social Security differently, taxpayers would likely be experiencing a reduction of expenses in things like food stamps, Medicaid, and other welfare programs,” Lukas said.

Transfer of Obligations

Gitis says the bill would ultimately stick taxpayers with a higher bill for the welfare state, by refilling Social Security’s depleted funds with money from the U.S. Treasury.

“The Rubio bill includes a provision to hold Social Security harmless from this effect by including authority for a Treasury general fund transfer to Social Security Trust Funds,” Gitis said. “That Treasury-general fund transfer would result in an additional increase in government debt—and essentially transfers that incremental cost from Social Security beneficiaries, who would see their benefits cut sooner from a more rapid depletion of Trust Funds—to other taxpayers.”

Suggests Means Testing

Many private-sector employees already receive paid leave as a benefit, Gitis says. “Roughly 60 percent of those who take parental leave are already paid by employers,” Gitis said. “This doesn’t suggest that a universal benefit is needed. At best, a universal benefit would be a redundant use of resources for many. At worst, it would cause many people to lose employer-paid leave benefits.

However, it also is clear low-income workers are the ones who lack access to virtually any type of paid leave from their employers,” Gitis said. “Thus, a policy that provides paid leave benefits specifically to low-income workers would be the most direct and cost-effective way to expand access to paid parental leave in the United States.”

Sees It as a Loan

Lukas says using Social Security to fund a paid-leave mandate is similar to lending money.

“As a conservative, I think that this is a really important distinction: If we create a program where you are giving people access to what amounts to a loan on benefits that they are earning and due from the government, that’s better. We would rather have people do that than have them go on food stamps, welfare, or unemployment.”

CARRIE LUKAS
PRESIDENT, INDEPENDENT WOMEN’S FORUM

Leo Pusateri (psycheist@fastmail.fm) writes from St. Cloud, Minnesota.
New York City Puts New Regulations on Homesharing

By Ashley Herzog

A n ordinance targeting peer-to-peer short-term housing arrangements has taken effect in New York City.

Short-term rental companies operating in the city, such as Airbnb and Homeaway, now must provide the city government’s Office of Special Enforcement with the names and addresses of people offering lodging space, the duration and prices for which spaces are rented, and other personal information held by the company. Failure to turn over users’ information can result in a $1,500 per-item fine against the company.

Speaking about her bill at a June 26 City Council meeting, City Councilwoman Carlina Rivera (D–District 2) said the regulations are intended to reduce the cost of housing.

“This bill has one clear priority: protecting our affordable-housing stock for the millions of New Yorkers who could not live here without it,” Rivera said.

Legislators approved the ordinance on July 17, and Mayor Bill de Blasio signed it on August 6, with the law taking effect immediately.

**P2P Economics**

Edward Hudgins, research director at The Heartland Institute, which publishes *Budget & Tax News*, says peer-to-peer economy services connect people with resources with those seeking to use them, saving consumers money in the process.

“Peer-to-peer operations like Airbnb are part of the new economy created by entrepreneurs looking for every opportunity to offer profitable services to willing customers,” Hudgins said. “Consumers, especially in large urban areas where hotel prices are high, realize substantial savings from Airbnb.”

**Expanding the Market**

Nick Zaiac, the Commercial Freedom Fellow at the R Street Institute, says the sharing economy is a net benefit for everyone.

“Peer-to-peer platforms increase both the size and scope of the market,” Zaiac said. “They allow consumers to access a bigger pool of options for whatever is being sold, often with lower prices. This opens access to new customers, especially the lower middle class. Typically, rules that add licensing, inspection, and other barriers will make the market less accessible to those with modest incomes and a need for extra cash. These people stand to benefit most from online platforms like Airbnb.”

**Cronyism vs. the People**

Hudgins says politically connected people, such as hotel owners, often use government regulations to protect themselves from competitors, making things worse for the public.

“Entrenched interests have a strong incentive to shield themselves from competition so they can extract higher prices from consumers, so naturally they back regulations to cripple or drive out Airbnb,” Hudgins said. “In New York, established hotel owners and workers will support local politicians who want to restrict competition. The visitors who are denied access to Airbnb are the victims of higher prices, but they will leave the city after their visits and not have the opportunity to vote the soundbites out in local elections.”

**Government is the Root Cause**

Hudgins says decades of big government policies, such as rent-control laws and business licensing, are responsible for the very problem lawmakers say they are trying to solve.

“High rents and housing costs in New York and other major cities are the result of government policies,” Hudgins said. “Rent control keeps renters in their low-priced dwellings, because the rents are kept low by governments. The cost of construction licenses and every imaginable regulation on new construction is passed along to renters and buyers. The overall tax burden in New York City—one of the nation’s highest—is also reflected in housing costs.”

Hudgins says local lawmakers should resist the urge to micromanage the peer-to-peer economy, because it operates just fine without their interference.

“Lawmakers should simply leave the sharing economy alone and let it regulate itself,” Hudgins said. “Customer ratings systems for Airbnb, Uber, Lyft, and other sharing operations offer effective consumer protections without armies of arrogant, officious, and arbitrary bureaucrats. Haven’t politicians done enough damage?”

**Suggests Supply-Side Solutions**

If New York City lawmakers are truly concerned about making housing more affordable, they should remove the countless regulations that limit the supply, Zaiac says.

“To really promote affordable housing at a time when platforms make renting rooms easy, lawmakers need to legislate with a regional perspective,” Zaiac said. “Affordable housing requires a legal environment that allows housing to be built where citizens demand it, often in wealthy towns that have little reason to allow needed housing to be built. One option would be state rules that allow small apartment buildings in all residential zones laid out by its municipalities.”

Ashley Herzog (aebristow85@gmail.com) writes from Avon Lake, Ohio.

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**Official Connections:**

Florida Voters to Consider Tax Hike Supermajority Question

By Brandon Best

Florida voters will decide in November whether to approve the creation of a constitutional requirement making it more difficult to raise taxes.

Amendment 5 would require assent of two-thirds of each chamber in the Florida Legislature for the enactment of new taxes or fees or increases of existing ones.

Lawmakers approved the resolution creating the ballot question, House Joint Resolution 7001, in March 2018. The amendment will take effect and become part of the state’s constitution if at least 60 percent of voters approve the measure.

‘A Proper Defense Mechanism’

Lew Uhler, president of the National Tax Limitation Committee and a policy advisor for The Heartland Institute, which publishes Budget & Tax News, says Amendment 5 would force Florida lawmakers to think twice before they tax.

“The amendment obviously is designed to raise the threshold for big spenders to increase taxes and tax rates,” Uhler said. “In a state like Florida, where you have no personal income tax, there is an effort to raise other taxes, so this is a proper defense mechanism. The requirement to reach that two-thirds threshold will force legislators to think through the incentives for tax-raising.”

Sal Nuzzo, vice president of policy at the James Madison Institute, says voter approval of Amendment 5 would help guarantee consistency and predictability for business owners considering moving to the state.

“One of the biggest challenges Florida will have in the next 25 years is diversifying our economy,” Nuzzo said. “We’re beginning to see more activity in things like financial services and high-tech manufacturing, and they need to continue to maintain growth. This amendment would guarantee a high degree of consistency in the tax climate. Consistency in taxes lets business leaders know what their outlooks will be when they look for where to start and invest in businesses.”

Restricts Spending, Too

Uhler says increasing the burden for legislators looking to increase taxes helps restrain spending.

“The balanced budget requirement is part of the state’s constitution,” Uhler said. “By increasing the threshold, you restrain those who try to increase the total tax load as a means to balance the budget. Making this threshold for increase a part of the constitution is a wise approach for the people.”

Cheers for Fiscal Responsibility

Nuzzo says the ballot question, a legislatively referred constitutional amendment, is an example of how Florida lawmakers have responsibly managed the state’s finances.

“Over the past 20 years, Florida has governed itself in a fiscally conservative manner,” Nuzzo said. “We’ve seen a commitment to keeping taxes low, keeping regulation to a minimum, and promoting a business-friendly economic climate. We bounced back from the Great Recession quicker than any other state because of our tax climate.

“The Florida Legislature saw an opportunity to put in place a constitutional check on big government, in the form of requiring a supermajority for the increase of taxes and fees at the state level,” Nuzzo said. “It is incredibly pivotal to maintaining the trajectory that Florida has to ensure that big tax-and-spend policies should have a constitutional check.”

Brandon Best (brandonmbest@gmail.com) writes from Cedarville, Ohio.

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Mountain View, California Voters to Consider ‘Jobs Tax’

By Leo Pusateri

Voters in Mountain View, California will consider whether to increase the local business license tax during the November 2018 election.

Currently, businesses operating in Mountain View, including large businesses such as Google, pay a flat $30 fee for government permission to operate, regardless of how many people work for the company.

The voter question, approved by the Mountain View City Council on June 26, asks residents to approve increasing the fee to $75 and creating employee surcharges.

If the public approves the proposal on November 8, the city will levy a $5 per-person fee for each employee in companies with more than one person but fewer than 25, and a $10 per-head levy for businesses with more than 50 workers.

Official estimates forecast the tax change will bring in up to $6 million in additional revenue per year.

‘Not a Good Idea’

Russ McCullough, an associate professor of economics at Ottawa University and a policy advisor for The Heartland Institute, which publishes Budget & Tax News, says the proposed jobs tax will hang a “No Help Wanted” sign on the city.

“I think it’s not a good idea, for a few different reasons,” McCullough said. “Long-term, it will have the effect of deterring new businesses and new growth of existing businesses. Since it is per person, they may intentionally shift labor elsewhere, even if they keep their physical premises where they are.”

Tom Means, a professor of economics at San Jose State University and a former mayor of Mountain View, says the tax increase is meant to target large employers.

“Most of this is based on going after big companies, because they realize if they started taxing small and medium-sized companies on the number of their employees, there would be more complaints,” Means said. “It’s how democracy works sometimes. What stops 51 percent from taxing the other 49 percent to pay for public benefits? It’s not a very good system, because it’s not applied equally nor fairly to every firm.”

‘Multiplier Effect’

McCullough says businesses with many employees, such as Google, are a net benefit to the community in which they locate.

“There is also an ‘employment multiplier’ effect, in that Google is an export type of business, where most of what they produce is being bought by people outside of Mountain View,” McCullough said. “I looked at data from Portland, and businesses like Google can be in the multiplier range—the number of peripheral jobs created above and beyond the original number brought in—of 1.5 to even as high as 2.5. In short, for every job that Google brings, they also create another job or more in town for someone else.”

McCullough says voters should think twice about how taxes affect entrepreneurship before voting to raise taxes and fees on job-creators.

“The sort of track record the government currently has, in officially allocating government funds to problems, might be something for the taxpayers to think about,” McCullough said. “The small businesses are going to be the ones that will be hit disproportionally and deterred from expanding, which would also create a barrier to entry for new ventures.”

Doubts Claims of Harm

Tom Means, a professor of economics at San Jose State University and a former mayor of Mountain View, says the claims made by advocates of the tax proposal are not supported by the available evidence.

“Why are we taxing these firms on their size and not a fixed cost?” Means said. “They may say larger firms impose more costs on society and Google caused more harm than good in Mountain View because of traffic or housing demand, but they don’t have any statistics to back that up.”

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

Tampa Bay Rays Baseball Team Continues Search for Ballpark Financing

By Brandi Wielgopolski

The Tampa Bay Rays Major League Baseball (MLB) team is planning to build an $892 million stadium in the city’s Ybor City neighborhood, possibly financed with a mixture of private and taxpayer money.

MLB Commissioner Rob Manfred called on city elected officials to contribute taxpayer money to the financing of the new stadium on July 17, according to the Tampa Bay Times.

“Manfred pitched for those external contributions, saying he felt it was ‘completely appropriate’ for business and ‘governmental entities’ to participate in the financing, and touting stadiums as ‘municipal assets’ that are indicative of a region’s status as, well, ‘a major-league city,’” staff writer Marc Topkin reported.

Public Piggybank

Thomas Aiello, a policy and government affairs associate at the National Taxpayers Union, says many sports team owners, including the owners of the Rays, use taxpayers as a source of capital for their investments.

“Team owners know that they can take advantage of the taxpayers and have them foot the bill for the projects,” Aiello said. “The Rays are a profitable business, and they shouldn’t need taxpayer handouts to build a new stadium. I am sure they would be able to raise most of the money from private sources, but the team owners don’t have a huge incentive to seek out a lot of private capital because they know they have the taxpayers to fall back on.”

Considers It a Bad Deal

Demetrius Minor, coalition director for the Florida chapter of Americans for Prosperity, says keeping the Rays in Tampa Bay is probably not worth the cost to local taxpayers.

“The Rays are not producing a team that is worthy of stadium population, and they have not paid off their current debt at Tropicana Field,” Minor said. “Now, they are looking to build a new stadium on the taxpayer dime, which means we are probably going to see an increase in taxes, and they are not going to realize the return on investment they think they will.”

Brandi Wielgopolski (brandi.wielgopolski@gmail.com) writes from Columbus, Ohio.
New York Assemblyman Proposes Janus ‘Workaround’

By Samantha Fillmore

New York state Assemblyman Richard Gottfried (D–Manhattan) announced he will sponsor a bill to allow public-sector unions in the state to receive taxpayer money to reimburse the costs of collective bargaining, contract administration, and other related activities.

In its June decision in Janus v. American Federation of State, County, and Municipal Employees, the U.S. Supreme Court ruled governments could not take union dues from government employees’ paychecks without the employee’s consent.

Speaking of his bill, Gottfried told New York Post reporter Nolan Hicks on July 4 he “would call it a workaround” to the Janus decision. Gottfried has not yet filed the bill.

‘Against the Public’s Interest’

Ken Girardin, a policy analyst at the Empire Center, says the Janus case settled the question of whether governments can send their employees’ money to union bosses without the workers’ permission.

“In the case of an individual worker, you are diverting money that should be going into their paycheck and sending it into a union fund,” Girardin said. “This is exactly what the justices said needed to stop in the Janus case.”

Circumventing the Janus decision would not promote the well-being of anyone except union bosses, Girardin says.

“This would be opening up a Pandora’s box,” Girardin said. “The public’s interest is not served when public resources flow in such an unrestricted manner to government unions. This bill would let elected officials partake in a favorite pastime of giving goodies to government unions more efficiently than ever, essentially working against the public’s interest.”

Advises Taxpayer Vigilance

Patrick Semmens, vice president for public information with the National Right to Work Legal Defense Foundation, says creating an end run around Janus would divert public money to private organizations that have undue influence over politicians.

“Taxpayers are usually the ones to foot the bill when it comes to these negotiations, which send their tax dollars that should go to public funding and programs to these essentially private organizations,” Semmens said. “Taxpayers should be concerned, because unlike in the private sector, there is no natural cutoff for spending when it comes to the public sector. If they need more funding, they can always look to taxpayers.”

‘A Matter of Compelled Speech’

Girardin says seeking a workaround to the Janus decision means looking for ways to violate government workers’ First Amendment rights, thereby defeating the purpose of the Supreme Court’s decision.

“Working around the Janus decision is a matter of compelled speech,” Girardin said. “Compelled speech infringes on someone’s rights and dignity, when you force someone to stand for something versus letting them speak up or stand against something on their own.”

Girardin says the proposed law would enrich government union bosses at the expense of rank-and-file workers.

“Anything that a public-sector government union does is an attempt to change public policy and is inherently very political,” Girardin said. “This proposal is to take money out of paychecks before it’s paid to workers and is an attempt to treat these union fees as employee benefits.”

‘Inherently Anti-Democratic’

Seminns says the Janus decision helped restore basic American democratic principles.

“We have to look at the big picture: Public-sector unions conduct union bargaining that eventually leads to them having a special seat at the table to argue government policy, and this in itself is inherently anti-democratic,” Semmens said. “Unions holding negotiations over public policy questions is fundamentally contrary to our system of government, where we elect officials to enact public policy.”

Seminns says government unions should be held to the same standards as other lobbying groups.

“Public-sector unions ought to be the same as any outside special-interest lobby group,” Semmens said. “They should exercise the use of voluntary membership, and they should not get to use taxpayer-funded payroll systems as a way of collecting dues.”

Samantha Fillmore (samantha.heartland@gmail.com) writes from Chicago, Illinois.
HAS THE ENVIRONMENTAL MOVEMENT GONE TOO FAR?

Please join Students For Liberty at LibertyCon 2019 in Washington, D.C. for a conversation with Patrick Moore, a founding member of Greenpeace, about the moral decline of the environmental movement.

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Patrick Moore, Ph.D.

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Learn more about Patrick Moore online at www.ecosense.me/about

Chicago Alderman Proposes Universal Basic Income Pilot

By Samantha Fillmore

Chicago Alderman Ameya Pawar (D) is calling for the city government to study the idea of implementing a government-administered universal basic income (UBI) pilot program that would provide 1,000 families with a $500 payment every month. Pawar and 36 co-sponsors are behind Resolution 681, a non-binding legislative call requesting Chicago Mayor Rahm Emanuel create a “Chicago Resilient Families Initiative” task force to study whether universal taxpayer-funded income payments promote prosperity.

Expects Failure

Anthony Davies, an associate professor of economics at Duquesne University and a policy advisor at The Heartland Institute, which publishes Budget & Tax News, says although UBI could help address poverty in an ideal world, it’s more likely it will end up becoming just another failing government welfare program.

“A UBI has the potential of going one of two directions,” Davies said. “If a UBI could, in theory, replace everything we already do to help the poor and disadvantaged, like food stamps and housing subsidies, there could be an upside. It could create a lot less friction when it comes to the conjunctions of all of these governmentally regulated programs. This is the upside, and it could be beautiful, if done correctly.

“What will probably happen is that a UBI will be put into place on top of the systems we already have, and what this is going to do is take from a system that is holding people in poverty and just create an even bigger system holding people in poverty,” Davies said.

Creating yet another entitlement program would further increase the tax burden on Chicago residents while not delivering any net benefits, Davies says.

“This will all negate the possible positive effects it could have, on top of creating an even higher tax burden for the people of Chicago, without truly helping the people this is intended to help.”

Calls for Regulatory Relief

Andrew Nelms, director of the Illinois chapter of Americans for Prosperity, says it’s no secret how to help people help themselves.

“Nothing helps lift someone out of poverty more than a job, and the job climate in Chicago is so difficult at the moment,” Nelms said. “This, on top of all of the regulations for new business developments, really keeps those aspiring to improve their socioeconomic status at a disadvantage.”

Davies says regulatory reform and restraining cronyism are the tried and true ways to fight poverty.

“Placing regulations on one man’s food truck in order to protect brick-and-mortar restaurants is not a role of the government,” Davies said. “When you lift regulations that are keeping people down in terms of their economic growth, they will find a way to naturally lift themselves out of poverty without governmental interference.”

Diagnosis: Too Much Government

Nelms says interference by lawmakers often causes societal problems instead of solving them.

“A good general starting point for Chicago, and for America as a whole, is when we see a problem—poverty—our first reaction shouldn’t be, ‘What can the government do to fix it?’ We should instead ask, ‘What is the government doing to perpetuate this problem?’” Nelms said. “Government should be the last resort, not the first.”

Samantha Fillmore (samantha.heartland@gmail.com) writes from Chicago, Illinois.
California Enacts Grocery Tax Moratorium

By Ashley Herzog

California Gov. Jerry Brown signed a law temporarily prohibiting cities and counties in the state from enacting new grocery taxes or increasing existing levies on groceries, including sugar-sweetened beverages (SSBs).

Assembly Bill 1838 took effect immediately upon Brown’s approval on June 28 and is retroactive to January 1, 2018. The law preempts grocery tax proposals targeting SSBs that were under consideration in Richmond, Sacramento, and Santa Cruz.

The moratorium expires in December 2030.

Pols and Prohibitionists

Joe Carter, a senior editor at the Acton Institute, says “sin taxes” imposed on sugary drinks and other products are meant to discourage consumers by increasing prices.

“Sin taxes are excise taxes that are specifically intended to target certain goods deemed harmful to society but that we don’t want or can’t ban completely, such as tobacco or alcohol,” Carter said. “The idea is that by adding or increasing the tax, it increases the overall price of the good, thereby lowering consumer demand.”

Kerry Jackson, a researcher in California studies at the Pacific Research Institute, says soda taxes create a coalition of nosy prohibitionists and revenue-seeking politicians.

“They see money streams out there that they can’t get to, and they’re going to find a way to get to them,” Jackson says. “They’re backed by do-gooders in the private sector who believe they have the authority, power, and privilege to tell people what they can and cannot put inside their bodies. They play well with each other. As a result, you get this type of situation.”

Soda Revenue Streams

Carter says soda taxes use low-income households as ATMs for government.

“Sin taxes tap into the basic law of supply and demand—if you raise the price of a good or service, it will lower the demand—but the problem with this approach is that the tax isn’t high enough to reduce consumption enough to truly change people’s behaviors,” Carter said. “All that it really does is make certain goods and services more expensive for those who can least afford it. The poor tend to drink more soda than wealthy Americans because soda is cheaper than most other options.

“Even with the increased tax, a can of Dr. Pepper from a vending machine is always going to be cheaper than a soy macchiato latte from Starbucks,” Carter said. “All the tax does is take more money out of the pockets of those who don’t have much to begin with.”

Suggests Education, Not Taxation

Instead of taxing people’s eating habits, lawmakers should make a personal effort to educate people and convince them to eat healthier, Jackson says.

“They have a First Amendment right,” Jackson said. “They can make speeches. They have a bully pulpit, being elected officials. They can write op-eds. But when it comes to using legislation, you’re using force to impose what you think are good ideas.”

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

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

Bartow County, Georgia Exits Medical Transport Business

By Madeline Fry

Bartow County, Georgia commissioners have privatized their county’s public ambulance service.

The commissioners awarded a five-year contract to MetroAtlanta Ambulance Service, a private company headquartered in neighboring Cobb County. The county government had been losing money on its emergency transportation services, putting taxpayers on the hook for $950,000 in deficit spending in fiscal year 2018 and accumulating a $13.5 million deficit over the past decade.

The contract between the county and MetroAtlanta, which went into effect on July 11, includes guaranteed minimum response times and other provisions ensuring the county receives quality service. County officials will review the contract annually for compliance, and the county may opt out if the company fails to meet its requirements.

MetroAtlanta has promised to offer employment to existing Bartow County Emergency Medical Services employees.

‘Outcomes-Based’ Agreement

Benita Dodd, vice president of the Georgia Public Policy Foundation, says people living in Bartow County are the real winners in the agreement.

“They’re going to benefit from a successful ambulance service that has a proven track record in other counties,” Dodd said. “They’re going to benefit from an outcomes-based perspective where, obviously, the county is intending to spend less, which means taxpayers aren’t on the hook.

With a contract that is based on the ambulance performance, there’s an opportunity to look at another service if they don’t provide the outcomes that they’re promising.”

Suggests Expansion

Reason Foundation Policy Analyst Austill Stuart says other contracting agreements could deliver similar win-win scenarios.

“A lot of times with municipalities, the first services to get cut are things that are considered more recreational,” Stuart said. “Animal shelters, libraries, things like that can really be hurting for funding in terms of all the other demands that municipalities face. It can be advantageous to outsource some of those activities to people who have experience in the field and also have economies of scale, where they’re doing the same thing in a bunch of different places and have a lot of expertise.”

‘They Have an Obligation’

Dodd says the privatization will improve service while cutting costs.

“They have an obligation to meet the terms of their contract, which means they expect better performance out of them than the county service that lost $13.5 million over 10 years,” Dodd said. “That’s a lot of money in a small county. This kind of consolidated operation and economies of scale can really help Bartow’s taxpayers and provide better service and better equipment.”

Madeline Fry (mfry@hillsdale.edu) writes from Hillsdale, Michigan.

INTERNET INFO

Ohio Lawmakers Consider Online Travel Tax Increase

By Leo Pusateri

The Ohio House of Representatives Ways and Means Committee is considering a bill that would raise taxes on online travel vendors.

House Bill 571, introduced by state Rep. David Greenspan (R–Westlake), would require online travel companies (OTCs) such as Expedia and Priceline to remit lodging and sales taxes to local governments and the state Department of Taxation based on the full price of hotel rooms instead of the amount actually paid to the hotel.

The committee met on June 19 to hear testimony on the bill but did not vote on it.

More than a Technical Change

Greg Lawson, a policy analyst at the Buckeye Institute and a policy advisor for The Heartland Institute, which publishes Budget & Tax News, says the bill would apply a hotel tax to a service charge instead of just the room fee.

“Typically, customers who book rooms through an OTC will pay the same amount for their room as custom-
ers who book directly through a hotel website,” Lawson said. “The actual room rates that hotels receive for bookings made through an OTC, however, are generally lower than what the hotel would receive on rooms booked directly. The OTC keeps the difference, effectively charging the hotel a service fee for facilitating booking.

“Consequently, local governments collect less total tax on rooms booked through OTCs than they would on the same rooms booked directly through hotels,” Lawson said.

H.B. 571 would reduce the availability of hotel rooms in the state, Lawson says.

“The legislation, if enacted, would probably reduce the inventory they offer, at least in those jurisdictions applying the sales tax to [OTCs'] fees,” Lawson said. “However, I think the far bigger negative impact would be if OTCs should ever be subject to the occupancy taxes. That would severely hurt their model.”

Extending Taxes, Limiting Competition

Jack Boyle, executive director of Ohioans for Tax Reform, says H.B. 571 is about fattening cities’ coffers, not ensuring fair play.

“The 'level playing field argument,' as commonly used, is typical misdirection,” said Boyle. “For retailers it's a way to hamper competition, and for taxing authorities it's a way to tax beyond the boundaries of physical jurisdictions. Both retailers and taxing authorities say if local retailers must collect applicable local sales tax, then internet sellers should be required to collect and remit sales taxes for the location of the buyer, notwithstanding that there are thousands of taxing authorities around the nation that collect sales

Ohio state Rep. David Greenspan (R-Westlake):
http://www.ohiohouse.gov/dave-greenspan

Numerous Texas School Staff Members Earn Six-Figure Salaries

By Samantha Fillmore

Some 7,000 Texas government school staff and teachers account for $1 billion in annual costs to local and state taxpayers, a new report states.

In July, auditors for Open the Books, a nonprofit government-spending watchdog organization, found 7,327 Texas public school superintendents, administrators, teachers, and athletic directors drew six-figure annual salaries. Less than 6 percent of the members of the “$100,000 Club,” as the study calls them, actively teach in a classroom, the study found.

‘Numbers That Jump Out’

Lennie Jarratt, project manager for the Center for Transforming Education at The Heartland Institute, which publishes Budget & Tax News, says it’s obvious something is wrong with Texas’ government school system.

“The biggest numbers that jump out, and the ones that people should be paying attention to most, are the 7,300 educators making around six figures,” Jarratt said. “Some principals are making more than $300,000 annually. There’s a huge imbalance somewhere in the system.”

Adam Andrzejewski, CEO and founder of Open the Books, says public school officials are receiving lavish perks financed by taxes and debt.

“There were pampered superintendents receiving huge severance pay for terminated contracts and massive salaries at districts with growing debt, Andrzejewski said. “It’s important for taxpaying Texans to know how their money is being spent at the public school level across the state.”

Unions, Boards vs. Taxpayers

Jarratt says labor unions and public school boards have created a feedback loop that continually ratchets spending upward.

“From my history of looking at school boards and how they operate, they are essentially controlled by the teachers unions,” Jarratt said. “These unions elect their own people into the school boards and into these higher-paid positions, and then when they ramp up these superintendents’ and principals’ salaries, they can justify spending more for teachers’ salaries, and it turns into a symbiotic relationship in which the spending of tax dollars increases continuously.”

Andrzejewski says the public must demand more accountability from government school officials and politicians.

“Taxpayers in Texas must ask the hard-hitting questions at the local level and demand transparency and fiscal responsibility in their own school districts,” Andrzejewski said. “You can’t fund children’s education when you’re funding an education bureaucracy.”

Samantha Fillmore (samantha.heartland@gmail.com) writes from Chicago, Illinois.

INTERNET INFO


“Meet the Texas Teachers $100,000 Club,” Open the Books, July 18, 2018: https://www.openthebooks.com/subscriber_special_meet_the_texas_teachers_100000_club/
Two cases challenging the constitutionality of the Consumer Financial Protection Bureau (CFPB) may require the U.S. Supreme Court to resolve discrepancies in several decisions reached by judges in lower courts.

In June, federal Southern District of New York Judge Loretta Preska reversed a lower court’s ruling favoring the CFPB, stating the agency should be placed under the authority of the executive branch of government instead of operating as an independent government agency.

Preska dismissed Consumer Financial Protection Bureau and The People of New York v. RD Legal Funding, LLC on June 21, removing CFPB as a party because its unconstitutional status negated its standing to sue the plaintiff.

Two cases making similar claims are pending in higher courts.

Potential Conflicts

In the U.S. Court of Appeals for the Fifth Circuit, CFPB will have until September 10 to respond to Consumer Financial Protection Bureau v. All-American Check Cashing, Inc. et al., in which the agency’s structure is being challenged on constitutional grounds. In a case before the U.S. Court of Appeals for the Ninth Circuit, Consumer Financial Protection v. Seila Law LLC, CFPB lawyers responded to the plaintiff’s arguments on March 26.

Neither court has set a date to hear oral arguments.

In PHH Corporation v. CFPB, the U.S Court of Appeals for the District of Columbia Circuit decided in January the agency was not unconstitutionally isolated from executive oversight.

Press says a Supreme Court showdown over CFPB’s structure and isolation from executive oversight is increasingly likely.

“Certainly, at the very least, it looks like now the courts are starting to draw the line in by saying you can insulate some of these agencies, but you can’t isolate them,” Press said. “It looks like they’re starting to draw a line in the sand on what is considered insulated versus what is considered overly isolated from the president.”

Calls for Constitutional Clarity

Daniel Press, a policy analyst for the Competitive Enterprise Institute, says a final answer from the Supreme Court on CFPB’s organization is vital.

“You just cannot have a critical agency—something that is a very substantial part of the financial regulatory regime—being struck down as unconstitutional by different courts around the country,” Press said. “That’s crazy. We’re going to need some clarity from the Supreme Court.”

“Certainly, at the very least, it looks like now the courts are starting to draw the line in by saying you can insulate some of these agencies, but you can’t isolate them.”

DANIEL PRESS
POLICY ANALYST
COMPETITIVE ENTERPRISE INSTITUTE

“I went up to Washington, DC and had a day-long meeting at the Treasury Department, along with 27 other small lenders from across the country,” Lynn said. “The feeling I got, which was backed up in the final rule released in October 2017, was that they basically patted us on the head and told us we didn’t know what we were talking about. The smart guys from Washington, DC were going to tell us how it was going to be.”

Jeff Reynolds (jefferyreynolds@comcast.net) writes from Portland, Oregon.
Congressional Conference Committee Negotiates Farm Bill

By Brandi Wielgopolski

With both chambers of Congress having approved House Resolution 2, also known as the Agriculture Improvement Act of 2018 or the “farm bill,” a congressional conference committee will reconcile the differences between the two versions.

The farm bill authorizes funding for the Supplemental Nutrition Assistance Program (SNAP)—commonly called “food stamps”—agricultural subsidy programs, and the operation of the U.S. Department of Agriculture through fiscal year 2023.

The House version of the bill, sponsored by U.S. Rep. Mike Conway (R–TX) and approved on June 21, strengthens work requirements for individuals receiving SNAP benefits. The Senate version, sponsored by U.S. Sen. Pat Roberts (R–KS) and approved on June 28, makes no changes to SNAP and includes an amendment by Sen. Chuck Grassley (R–IA) limiting the number of farmers who may receive subsidy payments.

The conference committee will merge the two versions, and if both houses of Congress approve the resulting bill, it will be sent to President Donald Trump for his signature.

Limiting Corporate Welfare

Vincent Smith, a professor of agricultural economics at Montana State University and a policy advisor for The Heartland Institute, which publishes Budget & Tax News, says the reforms in the Senate farm bill would decrease the ability of big businesses to game the system.

“The average farm, under these programs, gets less than $10,000 from the programs,” Smith said. “That tells you that most farms are not going to be affected by going from two eligible people to one eligible person. Who would be affected are likely the large farms, which one way or another have several ways of getting around certain eligibility restraints. If we go to one eligible person per farm, farms that are getting $300,000 to $400,000 per year from subsidies will no longer receive so much.”

Government in the Grocery Aisle

Caroline Kitchens, federal affairs manager and a policy analyst at the R Street Institute, says subsidizing agricultural businesses with taxpayer money encourages farmers to grow what the government wants, increasing costs and decreasing the variety of food choices available to consumers.

“In many cases, our farm subsidies create a lot of distortion in the marketplace. They drive up costs for consumers and lead to the type of food supply a lot of consumers do not want.”

Carolina Kitchens
Federal Affairs Manager, R Street Institute

“Farming for Government Subsidies”

Kitchens says reducing the government’s role in agriculture would be a sweet deal for the public.

“There are only six major crops that get the lion’s share of government subsidies,” Kitchens said. “Most of the smaller specialty crops, organic crops, fruits, and vegetables pretty much receive no government assistance.

“Right now, a lot of farmers are farming for government subsidies rather than farming for what consumers want,” Kitchens said. “If we did not have the market-distorting subsidies, we would see it trend more toward healthier foods, which are the things American consumers would rather eat.”

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

**INTERNET INFO**


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California Gas Tax Hike Repeal Question Reaches Ballot

By Samantha Fillmore

California voters will decide in November whether to repeal an increase in the state’s excise tax on gasoline.

California’s gas tax soared to 40 cents per gallon in November 2017, an increase of 12 cents, or approximately 43 percent. The tax is scheduled to increase by an additional 7.5 cents per gallon in July 2019.

Gov. Jerry Brown signed Senate Bill 1 into law on April 28, 2017, authorizing the tax hikes.

The ballot measure, officially titled Proposition 6, will be put before voters on November 6. The measure would repeal S.B. 1, reducing the gas tax to 28 cents per gallon, and it would require voter approval before future gas tax proposals approved by the state legislature and governor could be enacted.

'Hitting Workers Hard'

Adam Summers, a research fellow at the Independent Institute, says the last thing Californians need is higher taxes.

“We already had very high gas taxes, along with other high taxes here in California,” Summers said. “This hike has affected a lot of the poor and middle classes, especially those with lower incomes who have had to move farther away from their jobs. This inherently increases the amount of driving and travelling an individual has to do to get to work, thus diminishing the positive effects moving further away from their jobs had on their household budgets and income.”

Michael Dillinger, a San Diego resident, says the exorbitant taxes and increased gas prices are affecting his daily life.

“Long daily commutes are common because a lot of Californians are choosing to live further from work because of the outrageous cost of living,” Dillinger said. “California has one of the highest costs of living in the nation. We also have the highest gas prices, the highest state income tax by far, and one of the highest state sales taxes, as well as the highest poverty rate in the nation, while our average salary is right in the middle.

“Squeezing the working man at the top with additional taxes not only exacerbates the poverty level, but it means that people are simply functionally not able to get to work in what is one of the largest metropolitan and state infrastructures in the nation,” Dillinger said.

Road Money for Roads

Summers says the state’s infrastructure and transportation problems are largely driven by politics.

North Carolina Voters to Consider Constitutional Income Tax Cap

By Ashley Herzog

North Carolina voters this November will decide whether to amend the state’s constitution to lower the cap on their personal income tax rate.

If a majority of voters approve the legislatively referred constitutional amendment, officially known as the North Carolina Income Tax Cap Amendment, the state’s constitutional restriction on the maximum income tax rate would be changed from 10 percent to 7 percent. Currently, the state’s income tax rate is 5.499 percent.

Less Spending, More Happiness

North Carolina state Rep. Julia Howard (R-Mocksville) says the constitutional change would help restrain government spending.

“Lowering the [maximum] rate of taxes from 10 percent to 7 percent simply means that there is likely to be less spending by government, allowing the taxpayers of North Carolina to keep their own money and spend it as they see fit,” Howard said. “I am of the opinion that less government tends to make everyday people more prosperous and, in turn, happier.”

Chris McCoy, director of the North Carolina chapter of Americans for Prosperity, says the proposed amendment is important for the state’s future.

“This amendment would empower the voters in North Carolina to place a permanent cap on their individual taxes,” McCoy said. “North Carolina is consistently rated one of the best states to do business, and in order for the Tar Heel State to keep this designation, our lawmakers and voters need to make commonsense decisions to protect our economic future.”

Recipe for Success

Howard says the proposed amendment is one of many ways North Carolina lawmakers have been fighting to promote prosperity and well-being.

“Because of the major tax reforms that North Carolina has passed over the past four years, we are seeing a very robust economy,” Howard said. “There’s been a reduction in needless rules and regulations and a drop in North Carolina’s corporate tax. Businesses have been able to expand, hire more people, and grow their businesses, thereby growing our economy.”

McCoy says the amendment conforms with a well-established regimen for spurring growth.

“As we say in North Carolina, ‘If it ain’t broke, don’t fix it,’” McCoy said. “We know that capping the income tax would help everyday North Carolinians and all of our many businesses and will inspire other businesses to relocate to our great state.”

A smaller government means a better quality of life, McCoy says.

“North Carolinians know that a smaller government, a government that lives within its means, will create economic prosperity for all,” McCoy said. “The state’s economy is booming and is likely to get even stronger as the national economy roars back. Thanks to controls on the growth of spending, the state has experienced year after year of revenue surpluses and increased funding for core priorities like teacher pay and disaster relief.”

Ashley Herzog (aebristow85@gmail.com) writes from Avon Lake, Ohio.

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CO House Misses Chance to Break the Government-School Monopoly

By Sen. Kevin Lundberg

As Colorado parents prepared to send their children back to school this fall, they faced yet another school year without a comprehensive educational tax credit system for those who wish to choose options other than the traditional government-run school paradigm.

The Colorado Senate approved Senate Bill 83 in May, a bill I sponsored that would have enacted income tax credits for parents enrolling children in nonpublic educational programs.

The Senate has approved bills similar to S.B. 63 four times in the past four years. Each time, lawmakers in the House refused to approve the bills, effectively preserving the public school monopoly.

The public school monopoly often fails to meet the individual needs of children who would otherwise thrive in a different educational environment. An educational tax credit system would have offered a solution for the parents of these at-risk children, by making education choice and freedom more readily available to all families. By stifling competition and cutting off options available to parents, the government’s education machine places self-preservation above the best interests of the children it claims to serve.

Thwarting Progress

Parents are increasingly recognizing how viable alternatives to the monopoly, including homeschooling and enrollment in private schools, can benefit their children. The educational, economic, and social benefits of educational freedom are becoming more widely accepted, and many families are clamoring for educational tax credits, creating a demand S.B. 83 would have met.

If not for the House committee’s rejection, undertaken at the behest of the government machine, Colorado parents with children trapped in the failing government school system would have been empowered to seek out better fits for their educational needs.

Transferable Tax Credits

S.B. 83 would have offered two “tracks” for parents interested in exploring alternatives to the monopoly. The first track would have given about $3,000 in annual income tax credits to parents moving their children from public to private schools. The second track, for parents interested in homeschooling, would have granted a $1,000 annual income tax credit.

The credits were designed to help lower-income families, they and would have been transferable. In other words, a family with little or no income tax liabilities could “sell” the credit to another Colorado income taxpayer. Addressing any potential allegations of fraud, this transfer system would have been kept accountable by provisions requiring a proof of payment to the private school in question.

No Effect on Taxpayers

By rejecting the bill, the Colorado House passed up an opportunity to help children and parents without costing taxpayers a single dime.

Whereas a voucher takes funding directly from government coffers and gives it to individuals, a tax-credit system simply allows individuals to keep more of their already-earned money.

The House committee’s vote effectively requires some Colorado taxpayers to pay for services they are not using. The state spends about $10,000 per year per child enrolled in government schools, much more than the value of the tax credits the bill would have offered.

Promoting All, Favoring None

If the House had voted to approve S.B. 83, no educational option would have been put above another. All would have been on equal footing. Parents would have had the power to make the best decision for their children, and they would have been given the financial resources to execute that choice.

It’s up to lawmakers in every state, including Colorado, to do what they can to enable parents to obtain the best possible education for their children. Parents should demand their elected representatives explore legislative solutions similar to Colorado’s S.B. 83, and parents in the Centennial State should call for the General Assembly to try again to push this idea across the finish line."
New Book Examines Debate over American Government Principles

**Review by Jay Lehr**

It may be that the story of history is in large part a tale of historical figures falling in and out of favor with biographers. For example, the hit Broadway show Hamilton has certainly elevated its namesake, but The Price of Greatness: Alexander Hamilton, James Madison, and the Creation of American Oligarchy, by Jay Cost, expertly returns the Founding Father and former secretary of the treasury to an equal footing with his contemporary friend and rival, James Madison.

**Complex Relationship**

In The Price of Greatness, Cost explains how the two Founders’ years of disagreements and debates over the future of the nascent country have shaped American history, and what we can learn today from their competing visions of what America should be.

Hamilton and Madison disagreed about the purpose of the U.S. Constitution. Hamilton held that the document was ultimately a blueprint for national greatness, whereas Madison maintained the Constitution established the foundations for a republic. It was fundamentally a choice between establishing national greatness or remaining a true republic with freedom as a paramount concern. Cost uses primary sources to demonstrate how the two “frenemies” agreed on the important role of Enlightenment values in crafting a stable republican government.

**Diverging from Shared Assumptions**

Hamilton and Madison often started with similar assumptions and went in different directions, Cost writes. “In A Treatise of Human Nature, [the philosopher David] Hume argued that ‘reason is, and ought only to be the slave of the passions, and can never pretend to any other office than to serve and obey them.’” Cost noted. “Similarly, Hamilton held that ‘nothing is more fallacious than to expect to produce any valuable or permanent results, in political projects, by relying merely on the reason of men. Men are rather reasoning than reasonable animals for the most part governed by the impulse of passion.’ Madison and Hamilton were also persuaded by Hume that a stable government must corral those passions, which lead inevitably to what Madison called ‘the violence of faction.’ In an unpublished essay from 1795 defending his economic program, Hamilton averred that faction is ‘the natural disease of popular governments.’”

**No Easy Answers**

Retracing the pair’s history of public service and private debate, Cost concludes neither Hamilton nor Madison was necessarily wrong about what America is and should be. Each was right in his own way, Cost argues. “As in the parable of the blind men and the elephant, both Founding Fathers were exploring how uniquely American ideals necessarily conflicted, a debate that continues to this very day, Cost writes.

“The key lesson from the Madison–Hamilton battle is not that one was right and the other wrong, but that their feud represents a clash of fundamental American values,” Cost writes. “The Constitution was premised on liberalism, republicanism, and nationalism—on the supposition that only a stronger, more prosperous union of the states would protect individual rights and secure self-government. But after the Constitution was ratified in 1789, the principles of republicanism and nationalism came into conflict. It seemed as though the country could become a strong and mighty nation, or it could remain a true republic, but it could not be both.”

**Defining the American Paradox**

The primary message of Cost’s book is the current relevance of the conflict between Hamilton and Madison. The great debates between the two men are about the same dynamics we see in American government and culture to this day, Cost writes.

“That the fight between Madison and Hamilton can be restated in the rather dry language of economics demonstrates that it was more than just a momentary clash of personalities,” Cost wrote. “Instead, it illustrates a paradox at the heart of the American constitutional order. Our Constitution simultaneously promotes the notions of liberalism, republicanism, and nationalism. … We have a government that over the last hundred years has taken on a large number of nationalistic endeavors, primarily by promoting economic growth, continuing to develop the national infrastructure, and building a military force superior to those of the nation’s enemies. Moreover, the liberal project has evolved since the New Deal, as well.”

**Still Struggling**

Readers will be captivated by Cost’s application of this historic conflict to current issues. Many political disagreements today echo the debates of the Founding Fathers, and readers would do well to note the thoughts and words of both Hamilton and Madison, Cost writes.

“Our anxieties about our government, our fights over what it should do and how it should do it, our recriminations and suspicions about each other’s motives—these resemble the battle between the two founders, so long ago. Madison and Hamilton debated how to keep our national ambitions and our republican principles properly ordered; today, we still feel as if we do not have a good balance between these values.”

The Price of Greatness is one of the best history books I have had the privilege to read in quite some time. Cost’s poignant closing words about the latter-day relevance of Hamilton and Madison’s disagreements will echo in the minds of readers long after they’ve put the book down.

Jay Lehr, Ph.D. (jlehr@heartland.org) is science director for The Heartland Institute.
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Judge Andrew P. Napolitano

Fox News senior judicial analyst and best-selling author of *Suicide Pact*

**MASTER OF CEREMONIES**
Joe Walsh

Former congressman and nationally syndicated radio host on AM560

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**TOPIC**
The Constitution and Human Freedom

**VENUE**
The Cotillion Banquets
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