FCC Boots Up ‘Net Neutrality’ Regulations

By Jesse Hathaway

At the urging of President Barack Obama, Federal Communications Commission (FCC) Chairman Tom Wheeler and Democrats on the commission have placed the Internet under the control of FCC.

FCC commissioners voted on February 26 to regulate Internet service providers (ISPs) as utility companies under the authority of Title II of the Communications Act of 1934.

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Entitlement Costs Drive Ala. Shortfalls

By Tom Gantert

Alabama is projecting a $265 million deficit this year, caused primarily by ballooning costs for entitlement programs such as Medicaid.

In 2003, Alabama spent $220 million on Medicaid. In 2015, the state projects it will spend more than $685 million on the program, a 211 percent increase. In 2003, Medicaid accounted for only 17 percent of Alabama’s General Fund spending. It has since grown to take up 37 percent in 2014.

‘A Bigger and Bigger Problem’

Alabama Policy Institute Vice President Katherine Robertson says the state’s budgetary problems are being driven by the constantly increasing costs of Alabama’s General Fund spending.
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Illinois Gov. Rauner Ends Mandatory Union Dues for Public Employees

By Alexander Anton

Illinois Gov. Bruce Rauner (R) has ended the practice of “fair share dues,” a policy requiring public employees who opt out of union membership to continue having dues deducted from their paycheck.

At a February 9 press conference, Rauner said, “[A]n employee who is forced to pay unfair share dues is being forced to fund political activity with which they disagree.”

Anticipating Legal Challenges

The executive order allows unions to continue to collect dues from employees who choose membership in the union.

Michael Lucci, director of jobs and growth at the Illinois Policy Institute, says Rauner’s executive order is setting the groundwork for expected legal challenges.

“Gov. Rauner is a little bit ahead of his time,” F. Vincent Vernuccio, director of labor policy at the Mackinac Center for Public Policy, said. “Government unions are inherently political actors. Right-to-work has nothing to do with collective bargaining except for taking away the unions’ ability to extract funds from those who do not wish to join in the first place.”

“They can still do all the same things, except say that the worker has to pay them or lose their job,” Vernuccio said.

Alexander Anton (alexanderanton.heartland@gmail.com) writes from Palatine, Illinois.

By Alexander Anton

Rep. Bob Goodlatte (R-VA) has reintroduced the Permanent Internet Tax Freedom Act (PITFA) for consideration by the U.S. House of Representatives.

If approved by Congress and signed into law, the bill would “permanently extend the moratorium on Internet access taxes and multiple and discriminatory taxes on electronic commerce,” according to the text of the proposed legislation.

‘Protecting Consumers from Taxes’

Ryan Radia, associate director of technology studies at the Competitive Enterprise Institute, says the bill protects not only taxpayers but also the continued growth of e-commerce.

“[PITFA] would ensure that states and municipalities do not impose unreasonable or excessive taxes on Internet access,” Radia said. “This policy, which has remained in effect through a series of temporary measures passed by Congress since 1998, has helped the Internet flourish by protecting consumers from taxes that discourage broadband adoption.”

Bad News for Tax Man

Radia says local government officials may oppose the bill’s passage, but they do have options other than adding taxes to people’s Internet bills.

“If extracting money from taxpayers is your goal, the permanent ban on Internet taxes is bad news for you,” Radia said. “I nevertheless favor the ban and believe that states have ample alternative sources of revenue. These include sales taxes on other goods, individual and corporate income taxes, user fees, and property taxes, which are primarily levied and collected at the county level.”

Currently, seven states—Hawaii, New Mexico, North Dakota, Ohio, South Dakota, Texas, and Wisconsin—are permitted to tax Internet access. Radia says these states should not receive special carve-outs that allow them to tax Internet access.

“States enjoy broader powers to tax and regulate than the federal government, but in certain economic spheres a uniform federal standard is proper,” Radia said. “After all, the Constitution expressly empowers Congress to ‘regulate commerce with foreign nations, and among the several states.’”

Across State Lines

Banning taxes on Internet access would not violate states’ right to govern themselves, Radia says.

“The Internet is a quintessentially interstate market,” said Radia. “When Americans use the Internet, they almost invariably interact with servers located across state lines, and often international boundaries. ... Congress would not usurp states’ rights were it to make permanent the Internet tax ban, even if it were to strip states of their grandfathered Internet tax laws.”

R Street Institute Executive Director and Senior Fellow Andrew Moylan agrees with Radia’s conclusions, calling the January 2015 introduction of the bill “an important development.”

“Getting rid of the grandfathering for the seven states is a great idea,” Moylan said. “All previous versions of this proposal have lacked removing the exemption. States have power granted to them by the people to achieve common goals. Congress has the power to do this, preventing states from doing dumb things to harm interstate commerce.”

Alexander Anton (alexanderanton.heartland@gmail.com) writes from Palatine, Illinois.

INTERNET INFO


Missouri House Passes Right-to-Work Legislation

By Rudy Takala

The Missouri House of Representatives passed a bill to allow workers to opt out of union membership while remaining employed, known as a right-to-work law.

The bill was approved by 92 of 158 representatives, receiving more support than any previous right-to-work (RTW) bill in the Missouri legislature.

Workers’ Rights

Heritage Foundation Senior Policy Analyst James Sherk says right-to-work laws defend workers’ rights.

“Workplace freedom laws, or right-to-work laws, prevent unions from getting workers fired for not paying union dues,” Sherk said. “Without them, unions negotiate contracts that make paying dues a condition of employment. These workers are forced to join a union and pay dues, but that should be their choice.”

Rudy Takala (rudytakala@yahoo.com) writes from Washington, DC.

INTERNET INFO

“No one should be forced to join or financially support an outside organization as a condition of employment,” said Sherk. “Workers have every right to join a union and pay dues, but that should be their choice.”

INTERNET INFO

Wyoming Governor Vetoes Asset Forfeiture Reform

By Jesse Hathaway

Wyoming Gov. Matt Mead (R) has vetoed a bill aimed at reforming the state’s civil asset forfeiture laws.

Senate Enrolled Act 1 would have amended the state’s Controlled Substances Act of 1971 to require a felony conviction before law enforcement agencies could seize private property believed to be connected to illegal drug activity.

Mead says his state’s asset forfeiture laws have a “number of benefits” for government and law enforcement agencies.

In his mid-February letter announcing his rejection of the bill, Mead said seizing citizens’ private property without a conviction in court or strong evidence of criminal activity “is important and it is right.”

‘Very Poor Protection’ of Rights

Steve Klein, research counsel and a staff attorney for Wyoming Liberty Group, says the state’s seizure laws have a “number of benefits” for government and law enforcement agencies.

Wyoming’s Controlled Substances Act has … very poor protection of property rights and due process,” Klein said. “What that means is using [drug laws], police in Wyoming can seize property that they suspect is related to the drug trade. The property is then forfeited.

“The forfeiture process is [handled] in civil court; that’s why it’s called ‘civil forfeiture,’” Klein said. “What it basically means is a property owner is not provided an attorney if he or she cannot afford one, and is in the position of proving—by a preponderance of the evidence, a 50-50 split—that the property is legitimate. It’s not the government’s job to prove the property is ‘guilty’, you have to prove that it’s legitimate.”

Stacking the Deck

Challenging asset forfeiture in Wyoming is sometimes beyond individuals’ financial means, and potential legal fees often exceed the value of the property taken, says Klein.

“A study of Wyoming’s civil forfeiture cases, from 2008 to the present, conducted by the Wyoming Liberty Group last fall, revealed that the median seizure is right around $2,000,” Klein said. “If it gets all the way to court, it’s going to cost you, in a typical case, more money in legal fees to get your property back than the actual value of the property.

“I think any time the government takes citizens’ property, there ought to be a pretty high standard. ... The difference between the civil and criminal standard is when you have to clearly prove it to a jury or a court. That is very different than saying, ‘We believe you came by this money inappropriately, so we’re just going to keep it.”

“Property Rights Are Critical”

State Sen. Leland Christensen (R-AltA), leader of the bicameral committee responsible for drafting the bill, says Senate Enrolled Act 1 would have brought needed reforms to Wyoming.

“This isn’t a question of abusing a law, it’s a question of an abusive law,” Klein said. “The deck is so stacked in favor of the government. ... That’s the reason reform is necessary.”

New Book from John A. Allison,
President and CEO of the Cato Institute

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Nevada’s Sandoval Proposes Package of Tax Increases

By Jeff Reynolds

Nevada Gov. Brian Sandoval (R) is proposing a new package of business taxes and fees to help fund a planned $700 million increase in state spending. Sandoval says his plan will raise $440 million in new tax revenue over the next two years, in part by levying a “margins tax,” a tax on a business’s gross receipts.

Taxpayers should be concerned about Sandoval’s tax plan, says National Taxpayers Union Communications Manager Douglas Kellogg.

“Sandoval acknowledged concerns about the tax’s burden expanding in the future and did not offer any plan to contain that,” Kellogg said. “Taxpayers are going to be unsettled by that.”

Sandoval says his plan is based on a similar tax in Texas. Kellogg says bringing the margins tax to Nevada would create problems similar to those in Texas.

“As with many estimates of tax revenue, margins tax revenue estimates in Texas were higher than what the government actually collected,” said Kellogg. “So it seems quite plausible revenues could miss projections and lead to the tax expanding in one way or another.”

‘Terrible Way to Design a Tax’

Victor Joecks, executive vice president of the Nevada Policy Research Institute, says Sandoval’s proposal is a bad idea.

“There are just structural problems with gross receipts taxes, from tax pyramiding to taxing businesses that are losing money,” Joecks said. “It’s a terrible way to design a tax.

“I don’t think there’s anything positive you could say about this new tax,” Joecks said.

Proposal Favors Big Businesses

Joecks says a major problem with Sandoval’s tax plan is it favors larger businesses over smaller ones.

“Let’s use the example of a desk,” said Joecks. “The person who cuts the lumber gets taxed, the person who ships the lumber gets taxed, the person who designs the desk gets taxed, the wholesaler gets taxed … and then the final retailer gets taxed. So, you have products getting assessed a tax five or six different times on the same product, whereas—if there is just one company that does all of those things internally—they pay the tax only once.

“We talk about a structural problem—the tax favors companies that are larger and more integrated at the expense of those that are smaller and do only one step in the supply chain,” said Joecks. “It’s not that there’s anything wrong or bad about either type of company. You just shouldn’t have a tax system that favors one over the other.”

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

[INTERNET INFO]


“Entitlement Cost Explosion Drives Alabama Shortfalls”

Continued from page 1

cost of entitlement programs such as Medicaid.

“We are going to have to make some reforms to Medicaid,” Robertson said. “There is not an obvious solution. It is clearly becoming a bigger and bigger problem.”

Alabama is one of 15 states refusing to expand Medicaid under the Patient Protection and Affordable Care Act, commonly referred to as Obamacare.

Robertson says Medicaid expansion would have made the problem worse.

“We are against that,” Robertson said. “It only makes the problem worse. It’s expanding a program that we already can’t afford.”

Expensive ‘Woodwork Effect’

Alabama is not alone in struggling with how to deal with the rising costs of Medicaid, says Nicole Kaeding, a budget analyst with the Cato Institute.

“Medicaid growth is an issue in many states,” Kaeding said. “Nationally, Medicaid is 25 percent of all state spending, with a large portion of that coming from the federal government. As a result, many states feel the weight of this large entitlement.”

Obamacare is not the sole reason for the growth, but it is an important part of the equation, Kaeding says.

“Many individuals sought out coverage options in 2014 to avoid the individual mandate,” said Kaeding. “As they applied for coverage, they found out that they were already eligible for Medicaid. This is called the ‘woodwork effect.’ Medicaid is also growing rapidly at the federal level. As the federal government looks to control its growth, cuts in state reimbursements are likely, putting even more pressure on state budgets.”

Tom Gantert (gantert@mackinac.org) is the Mackinac Center for Public Policy’s senior news correspondent.

[INTERNET INFO]

Indiana state Sen. Jim Smith (R-Charleston) is calling on his state to rescind its ratification of the Seventeenth Amendment.

Ratified in 1913, the Seventeenth Amendment to the U.S. Constitution established direct election of U.S. senators by popular vote. Prior to its ratification, senators were elected by state legislatures.

Smith, who introduced the rescinding resolution in Indiana’s state legislature in February, says direct election has disconnected U.S. senators from the interests of their states.

“What has happened over the past 102 years, it’s all over the place,” Smith said. “Eighteen trillion dollars in national debt, that’s in no one’s best interest, no state’s best interest. This expansion of government control to manage about everything in our lives—even our light bulbs for heaven’s sake—government was never intended to do that. Other people have other issues, talking about other amendments, but if you boil it all down, ultimately it’s the 17th Amendment.

“Smith says it [has] separated senators from state concerns and made it harder to remove them.

“As the needs of the state of Indiana change,‘ says Smith, ‘then we would essentially ask that our U.S. senators act in that manner.’

“Smith has introduced a resolution to rescind Indiana’s ratification. The measure wouldn’t have any practical impact, even if all 50 states followed suit. But Smith says it could start a debate over whether to repeal the amendment.

“Smith has introduced a resolution to rescind Indiana’s ratification. The measure wouldn’t have any practical impact, even if all 50 states followed suit. But Smith says it could start a debate over whether to repeal the amendment.

“He notes Indiana is at the forefront of a move to force a constitutional convention to discuss a balanced-budget amendment and questions of federal overreach and says the resolution could generate momentum to get a repeal amendment on the agenda too.

“The resolution had been set for a hearing this week, but Smith [has] pulled it while he tries to round up enough votes.”

—Network Indiana, February 9, 2015
CBO: National Debt, Deficit to Skyrocket

By Alexa Moutevelis Coombs

A new report by the Congressional Budget Office (CBO) predicts the nation’s debt and deficit will continue to grow over the next decade.

The CBO report, “Budget and Economic Outlook: 2015 to 2025,” projects a brief slowdown in the rate of growth of the national deficit over the next three years, followed by a continuation of previous deficit trends. The annual federal deficit is projected to increase by approximately 132 percent over the next 10 years.

By 2025, CBO says the federal deficit will exceed $1.088 trillion, or roughly $8,369 per U.S. household. In fiscal year 2014, the federal deficit was $483 billion, or about $4,192 per household.

Spending More and More

Increased subsidization of health care is a primary cause of the upcoming debt growth, says Romina Boccia, a budget expert for The Heritage Foundation.

‘A Spending Problem’

Boccia says raising taxes to compensate for the ballooning debt would only make problems worse.

Tax increases take resources from the American people and place them in the hands of bureaucrats,” said Boccia. “The country has a spending problem, not a deficit problem.”

‘A Spending Problem’

Boccia says raising taxes to compensate for the ballooning debt would only make problems worse.

Without major entitlement reform, Boccia says, the problem will continue to balloon until it explodes.

“The federal transportation budget would be funded out of the surface transportation trust fund, which amounts to roughly $1.7 million per mile each year to make improvements to the nation’s Interstate Highway System.

Obama’s transportation spending proposal would be funded by a 14 percent tax on corporations’ earnings in other countries, retroactively applied to money held by subsidiaries, and a proposed 19 percent tax on future profits.

Corporations currently pay a 35 percent tax on income earned in other countries, if those profits are sent home to the parent company in the United States. Profits held in other countries by corporations’ international subsidiaries are not currently taxed.

Wrong Direction

Cato Institute Director of Tax Policy Studies Chris Edwards says Obama’s proposal represents a step in the wrong direction.

“The dominant view of corporate tax experts is that the United States should follow the lead of other major nations by slashing our tax rate and adopting a territorial system that does not tax active foreign business income,” Edwards said.

“Although it’s not true that what’s good for General Motors is necessar-

fially good for the United States, in this case, slashing our tax rate to ... 15 percent and adopting a territorial system would be a big win for American businesses and American workers,” said Edwards.

Trust-Fund Bailout

Baruch Feigenbaum, a transportation policy analyst for the Reason Foundation, says taxing overseas profits to fund road construction will have negative consequences for the quality of U.S. highways.

“Using repatriation for the [Highway] Trust Fund seems like a bailout,” said Feigenbaum. “That will weaken the users-pay principle, leading to more bailouts in the future.”

Cutting Fluff and Waste

“I would say approximately 65 percent of federal highway spending is for national highway needs, while 35 percent of the budget is for funding lesser roadways, transit, bicycling, or walking, and other fluff,” Feigenbaum continued. “About 20 percent of the total funding supports transit. This leaves about 15 percent of the total budget as pure waste, ranging from recreational trails to weed removal to designing historic byways.”

Feigenbaum says phasing out federal gas taxes in favor of user fees would establish a fairer and more stable source of highway funding.

“Mileage-based user fees are the purest road fees, making them the best funding source because they charge travelers an exact price for how far they travel,” Feigenbaum said.

Matt Hurley (wmdtvmat@yahoo.com) writes from Cincinnati, Ohio.
By Jeffery Reynolds

After their idea met with overwhelming disapproval in 2014, two Chicago-area lawmakers are again attempting to impose sin taxes and licensing requirements on the sale of sugary snacks and drinks, purportedly to discourage people from satisfying their sweet tooth.

The Healthy Eating Active Living Act (HEAL) was simultaneously reintroduced into the Illinois House of Representatives and Senate by state Rep. Robyn Gabel (D-Evanston) and state Sen. Mattie Hunter (D-Chicago). At press time, the bill is set for a vote on the Illinois House floor.

In 2014, seven of nine members of the Illinois House Revenue and Finance Committee voted against a similar version of HEAL.

The proposal offered by Gabel and Hunter would add a 1 cent tax on each ounce of sugar contained in food and drink sold in Illinois and would force retail stores to purchase a special state license to sell beverages and snacks containing sugar.

‘A Genuine Fanaticism’

Christopher Snowdon, director of lifestyle economics for the Institute of Economic Affairs, says he’s skeptical of the bill’s true motives. “The idea of licensing and taxing soda retailers is a novel one, presumably designed to emulate alcohol licensing,” Snowdon said. “Most soda taxes are designed to raise money, but there seems to be a genuine fanaticism behind the proposals in Illinois.

“It’s possible that the licensing regime will be enough to deter some smaller retailers from selling soda, but the penny-per-ounce tax is unlikely to lead to much of a drop in soda consumption, let alone in obesity,” Snowdon said. “No soda tax yet implemented has produced any measurable health benefits. They are stealth taxes first and foremost, for which health campaigners act as useful idiots.”

Cash Grabs for Special Interests

Mercatus Center Vice President for Policy Research Richard Williams says health-related tax schemes are usually cash grabs for governments and special-interest groups.

“One of the things we discovered in our research was that funds [from health-related taxes] go into the general fund,” Williams said. “In one instance, when the money came in, the groups were fighting over it like jackals. So it’s not clear at all that it will go towards anti-obesity efforts, which have not been terribly productive anyway.”

Williams says sin taxes often improve the health of the government’s finances, but not the public’s health.

“The key issue is that there is nothing new that anybody’s suggesting,” Williams said. “We’ve tried all these things. Soda is a very small percentage of the total caloric intake for most people. That’s not likely to make any difference. It means the state gets more money, but nobody has any idea how to bend the weight curve downward.”

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

INTERNET INFO

FCC Plans to Impose ‘Net Neutrality’ Rules

Continued from page 1

FCC Commissioner Ajit Pai said Wheeler’s 332-page plan to regulate Internet networks under Title II is a “solution in search of a problem. There is no systemic problem to solve. Even the FCC implicitly concedes that in this document, or we would have seen that somewhere in these 332 pages.”

“This proposal to regulate the Internet, which the FCC is poised to adopt, asserts jurisdiction over basically the entire Internet ... everything from the relationship between an ISP and a customer, all the way between big companies that interconnect over the Internet, hundreds of miles away from any given customer,” Pai said.

Net-neutrality activists have been pushing for the new regulations for years, says Steven Titch, a telecommunications policy advisor for The Heartland Institute, which publishes Budget & Tax News.

“The big debate over net neutrality is about prioritization and paid prioritization,” Titch said.

“The best example of paid prioritization is the idea of a ‘fast lane’ where Netflix can pay Verizon to have its video delivered faster—or with more error protection or correction, or with less latency—than another, smaller video provider,” Titch said. “The thing is, though, this already happens. It’s not as if this isn’t happening now. Netflix uses a content-delivery service that does exactly that, and it’s necessary.

“An e-mail can take a while to get to its destination, and when it does, the packets don’t necessarily have to be assembled in order,” Titch said. “Video is another thing entirely. It’s a huge amount of data, and it has to be delivered on time and in order, or else you get those digital dropouts and that fuzziness that you sometimes see.

“[P]aying for additional protocols and data management and error correction somehow offends groups of activists, and I don’t know why,” said Titch.

Instead of adding more regulations on the telecom industry, Pai says removing outdated regulations and returning more radio spectrum bandwidth would improve people’s online experience.

“Getting rid of some of these legacy regulations that stand in the way of deploying infrastructure, making sure we get more spectrum out there for mobile broadband—those are things that would actually solve the problems that people really have,” Pai said.

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

Louisiana Lawmakers Propose State Film Tax Credit Reforms

By Jeff Reynolds

Two Louisiana lawmakers plan to offer a bill to reform the state’s $251 million film tax credit program.

The bill, which will be introduced by state Rep. Julie Stokes (R-Kenner) and state Sen. J. P. Morrell (D-New Orleans), would place a cap on the value of tax credits given to film production studios in return for producing television shows and movies in the state.

‘Recruiting Specific Businesses’

Kevin Kane, president of the Pelican Institute for Public Policy, questions the efficacy of using film tax credits to entice production companies to film in Louisiana.

“I tend to be skeptical of the idea of government recruiting specific businesses and offering inducements to specific industries to try to bring them to their state,” Kane said. “At the same time, I’d call myself something of a realist. … [I]t’s just inevitable that states are going to engage in some of these games.”

‘Don’t Work As Advertised’

Matthew Mitchell, research fellow at the Mercatus Center, says film tax credits cause more problems than they solve.

“The first fundamental problem is that they just don’t work,” Mitchell said. “States usually do them, in New Mexico and New York, had a rate of return in excess of one.

“In Louisiana, one study found that every dollar that’s given out [as a] subsidy returns only 13 cents to the state,” said Mitchell. “Another one said every dollar given out returned only 8 cents to the state.”

Suggested Alternatives

Mitchell says Louisiana should consider improving its business climate for all businesses, not just some.

“A better solution is to improve the overall business environment,” Mitchell said. “They should make the permitting process easier and make sure there aren’t burdensome licenses or zoning rules that make it difficult to start a business there.”

Mitchell says broadening the tax base and lowering tax rates would have a greater impact on the state’s economy.

“The second thing is to improve the overall tax climate,” Mitchell continued. “That means making sure that every firm in the state pays a low, non-discriminatory, easy-to-comply-with tax rate.”

Jeffery Reynolds (jefferyreynolds@comcast.net) writes from Portland, Oregon.
Colorado Cracks Down on Unlicensed Yoga Teachers

By Jeff Reynolds

Colorado’s Division of Private Occupational Schools is now enforcing rules banning instructing yoga classes without official state licensing.

Instructors at small studios are concerned the regulations and associated fees will squeeze out all but the largest organizations and will result in higher fees and prices.

Lee McGrath, legislative counsel for the Institute for Justice, says the February move to regulate yoga instruction is misguided.

“What happens in occupational licensing in general is that there are large components of training that are irrelevant and really serve no interest other than to protect existing providers from new entrants and new competitors,” McGrath said.

McGrath likens the Colorado requirement to rules in other states that require hair braiders to have cosmetology degrees.

“The state of Colorado is engaged in corporate cronyism and not the protection of consumers,” McGrath said. “The customers are in the best position to judge the efficacy of their trainers.

“When the state puts up barriers to entry, it’s going to reduce the available supply of providers,” McGrath continued. “It’s reverse Robin Hood. It’s a transfer of wealth from middle- and low-income people mostly to high-end compensated professionals. [The] rich are getting richer. The kicker to this is that licensing is not an effective tool to weed out incompetence and fraud.”

Doubts Consumers Benefit

Edward J. Timmons, an associate professor at Saint Francis University, says the consumer benefits of government licensing requirements are questionable at best.

“I’m skeptical about the benefits to consumers, because almost every study that I’ve done, and every study I’ve read, finds that the practitioners benefit from the legislation, either in the form of higher salaries or higher prices for their services,” Timmons said. “There’s just not a lot of good evidence that consumers receive any benefit in the form of better service or any measurable outcome.

“It’s hard to imagine the harm that would be felt by a consumer from an unlicensed yoga instructor,” Timmons said. “The general trend has been toward licensing. I mean, you’re seeing licensing appearing for florists, pet groomers, tattoo artists. It’s almost out of control, the number and types of occupations seeking licensing. It’s a little absurd.”

Professional Groups Push Laws

Timmons says professional groups often promote occupational licensing.

“Usually the motivation for licenses [comes from] some sort of professional group,” Timmons said. “Every licensing law that I’ve looked at, the professional group lobbies lawmakers to try to get regulations passed. Who knows, maybe the professionals are the ones doing the lobbying, and the professionals are the ones that reap the gains in the form of higher pay, it doesn’t look like the consumers’ best interests are being represented.”

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“Consumers Know Best

McGrath says occupational licensing is a frequent source of regulatory capture.

“[T]he beauty of those cases in Oregon, California, and other states that we litigated and lobbied against was that none of the requirements to become a cosmetologist dealt with hair braiding,” McGrath said. “We like to joke that it would be just as good for hair braiders to get a journalism degree, because they’d receive just as much instruction in hair braiding as they would in cosmetology school.”

By Jesse Hathaway

A Georgia lawmaker has introduced a bill to restrict popular ridesharing services such as Lyft and Uber from operating in the state.

House Bill 224, submitted by state Rep. Alan Powell (R-Hartwell), would require ridesharing drivers to purchase taxicab license medallions and place additional regulations on drivers.

Georgia Public Policy Foundation President Kelly McCutchen says ridesharing companies such as Uber benefit consumers.

“It’s a wonderful example of how innovation is meeting consumers’ needs,” McCutchen said. “Atlanta, like many cities that grew up after the horse-and-carriage era, is not a very dense city. Transit is a real challenge for people who don’t have cars. That last mile has been a huge challenge for us, and these car-sharing applications have really served to meet a need that allows people to not get stranded by public transportation.”

McCutchen says Uber has helped solve Atlanta’s transportation problems.

“In Atlanta, we can’t just hail a cab,” McCutchen said. “There aren’t cabs like [there are] in New York, just all over the place. Getting a taxi was inconvenient. You didn’t know if they were going to show up or not. Being able to track it on your phone, being able to have a larger supply of vehicles ... all of that has been a huge benefit to consumers ...”

McCutchen says incumbent firms, such as taxicab companies, stand to benefit from additional regulation on the transportation market.

“Special interests of the incumbent companies provide a lot of that incentive,” McCutchen said. “There are legislators that are truly trying to look after consumer safety, in terms of insurance coverage and background checks, but many of these providers already [mandate] background checks of their drivers, and they have insurance in place.

“We want to make sure that if there are any regulations, it is a very low floor,” McCutchen said.

Jesse Hathaway (jhathaway@heartland.org) is managing editor of Budget & Tax News.
Fla. Lawmakers OK Proposed Sin Tax on Nightclubs

By Alexa Moutevelis Coombs

The Florida House of Representatives Finance and Tax Committee approved language in a proposal that aims to regulate and tax nightclubs.

Several states, such as Maryland and Texas, charge similar excise taxes on nightclub admission.

**Taxes and Crime**

“Excise tax, which is intended to fund personal information for inspection by and maintain registries of customers’ club customers, Mitchell says the government should increase criminal penalties against convicted human traffickers.

“Instead of increasing taxes on nightclub customers, Mitchell says the government should increase criminal penalties against convicted human traffickers.

**Demand Remains**

“The major problem with a sin tax on strip clubs is the fact that demand for this form of entertainment is very inelastic,” Chambless said. “People who frequent these clubs are highly unlikely to be price-sensitive in response to a sin tax. Just as we have seen with alcohol and tobacco, when prices rise, consumption falls very little.”

Chambless says using tax policy to help curb human trafficking targets law-abiding customers instead of criminals.

“Taxing strip clubs is only a monetary relief of suffering, but not a cure for that suffering,” Chambless said. “Redirecting tax dollars to aid victims of human trafficking is a laudable goal, but one that will not impact the market for slavery.”

Chambless says stiffer penalties on convicted criminals could help curb human trafficking.

“In order to impact the overall demand, the perpetrators have to believe that the probability of capture and conviction is high and the penalties severe,” Chambless said. “The costs must be increased dramatically or human trafficking will continue to grow.”

Alexa Moutevelis Coombs (alexa@alexa shrugged.com) writes from Washington, DC.
North Dakota Lawmakers Reject Tobacco Tax Hike

By Tom Gantert

The North Dakota House of Representatives rejected a bill to raise taxes on tobacco from 44 cents per pack to $1.54 per pack. State Rep. Vicky Steiner (R-Dickinson) says she couldn’t support the bill because it was a regressive tax, hurting low-income individuals more than those with higher incomes.

“We cannot justify a tax increase when there is such a big loser on the other side of the column,” Steiner said.

“We Take Pride in Low Taxes”

Steiner says a legislature should not try to mold personal lifestyle choices. “You have people who overeat,” Steiner said. “Should candy bars have a high tax? We take pride in low taxes. We believe in personal responsibility. For us to raise a tax is a pretty heavy lift in North Dakota.”

Michael LaFaive, director of the Morey Fiscal Policy Initiative at the Mackinac Center for Public Policy, says lawmakers and activists typically give two reasons for high cigarette taxes.

“They are viewed as a sinful product,” LaFaive said. “By taxing them, lawmakers hope to thwart smoking and improve public health. "They are also taxed to raise revenue, but people very much want this legal product," LaFaive said. “They are willing to pay to get it, even if the tradeoff is [to forego] better food and housing.”

‘An Ugly Consequence’

LaFaive says if the bill had passed, more people would have started smuggling cigarettes into North Dakota from other states. LaFaive’s most recent research shows for every 100 cigarettes consumed in North Dakota, an additional three are smuggled out in cross-border transactions. LaFaive says raising taxes on cigarettes would reverse that trend, causing an additional 14 cigarettes to be smuggled into North Dakota for every 100 legal ones sold.

“Lawmakers did the right thing,” LaFaive said. “Cigarette smuggling and other unintended consequences are an ugly consequence of high excise taxes.”

Connecticut Gov. Malloy Plans Tax Changes

By Jesse Hathaway

Connecticut Gov. Dannel Malloy (D) has proposed removing exemptions from his state’s sales tax and lowering the tax rate to bring in additional revenue and balance the state’s budget.

Revenues from Malloy’s tax plan, which includes increases in taxes on medical services, are projected to help close an expected $99.5 million general fund deficit for fiscal year 2015. The deficit is projected to increase to $712 million in 2016.

Thomas Stratmann, a scholar at the Mercatus Center, says Malloy’s reforms will likely have a positive impact on Connecticut’s economy and budget.

“Wasteful adjustments in economic behavior and organizations due to exemptions are reduced,” Stratmann said. “At the same time, sales taxes are lower, and this helps consumers. Whether revenues increase depends on the responses of consumers. If they really buy much, much more because sales taxes are lower, then revenues might increase.”

Stratmann says cutting sales taxes will help attract shoppers from other states.

“It will make the economy more competitive relative to neighboring states,” Stratmann said. “Lowering sales taxes gives people from neighboring states an incentive to do their shopping in Gov. Malloy’s state.”

Suzanne Bates, policy director for the Yankee Institute for Public Policy, says Malloy deserves some praise for proposing to reform the state’s tax structure.

“Gov. Malloy deserves credit for slowing the rate of growth of state spending, but unfortunately spending continues to grow, requiring more and more taxes,” said Bates. “The desire to cut the sales tax rate and broaden the base is a good one.”

Bates says Malloy’s tax plan does include tax increases.

“We wish the budget included a net tax cut or a revenue-neutral reform, rather than a tax increase,” Bates said. “Instead, we are cutting perhaps the most visible tax rate while raising some of the most obscure. That’s not good policy.”

“The proposed budget includes a tax cut only if you look at the sales tax alone,” said Bates. “In fact, Connecticut is faced with a tax increase, and one that will make it harder to get a job or affordable health care.”

Although Bates says she has no reason to doubt Malloy’s revenue projections, she says she hopes people will carefully check Malloy’s predictions.

“I hope in a year someone asks about the estimate’s accuracy, a review is conducted, and improvements are made for the benefit of future budgets,” Bates said.

Jesse Hathaway (jhathaway@heartland.org) is managing editor of Budget & Tax News.
Missouri Senate Passes Welfare Reform Bill

By Rudy Takala

A bill passed by the Missouri State Senate would add new eligibility and work requirements for recipients of welfare benefits.

If the measure becomes law, Missouri would join 37 other states requiring welfare recipients to obtain some form of employment in order to receive assistance.

State Sen. David Sater (R-Cassville) says the Temporary Assistance for Needy Families (TANF) welfare program is not temporary for many people.

“Currently, the way things are, a person can apply for TANF benefits for [his or her] family and not participate in any work activity at all,” Sater said. “‘Work activity’ [includes many different activities, such as] ... going to a college or a technical school ... searching for a job or doing community service, or ... actually working somewhere.”

Few Returning to Work

“Missouri has been very relaxed in enforcing work activity requirements,” said Sater. “What my bill does, right off the bat, is say, ‘You cannot even apply for TANF benefits unless you are performing a work activity of at least 30 hours per week.’”

Sater said. “We only had a 14 to 16 percent work activity participation rate. We were the last in the country in our efficiencies for that program, and so I’ve been working on doing something [to fix it].”

Working for Self-Reliance

Sater says he hopes reforming the state’s welfare system will help people become more reliant on themselves and not on government.

“I want to see people going back to work and more people being less dependent on government for their existence, and I think this bill will go a long way in that direction,” Sater said.

Cato Institute Senior Fellow Michael Tanner says Sater’s bill is a positive development.

“Missouri has one of the lowest work participation rates in the nation for welfare recipients,” Tanner said. “I think this is clearly a step in the right direction. We know that work is the surest route out of poverty. Four percent of full-time workers live below the poverty level. If we can get people into jobs, it’s the surest route for getting them out of poverty long-term.”

‘Essential Component’ of Poverty-Reduction

Tanner says encouraging people to seek employment or to obtain vocational education will help people individually, in addition to helping them economically.

“Missouri is now putting an emphasis back on work,” said Tanner. “I think that’s an essential component of any proposal to get people out of poverty. Welfare too often takes care of people’s material needs but doesn’t help them become self-supporting or help them become independent. Only work can do that.”

Rudy Takala (rudytakala@yahoo.com) writes from Washington, DC.

Walker Plans New ‘Jock Tax’ to Fund New Basketball Arena

By Kelsey Hackem

Wisconsin Gov. Scott Walker (R) is proposing a “jock tax” to help pay off $220 million in government bonds to fund a new arena for the Milwaukee Bucks, a professional basketball team in the National Basketball Association (NBA).

The jock tax would treat visiting professionals like NBA athletes as residents of the taxing jurisdiction, collecting taxes on income earned in the state. The Bucks’ private owners are contributing $150 million toward the cost of replacing their current sports stadium, and former owner and former U.S. Senator Herb Kohl (D-WI) has promised to kick in $100 million.

An additional $50 million is expected to be generated from city and county government taxpayer money.

‘Raw End of the Deal’

Brett Healy, president of the John K. MacIver Institute for Public Policy, says using public funds for private works such as sports arenas is not a good deal for taxpayers.

“I think, philosophically, any time you are talking about a new arena deals, the taxpayers end up getting the raw end of the deal,” Healy said.

“Any time you are talking about a new arena, I think there is risk for the taxpayers,” Healy said. “You still come down to the fundamental question: Is it a proper role for government to expend taxpayer money?”

‘A Pure Money Grab’

Veronique de Rugy, a senior research fellow at the Mercatus Center, said, “[Walker’s jock-tax proposal] is a pure money grab.

“From an economic point of view, [it] is a bad idea—it’s not acceptable,” de Rugy said. “We tax income on a residential basis, and usually you have to have residence for quite a while before a state or locality has the ability to tax you. There is something that is really problematic in doing this.”

‘Money Losers’ and ‘Money Pits’

While unveiling the proposal on January 27, Walker called the jock-tax proposal a “common-sense, fiscally conservative approach,” but De Rugy disagrees.

“When you look at the economic literature, these arenas are bad investments,” said de Rugy. “They don’t trigger economic growth, they end up costing more for taxpayers, they never deliver on the job promises, and they are expensive.

“We know that publicly funded sports arenas are money pits,” said de Rugy. “They are not [economically] stimulative, and they are bound to be money losers. So, you are doing something that is extremely questionable to fund something that is going to be just a money pit and a bad financial investment.”

Kelsey Hackem (khackem@gmail.com) writes from Columbus, Ohio.
Conn. Lawmaker Proposes New Tax on Soda, Sweets

By Jeff Reynolds

A bill proposed by Connecticut state Rep. Juan Candelaria (D-New Haven) would impose a new tax on sugary drinks and candy in Connecticut, directing additional revenue toward childhood obesity prevention, state college and university scholarships, and state subsidization of municipal budgets.

Michael Thomas, an assistant professor at Creighton University, says taxes used to modify behavior are less effective than politicians may hope.

“I think that, in basic economic textbooks where we teach the principles, we often say, ‘Look, this is what happens when you put a tax on it: It changes the behavior,’” Thomas said. “But there are a lot of assumptions that we hold constant when we present that information.

“When you actually make policy, you can’t just assume that you’re going to have the effect you want,” continued Thomas. “You have to think about what the effects actually are.”

‘Paying More for the Same’

Thomas says a complicating factor is many people don’t have a lot of purchasing options.

“In the instance of taxes on junk food, one of the things you want to consider is that there are areas in a city where there are no grocery stores,” Thomas said. “The predictive effect is, I’ll tax sugary food so people will instead buy fruits and vegetables. Instead of potato chips, people are going to eat apple slices.’ Well, what if it takes you an hour and a half to get to the closest grocery store that has apples? What’s going to change when you tax junk food?

“If you’re going to your local 7-Eleven, that’s your local grocery story,” said Thomas. “If you’re buying chips, now they have a tax on them. Now you’re just paying more for the same behavior.”

Inelastic Demand

Christopher Snowdon, director of lifestyle economics at the Institute of Economic Affairs, agrees sin taxes have a minimal effect on consumer behavior.

“Taxes on sugary drinks haven’t had any effect on obesity anywhere in the world,” Snowdon said. “There’s little reason to think that Connecticut will be any different. People are not very responsive to price rises on food and drink.

“Groceries are usually the last part of the budget they are prepared to cut, and they can always shop at cheaper stores and buy cheaper brands,” said Snowdon.

Stealth Taxes, Not Health Taxes

“For this reason, taxes of this sort should be seen as stealth taxes rather than health-related taxes,” Snowdon said. “[New Haven Mayor Toni] Harp says, ‘I’m hoping that people don’t think of it as a tax but as a public health initiative.' The fact is, it’s a tax, and taxes should be efficient, effective, and fair. Taxes on food and drink are none of these. They are regressive, expensive, and almost completely useless as public health initiatives.”

‘Revenue Generator’

Snowdon says he suspects the proposed sugar tax was designed to bring in revenue, not primarily for health concerns.

“A 2 percent tax is small enough to go largely unnoticed by consumers, but large enough to bring in significant revenue for the government,” Snowdon said. “France and some U.S. states have a similarly small tax on soda, and it has worked as a revenue generator, without having much of an effect on sales, let alone on obesity.”

Jeffery Reynolds (jefferyreynolds@comcast.net) writes from Portland, Oregon.
Michigan Eyes School Retirement System Reform

By James M. Hohman

Closing the Michigan Public School Employees Retirement System to new employees is on the agenda of Michigan House leaders in 2015. Because the state underfunds pensions, the necessity of closing the current defined-benefit pension system and offering new employees a defined-contribution plan is clear.

According to the Michigan Office of the Auditor General, the system has been underfunded in all but one of the past 30 years, and it now carries a $25.8 billion unfunded liability.

Skyrocketing Costs

To eliminate the current unfunded liability, the state would have to pay at least $1.9 billion per year in “catch-up costs,” a figure that will only increase.

The current system puts taxpayers at risk, but future school retirees have the most to lose. Under the current system, school retirees’ economic security depends on the state continuing to make multibillion-dollar contributions over the next generation, a duty it has failed to perform adequately.

Acknowledging the Problem

Most of what is said by officials and politicians opposed to closing the current system serve as distractions that ignore the primary issue of underfunding.

Some claim a defined-contribution system would cost more than a defined-benefit pension program. That claim is misleading because it looks only at the “normal cost” of defined-benefit plans, assuming away the catch-up costs required by years of state underfunding of the current system.

Other questions, such as how the system would influence schools’ ability to attract quality employees, how to address transition costs, and the effect of market volatility are also important, but they miss the reason pensions have to be reformed.

Policymakers need to acknowledge the main problem of the pension system and ensure they prevent the development of additional unfunded liabilities.

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Report Details Huge Budget Challenges Facing State and Local Governments

By Leonard Gilroy

In recent years, state and local governments have largely remained in a fiscal holding pattern while they have slowly recovered from the impacts of the so-called “great recession,” but health care costs will create a growing problem in the near future that could present significant challenges for local governments.

Sounding the Alarm

Although short-term fiscal trends now appear to be moving in a positive direction at state and local levels, the Government Accountability Office (GAO) presents a dire long-term outlook in its most recent edition of the State and Local Governments’ Fiscal Outlook report.

The study found states and local governments will continue to face long-term fiscal challenges. The gap between revenue and spending through the year 2060 is projected to grow substantially unless they implement significant policy changes.

Key Concerns for Governments

The report projects state and local health care expenditures will exceed non-health-care-related expenditures as a percentage of gross domestic product (GDP) between 2055 and 2060.

GAO estimates closing the looming fiscal gap today would require reducing overall state and local government expenditures by 18 percent and then holding spending essentially flat as a percentage of GDP for decades to come. The necessary expenditure reductions are up from the 14.2 percent projection reported in the 2013 edition of the GAO report.

‘Not Out of the Woods’

The primary message state and local policymakers should take from the latest GAO report is that “we’re not out of the woods yet.” Although short-term fiscal pressures will continue to slowly ease as time passes since the 2008 financial crash, the GAO report suggests a significant likelihood of emerging fiscal challenges in the coming decades that will strain budgets and force difficult fiscal tradeoffs if left unchecked.

State and local policymakers should not rest on their laurels as recent fiscal woes subside. Instead, they should continue pushing for greater fiscal restraint and pursue new ways to control costs and increase government efficiency so today’s warning signs do not become tomorrow’s emergency sirens.

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The largest pension system in the state, the California Public Employee Retirement System (CalPERS), has not yet reported its actuarial values of 2013 assets and liabilities, but among its four defined-benefit plans it has an unfunded liability of $60.6 billion. In 2012, CalPERS contributed only 87.7 percent of its annual required contributions. 

The state's retirement system for teachers, the California State Teachers' Retirement System, had an unfunded liability of $70.5 billion in 2012 and $73.7 billion in 2013.

In 2014, Brown worked with the legislature to increase contributions, which are controlled by statute. His plan is to increase payments over the next five years and spread costs across school districts. This will likely increase burdens on local public school budgets and impact their general fund spending priorities.

Bolstered Bureaucracy, Pension Liabilities

The University of California retirement system had an unfunded liability of $11.6 billion in 2012 and $13.8 billion in 2013. In 2013, it paid only 35.7 percent of its annual required contributions. This prompted the university regents to increase tuition and to pay for a bloated bureaucracy and massive pension liabilities.

Taking the public statements of all the state systems at face value, the California defined-benefit pension system had $142.7 billion in unfunded liabilities in 2012. The ratio of the California public pension system's assets to its liabilities is only 77 percent, down from 90 percent in 2003. In 2013, the state paid only 65.6 percent of its aggregate annual required contributions.

Another Pension Increase

In 2012, Brown signed a set of nominal pension reforms capping some pension costs, though most of the changes affected only new employees.

In August 2014, CalPERS recently contravened both the spirit and the letter of the law, allowing specialty payments, such as bonuses for educational certification or seniority, to be counted as base pay for purposes of calculating pensions. This will further boost the state pension fund's costs and put many localities contracting with CalPERS in the unenviable position of pushing the costs onto future generations.

If the state systems had paid their full contribution every year for the past decade, more than $41 billion would have been paid into the system, covering contributions and the associated returns. Instead, these missed payments have been compounding debt, and future generations will be held responsible for those costs.

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A little-known federal loan program called the Railroad Rehabilitation & Improvement Financing (RRIF) program, created by Congress in 1998 to aid short-line railroads’ attempts to construct modest improvements, puts taxpayers’ money at risk.

Nineteen ninety-eight was also the year Congress created the Transportation Infrastructure Finance and Innovation Act’s (TIFIA) loan program, which I have long supported. Unlike RRIF, TIFIA is prudently managed by the Federal Highway Administration, and Congress built in several taxpayer safeguards for TIFIA loans, none of which applies to RRIF.

Staying On Track

RRIF has up to $35 billion worth of loan-making authority. Only a small fraction has been used since its creation. Because the legislation creating RRIF did not specify the program is available only to short-line railroads, only larger rail companies like Amtrak have taken advantage of it in the past to close budget shortfalls.

One small rail company, California start-up XpressWest, applied for a $5.5 billion RRIF loan in 2010, nearly the total estimated cost of its proposed high-speed rail line from Victorville, California to Las Vegas. That application was denied in 2013 after a highly critical Reason Foundation study led Rep. Paul Ryan (R-WI) and Sen. Jeff Sessions (R-AL) to publicly oppose the loan.

Taxpayer Safety Rails Needed

TIFIA’s taxpayer safeguards include limiting a TIFIA loan to a fraction of a project’s budget. That limit was originally 33 percent, but Congress unwisely increased it to 49 percent in 2013. Other safeguards in TIFIA include requiring primary financing to be investment-grade and requiring documentation of a dedicated revenue stream to pay the debt service on the loan.

Adding similar restrictions to RRIF, as well as requiring bankrupt projects to treat RRIF loans as primary debt, would reduce the number of speculative loan applications, saving the Federal Railroad Administration the time and effort of weeding out unfit applicants.

In addition to the budgetary savings that come from eliminating unfit loan applicants at the door, taxpayer safeguards would stop RRIF loans from transforming into de facto grants, saving taxpayers from having to foot the bill for billions of dollars in unpaid loans.

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In the 1950s, my dad taught himself to cut hair on an Army troopship sailing between Tokyo and San Francisco. Later, when he attended college using the G.I. Bill, he kept my older brother and sister fed by cutting his classmates’ hair on Friday nights in my family’s tiny apartment.

Today my father’s entrepreneurial spirit would be stifled by the many government-mandated regulations and license requirements added in the decades since then.

**Barriers to Entry**

Illinois now requires barbers to have 350 days of training and pay a $142 fee. So much for teaching yourself to cut hair and setting up shop in one’s own living room.

These types of restrictions have become all too common. Lee McGrath of the Institute for Justice reports one-third of the jobs in the United States now require state licenses. McGrath says if most license restrictions were eliminated, the employment rate in the United States would increase by as much as 1 percent, or about 1.38 million newly employed people.

The professional licensing industry is filled with much more intrigue than one may assume. Regulation often is the product of a chummy relationship between elected officials and those in business who want to cut down on their competition to maximize profits. Every year, parades of people representing a variety of vocations travel to state capitols across the nation asking for their fields to be licensed and regulated.

**Grandfathered In**

It usually works like this: The state requires extensive training for those who want to enter the field, but it exempts everyone already in the field from the new regulations, “grandfathering” them in.

This process creates an artificial shortage of licensed individuals in the profession by reducing the supply of people who can legally do the job. That enables those still in the field to be paid more.

**Costing Consumers More**

Other research by the Institute for Justice shows it costs consumers 15 percent more to receive a service from a licensed vocation than from a provider of the same vocation in a state that does not require a license. Consumers pay more for something that provides them with little or no benefit.

Consumers act as better regulators than government bureaucrats ever could. If a roofer, barber, auctioneer, hair braider, or other licensed professional does lousy work, he or she will soon go out of business. Those who do good work will likely prosper. Ultimately, the endorsement of consumers carries far more weight than that of government.

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The Tenth International Conference on Climate Change (ICCC-10) will take place on June 11-12, 2015, in Washington, DC. You won’t want to miss this event!

Republican mid-term election gains create new opportunities to stop and begin to repeal the anti-energy and anti-jobs policies adopted during the height of the global warming scare.

New scientific discoveries suggest the climate’s “sensitivity” to carbon dioxide is lower than previously thought, and economists warn that reducing emissions enough to have a discernible impact on climate would cause more “energy poverty,” exposing millions of people to hardship or even death.

The most recent conference in this series, ICCC-9, took place in Las Vegas in July 2014 and was widely acclaimed as the best in the series yet. Some 650 people turned out to hear 64 speakers cover every aspect of climate change. Thirty-two organizations cosponsored the event and ten prominent scientists and activists received awards. Video of every presentation along with speakers’ Powerpoints delivered at that event can be found at climateconferences.heartland.org.

For more information and to register, go to climateconference.heartland.org.

To learn more about climate change awards, visit climatechangeawards.org.

The Heartland Institute is a 31-year-old national nonprofit organization based in Chicago. Its mission is to discover, develop, and promote free-market solutions to social and economic problems. For more information, visit our Web site at heartland.org or call 312/377-4000.