Snuffed Out in Sunnyvale
Sunnyvale, California lawmakers are expanding tobacco bans to include e-cigarettes, but banning harm-reduction products can harm people’s health.  

Page 3

NC Bitcoin Bill Pulled
After spending the summer in limbo, a North Carolina bill that would have added government regulations to the Bitcoin market gets the hook.  

Page 6

Sour Taxes on Sugar
Chicago lawmakers are targeting sugary foods and soda drinks with new proposed taxes, hoping to give faltering city finances a sugar rush.  

Page 10

Illinois Cookie Jobs Crumble
The company that manufactures Oreo cookies is moving production—and 600 jobs—from Illinois to Mexico because of a U.S. government policy that keeps the price of sugar artificially high.  

Page 11

No NYC Uber Ban
A New York City judge has rejected a bank’s argument the city has a responsibility to protect investments in the taxi industry by banning Uber.  

Page 15

The Bottom Line

Chicago City Council OKs Property Tax Hike
By Andrea Dillon
The Chicago City Council approved Mayor Rahm Emanuel’s proposed $543 million property tax hike on Chicago homeowners, partially filling a gap between unfunded pension liabilities and available assets that exceeds $32 billion.

The property tax hike is the single largest tax hike in the city’s history. Sheila Weinberg, founder and chief executive officer of the government watchdog group Truth in Accounting, says the first step in solving the city’s financial problems is being honest with taxpayers about how bad the problem is.

“Tell the public the true debt amount,” Weinberg said. “Truth in Accounting determined that the city’s 48% of legislators read Budget & Tax News

PUBLIC TRANSIT P3 PLAN STUDY PROPOSED IN FLORIDA 3
DC REGULATORS CALL FOR GOVERNMENT LICENSING OF FITNESS TRAINERS 5
GAO: FEDERAL AGENCIES NOT GETTING BEST VALUE FOR TAXPAYERS’ BUCKS 8

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Obama Signs Budget-Busting Spending Deal
By Jesse Hathaway
President Barack Obama signed a bipartisan budget agreement sent to him by Congress, suspending the federal government’s debt limit and removing legislative caps on government spending.

The Bipartisan Budget Act of 2015 (BBA) removes any limits on U.S. Treasury borrowing until March 2017 and significantly increases the “sequestration” spending caps on discretionary spending.

‘Very Bad Deal’
Romina Boccia, deputy director of The Heritage Foundation’s Thomas

BUDGET, p. 12

Ten State Solutions to Emerging Issues
FREE INSIDE

Ten State Solutions to Emerging Issues

CHICAGO, p. 14
CPAC is the oldest and largest conservative conference that takes place annually in Washington, DC. With four days of training, activism, informational panels and inspiring speeches, CPAC combines ideas with action to make our voices heard.
Sunnyvale, California City Council Considers In-Home Smoking Ban

By Elizabeth BeShears

Sunnyvale, California lawmakers are proposing new rules that would ban smoking and e-cigarette use in public and private spaces, including restaurants’ outdoor dining areas and even inside individuals’ apartments.

Currently, city law bans smoking and e-cigarette use in city government buildings and public parks, and it requires restaurants to reserve seating areas for nonsmokers.

Violating Property Rights

Independent Institute Senior Fellow Benjamin Powell says the proposed ordinances violate the property rights of business owners and residents across the city.

“Owners, if they have full property rights, get to determine the rules of the game in which people will interact on that property,” Powell said. “One part of that right would be determining whether you want to allow smoking or not.”

Powell says if consumers prefer smoke-free businesses, market forces will sufficiently encourage businesses to restrict smoking.

“When we have private property rights, market forces provide a form of regulation to get to the efficient rules for smoking or anything else,” Powell said. “Just think: If you’ve stayed in a hotel in the last five years, and compare that to a hotel even 10 or 15 years ago, the vast majority of hotels you see now are all nonsmoking hotels. That’s because it’s private property in the hotels, and as more people have wanted nonsmoking throughout the hotel, hotels have complied by changing their rules.”

Powell says free-market regulation is more efficient than government restriction.

“Market forces, as people change their preferences over smoking, have changed the policies of private property owners of what rules are allowed,” Powell said. “The government regulation is either redundant and unnecessary or inefficient, in forcing smoking out of places.”

William Anderson, an economics professor at Frostburg State University, says governments are gradually eroding property rights in the name of saving people from themselves.

“These types of things don’t happen all at once,” Anderson said. “If the town supports one thing, they’ll move to something else, and it’s something that they couldn’t have gotten done had they put it first on the list. But now that you have one prohibition in place, then you come back at it with another one.”

The Camel’s Nose

“You start out with a position with a lot of rhetoric behind it,” said Anderson. “The rhetoric here is, ‘We’ll save the children,’ and people think it’s reasonable [and that] it makes sense,” Anderson said. “Then you keep moving, and finally it’s the old story of the camel’s nose.

“What you have now in Sunnyvale is the whole camel is now inside the tent,” Anderson said.

Elizabeth BeShears (ethb@yellowhammernews.com) writes from Trussville, Alabama.

Florida Lawmaker Proposes Study of Public Transit P3 Plan

By Michael Bates

A Florida lawmaker is proposing a bill to reorganize and reform Orlando’s regional public transit system, which is operated by the Central Florida Regional Transportation Authority.

The bill, sponsored by state Rep. Bob Cortes (R-Maitland), would authorize studying how the public transportation agency’s bus system, Lynx, could be better run as a public-private partnership (P3).

Serving Consumers and Taxpayers

Cortes says Lynx should be reformed to better serve the public.

“You have a public transportation system mostly geared to serve those who either can’t afford their own transportation or [for whom] it’s an easier way to take public transportation than to use their own,” Cortes said.

Cortes said “We want to make sure that the operations and the upper management are serving the needs of these folks. We want to make sure that it’s commensurate to what the job does, ... whether privatization of that makes it better, then we want to be able to explore those operational options with the board.”

Cortes says public-private partnerships are good for consumers and taxpayers alike.

“Anything that is government-related usually is subsidized by taxpayers,” Cortes said. “If we can find a way by public-private partnerships to reduce the burden of the taxpayer, [such] that you have a private company investing to remove some of what taxpayers are paying and make the operation more effective and less burdensome, then we should be exploring that.”

‘A Step in the Right Direction’

Sal Nuzzo, vice president of policy at the James Madison Institute, says Cortes’ bill takes an important step toward private-sector involvement.

“So it’s not perfect, it’s definitely a step in the right direction,” Nuzzo said. “Sometimes, reforms like these need to be rolled out incrementally to satisfy all of the stakeholders in a given area. Ideally, total privatization would result in the greatest degree of efficiency, being able to leverage better technology for routing, alternatives in fleet management, and other ways of better maintaining the service. Nevertheless, we live in a time that is in some way averse to big changes, and thus incremental reform is the best approach.”

P3’s help make public service providers care about efficiently providing good service, Nuzzo says.

“In a private system, the innovation incentive exists in much greater capacity,” Nuzzo said. “The link is then able to be made tying compensation increases to external factors: increases in customer satisfaction, innovation, reductions in cost, etc.”

Michael Bates (blog@ Batesline.com) writes from Tulsa, Oklahoma.
Michigan Lawmaker Proposes Bill Blocking Fantasy Sports Crackdown

By Elizabeth BeShears

A Michigan state lawmaker is proposing a bill to legalize betting on fantasy football games, prompting the state’s top gambling regulator to throw a penalty flag toward those playing fantasy football for money in the state.

The key issue is whether the activity is defined as games of skill or of chance.

Responding to Senate Bill 459, proposed by state Sen. Curtis Hertel Jr. (D-Meridian Township), Michigan Gaming Control Board (MGCB) Executive Director Rick Kalm told Gambling Compliance placing money on the outcome of fantasy sports events is illegal under the state’s laws regulating games of chance.

Daily fantasy sports services are an altered version of traditional fantasy sports, where players compete online by selecting professional athletes for their fictional team and comparing real-world performance statistics over an agreed-upon period of time. Fantasy players with the best results often win prizes or cash.

Skill, not Chance

Hertel, who says he plays fantasy sports, says the state’s gambling laws need to be updated to deal with the rise of fantasy football and other games.

Hertel says fantasy football is a knowledge-based game and should be legalized as a game of skill.

“‘What we’re trying to do is define fantasy as a game of skill, not of chance,’” Hertel said. “Knowledge is important to it [and] research is helpful in winning, so it’s not like a slot machine or roulette, where you can’t get an edge against the house.”

Government shouldn’t be involved in the local fantasy football league’s affairs, Hertel says.

“No one that I know of ... is gambling their house away by playing fantasy sports,” Hertel said. “It’s a relatively small amount of money that people are paying to play a game that they enjoy and that they invest a lot of time [and] energy in. To me, it seems silly for the state to be involved.”

Christine Hurt, a professor of law at Brigham Young University’s J. Reuben Clark Law School, says it’s important for regulators to differentiate between skill-based and chance-based games.

“States allow fantasy sports gambling under the argument that it’s a game of skill, not of chance,” Hurt said. “You have to strategize, you have to play people and bench people throughout the season. Daily fantasy sports are settled in a particular day, so whatever baseball or football games there are on that day, that’s what you make choices about.”

Hurt says fantasy sports betting is not the same as sports betting.

“One of the reasons the United States has always regulated or prohibited sports gambling is that we believe it threatens the integrity of the sport,” Hurt said. “The theory about fantasy sports gambling is that there’s no way you could possibly influence the outcome of that many games over the course of the season, so we don’t have to worry about fantasy sports betting that much because it doesn’t threaten the integrity of the underlying sport.”


IN OTHER WORDS...

“Whether or not the [Michigan Gaming Control Board] opinion has an impact on whether people can play [daily fantasy sports] in Michigan, or whether sites can operate there, is not determined directly by the MGCB, however. It would be up to the state’s attorney general whether to prosecute sites or players.

“The opinion of the MGCB could be used as an argument in legal action to support the idea that [daily fantasy sports] is illegal, however, according to Marc Edelman, a legal expert on daily fantasy sports.

“So far, the [state’s attorney general] has not targeted [daily fantasy sports] in the state. The MGCB’s determination is certainly a red flag for both operators and users, however.”

Peachtree City, Georgia Lawmakers Boot Up Taxpayer-Funded Internet

By Tony Corvo

The Peachtree City, Georgia City Council recently approved spending $32.9 million in taxpayer dollars to build and fund a municipal broadband Internet system.

The new taxpayer-funded Internet service provider (ISP) will be funded through a mixture of subscriber fees and excise fees paid by cable television subscribers.

Broadband ‘Boondoggles’

“I can’t speak for Peachtree City residents, but I think taxpayers are fed up with funding government boondoggles, especially when government is attempting to compete with the private sector,” said Kelly McCutchen, president of the Georgia Public Policy Foundation. “In Peachtree City, several private vendors are already in the market with a tremendous amount of fiber optic cable already installed. Why the city would rush through its plan without even asking for private-sector bids is inexplicable.

“These deals are often sold to taxpayers as a great deal, but the ongoing capital investments necessary are often greatly underestimated, which results in financial problems a few years out when the original equipment becomes obsolete,” McCutchen said. “If you look at the track record of government-owned networks, it is not a pretty sight. The issue is whether taxpayer dollars should be used and, if so, whether the government should be providing the service.”

‘The Yellow Pages Rule’

Seton Motley, president of Less Government, says governments should not compete with private businesses.

“I think the Founding Fathers inherently understood the yellow pages rule,” Motley said. “The yellow pages rule basically says, if you can find it in the yellow pages, the government shouldn’t do it.”

The government has an unfair advantage over private business, Motley says.

“I have the wallet rule: If you go out on Friday night with your wallet, then the following Friday with my wallet, [on] which Friday night will you have more fun?” Motley said. “The problem with government is that it’s always using someone else’s wallet, and the Friday night party never ends.”

Poor Track Record

Government-owned businesses have little incentive to succeed, Motley says.

“The government stinks at everything it does,” Motley said. “My favorite example [is] they took over the Mustang Ranch, a brothel in Nevada[,] because [Mustang hadn’t] paid its taxes, and it went bankrupt. They couldn’t make money selling sex.”

By Elizabeth BeShears

Local Washington, DC lawmakers are reconsidering proposed occupational licensing regulations for fitness trainers in the nation’s capital.

After the city’s Board of Physical Therapy voted to adopt rules requiring up to two years of formal education and training in order to be allowed to work as a fitness trainer, Mayor Muriel Bowser (D) replaced the board’s chairman, Senora Simpson.

The Board of Physical Therapy now proposes requiring two years of formal education for new trainers, grandfathering in existing trainers.

Profit, Not Public Safety

Paul Larkin, a senior legal research fellow with The Heritage Foundation, says the proposed licensing requirements will make it harder for young people and low-income earners to start businesses.

“It will definitely stop people from being able to start their own personal training businesses,” Larkin said. “If what you say is, ‘Well, anybody can become a personal trainer; you just have to pay $50,’ then it’s really just a tax.

“But that’s not an effective way to create a cartel, and the people who are being regulated would rather have a cartel than just pay a tax,” Larkin said. “They’re going to persuade the City Council to impose requirements. ... For example, you have to have some educational level, you have to have some level of experience, or you have to have been licensed somewhere else.”

Essentially, what’s happening is the DC City Council, like legislative bodies everywhere, is trying to nickel-and-dime the public rather than raise taxes,” Larkin said. “The DC City Council, and every legislative body out there, needs revenue, and government just gets more expensive as time goes by, simply due to inflation if nothing else. They look around at individuals or individual organizations or individual activities and they impose what is essentially a tax on them.”

Disparate Impact

Morris Kleiner, a public affairs professor at the University of Minnesota, says occupational licensing rules have a disparate impact on some demographic groups.

“Licensing places higher education and apprenticeship requirements to be able to legally work, which disproportionately impacts the poor and minorities,” Kleiner said.

Kleiner says the proposed regulations will probably increase the costs related to fitness classes in Washington, DC.

“If full licensing of trainers is required, and if the market for trainers is similar to many other occupations, the number of trainers will decline, the requirements to become a trainer will increase, access to their services by clients will decline, and prices will go up,” Kleiner said. “Many occupations see licensing as a way to regulate the appropriate number of practitioners to maintain income and employment.”

By Elizabeth BeShears (etb@yellowhammernews.com) writes from Trussville, Alabama.
By Andrea Dillon

Aft er approving a bill placing Bitcoin and other digital cryptocurrencies under the authority of the state’s financial regulatory commission, North Carolina lawmakers are now putting the brakes on the plan.

House Bill 289, the North Carolina Money Transmitters Act, would require state licenses for Bitcoin transmission, mandating the purchase of $150,000 in surety bonds to guarantee fulfillment of transactions.

The state’s House of Representatives approved the Money Transmitters Act in May, but the North Carolina Senate has repeatedly withdrawn the bill from consideration. Since its introduction in the Senate in May, the Money Transmitters Act has been re-referred to four separate committees.

More Laws Needed?
State Rep. Jon Hardister (R-Greensboro), a co-sponsor of the bill, says the proposed regulations are necessary to protect consumers.

“[The bill] updates laws related to the virtual money transmitters, which haven’t been updated in more than a decade,” Hardister said. “With changes in technology, it is necessary to periodically update laws related to Internet-based industries.

“The bill, which is supported by the North Carolina commissioner of banks, is intended to provide proper oversight of online money transmitters,” Hardister said. “The goal is to ensure basic consumer protections. It is a very technical bill, which has resulted in a lot of discussions. Committee members want to make sure the bill is written properly before moving it forward, which is understandable.”

Norbert Michel, a financial regulatory research fellow with The Heritage Foundation, says lawmakers should question the need for more rules.

“I always ask, when I hear that, ‘Protect from what?’” Michel said. “It’s hard to say exactly, with 100 percent certainty, with these sorts of things, but [with] most of the Bitcoin transactions that take place, if it takes place by a company, the incentive is to do what the customer wants.”

Michel says there is little incentive for businesses to steal from consumers, and there are already laws against theft and fraud and hence little reason for special rules for digital currencies.

“What are they saying?” Michel said. “Are they saying that a company has gone into business to steal something from someone? I don’t think that would be the case. That’s why we have civil fraud penalties. We have laws against theft.”

Andrea Dillon (thell1885@gmail.com) writes from Holly Springs, North Carolina.

INTERNET INFO

IN OTHER WORDS . . .

“In the case of intermediaries, regulations should focus on intermediaries’ activities instead of the technology. Consumer protection laws, for example, should encourage disclosure and protect consumers from fraud regardless of whether a third-party intermediary allows consumers to use bitcoins or MasterCard. Even in these cases, though, it is not clear that many new regulations are needed because bitcoin service providers do not operate outside the bounds of the legal system. Fraud is a civil and criminal offense, whether committed by a bitcoin service provider or by anyone else. Nonetheless, regulation could improve rather than hinder the development of Bitcoin if it provides a basic framework that helps consumers distinguish between reputable and fraudulent enterprises.

“The government should not require firms to receive permission for undertaking or ceasing activities or otherwise interfere with entrepreneurs’ operations and innovations in the technology and its adoption. Just as some light-touch regulation has the potential to help Bitcoin technology develop further, regulation can have the unintended effect of moving cryptocurrency development and further innovations out of a state or out of the United States altogether. This negative effect is most likely if regulations focus on controlling developments rather than overseeing them to help consumers distinguish between reputable and fraudulent enterprises, or protecting existing firms from competition.”


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SENATOR MITCH MCCONNELL

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W. Va. Lawmakers Seek Food Stamp Work Requirement

By Andrea Dillon

Two West Virginia lawmakers have unveiled a proposal to reinstate the state’s work requirements for food stamp recipients.

State Dels. Danny Wagner (R-Barbour) and Patsy Trecost (D-Harrison) announced they will sponsor a bill limiting the amount of time able-bodied adults without dependents may draw food stamp benefits, returning the state’s Supplemental Nutrition Assistance Program to compliance with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).

In 2008, West Virginia received a waiver from the U.S. Department of Agriculture to remove work requirements for people receiving entitlements for people receiving entitlement benefits in the state.

Back to Work

Robert Rector, a senior research fellow with The Heritage Foundation and one of PRWORA’s architects, said, “It looks like they are trying to put a work requirement onto able-bodied adults without dependent children in the food stamp program. This policy has been recently implemented in Kansas and in Maine. Altogether, nationwide, there are about five million individuals who get food stamps [in this way], to a total cost of around $11 billion a year for this group.”

Rector says helping ease people back into work benefits both taxpayers and those released from dependency on entitlements.

“It’s much more effective if, instead of saying, ‘We’re going to cut benefits off,’ you offer to these individuals a community service slot or job training or some sort of supervised job search,” Rector said. “When they did that in Maine, the caseload immediately dropped by 75 percent. In other words, the entire population that was subject to the work requirement simply dropped off the rolls.”

Helping the Needy

Rector says work requirements ensure aid goes to those who really need it.

“All work requirement is, in fact, a very efficient gatekeeping device, and what you want in a good welfare program is to … aid anyone who really needs assistance,” Rector said.

West Virginia Values

James Shaffer, president of the Public Policy Foundation of West Virginia, says helping people help themselves is a West Virginian value.

“I think certainly in West Virginia there is an ethos that says, ‘You have to do something,’” Shaffer said.

Shaffer says the proposed welfare-to-work reforms would be a welcome change from the state’s past policies.

“You know, I worked in Gov. [Cecil] Underwood’s administration in the mid-1990s, when we saw a bunch of waivers with welfare reform,” Shaffer said. “We worked with [Gov.] Tommy Thompson and Gene Rogers in Wisconsin, and we were working in step with them, and we had very little work requirements back in those days. To get to this point is pretty reasonable, quite honestly.”

Andrea Dillon (thell1885@gmail.com) writes from Holly Springs, North Carolina.

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GAO: Federal Agencies Not Getting Best Value for Taxpayers’ Bucks

By Warner Todd Huston

A new report issued by an independent government watchdog agency confirms federal government agencies are failing to ensure taxpayer money is spent in an efficient manner.

According to the Government Accountability Office (GAO) report, federal agencies are failing to comply with purchasing requirements intended to ensure agencies are getting the best bargains for taxpayer-funded purchases and projects.

Economize This

Jonathan Bydlak, president of the nonpartisan Coalition to Reduce Government Spending, says government purchasers are given no incentive to spend money efficiently.

“It really comes down to the matter of incentives that the government tends not to have,” Bydlak said. “If you’re the head of some agency or you’re the head of a department, you don’t have a strong incentive to economize, because ultimately at the end of the year, you know that if you don’t spend the money that you’ve been allocated then you’re going to lose it next year.”

Addicted to Spending

Bydlak says government agencies continuously push for spending increases.

“The incentives for bureaucrats are [are] ... to push an increase in spending as much as they can, and if it costs more to get the products that they may need, compared to a private-sector entity, they don’t really have a problem with that.”

Consequence-Free Overruns

Veronique de Rugy, a senior research fellow of the Mercatus Center at George Mason University, says frugality is an alien concept to government bureaucrats.

“The government doesn’t have any incentive to cut costs, because they are spending someone else’s money and there’s no consequences when they have cost overruns or when the government runs deficits,” de Rugy said.

Cutting government spending is the only way to really make spending more efficient, de Rugy says.

“The reality is that oversight just doesn’t work that well,” de Rugy said.

“The reality is that oversight just doesn’t work that well. In fact, it mostly doesn’t work at all. The real way to go about it is to really shrink the size of government. Sure, you can tweak them a little by having rules about competitive bidding, but I think it only works at the margins. The real way to fix this problem is to shrink the size of government.”

VERONIQUE DE RUGY
SENIOR RESEARCH FELLOW
MERCATUS CENTER
AT GEORGE MASON UNIVERSITY

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Warner Todd Huston (gcolonel@hotmail.com) writes from Streamwood, Illinois.

INTERNET INFO


Civil Asset Forfeiture Reform Sought in Ohio

By Matt Hurley

A state lawmaker is introducing a bill to reform Ohio’s statutes permitting law enforcement agents to seize people’s cash and property without first proving a crime has occurred.

State Rep. Robert McColley (R-Napoleon), the bill’s sponsor, says his legislation would ensure citizens’ rights to due process and the presumption of innocence are protected in civil forfeiture proceedings.

“Essentially, what [the bill] does is ensure that in order for anybody to lose their property through a forfeiture proceeding, they must first be charged with a crime and then subsequently convicted of that crime,” McColley said. “Now, under Ohio law, there is something called provisional title, which essentially means that the state can hold temporary title to the property during the course of legal proceedings if that property is subject to forfeiture. That is still in place, but in order for the final transfer of title to occur, there must be a conviction of the underlying crime that is the basis for the forfeiture.”

Current System ‘So Unjust’

McColley says his bill is a modest change to the state’s legal system to eliminate a systemic form of injustice.

“We’re not doing this to be reactive towards abuses,” McColley said. “It’s just the prospect that somebody can have their property taken from them on the suspicion of a crime without even being charged with that crime is what makes civil asset forfeiture so unjust.”

McColley says the legal system should not presume guilt when dealing with citizens accused of crimes.

“What this does do is when the property gets into our court system, it causes everybody to take a breath,” McColley said. “We demand a higher standard of proof from the government, if we are going to take that property, especially when it is from an innocent third party.”

Rigged Game

John Malcolm, director of The Heritage Foundation’s Edwin Meese III Center for Legal and Judicial Studies, says civil asset forfeiture laws rig the game against property owners.

“Law enforcement personnel often have property owners over a barrel,” Malcolm said. “Challenging a seizure is expensive and difficult. Property owners often feel they have no choice but to accept a settlement, where they voluntarily relinquish most of the property in exchange for quickly receiving a small portion back. In these situations, law enforcement does not have to prove any actual connection between property and crime, let alone charge and convict the owner of a crime.”

Malcolm says civil asset forfeiture laws also violate basic American principles.

“If your property can be taken away on the basis of a crime without even being charged of a crime, then it violates the most basic principle of our criminal justice system, that people are innocent until proven guilty. It is an affront to that principle,” Malcolm said.

Matt Hurley (wmdtvmat@yahoo.com) writes from Cincinnati, Ohio.
Congress Temporarily Extends Internet Access Tax Ban

By Gabrielle Cintorino

The U.S. House of Representatives voted in favor of a stopgap continuing resolution funding the government’s operations until December 11, including provisions extending the Internet Tax Freedom Act (ITFA).

In addition to the short-term moratorium on state and local taxes on Internet access, a permanent version is under consideration by the U.S. Senate. The House approved a permanent ban in July.

Mass. Lawmakers Seek New Curbs on Uber, Lyft

By Kimberly Morin

Massachusetts lawmakers are considering imposing new regulations on ridesharing transportation network companies such as Uber and Lyft, including requiring the purchase of $1 million in insurance, regulatory oversight from the state’s Department of Public Utilities, and mandatory government background checks on drivers.

Protectionism, Not Protection

Adrian Moore, vice president of policy for the Reason Foundation, says the proposed rules are more about protectionism than protection.

“There is little to no consumer protection in these proposed regulations on Uber and Lyft,” Moore said. “Rather, they are rules designed to protect the taxi companies from this new competition. Consumers clearly prefer the personal ratings and information available via apps with ridesharing services to trusting the regulators of taxi companies that have given them stodgy, low-quality, expensive services for decades.

“There is simply no justification for regulating this market, other than basic insurance requirements, now that technology has solved any information problems between consumers and providers of paid rides,” Moore said.

Increasing Market Size

Peer-to-peer economy services benefit consumers and should be only lightly regulated, Moore says.

“These ridesharing services are increasing the market for paid rides,” Moore said. “That is good for the economy and the environment, so legislators should not put any barriers in the way. The only regulations needed now are basic insurance requirements.”

By Matt Blackburn, a policy analyst for the nonpartisan Pioneer Institute, says the traditional taxicab industry has a history of being slow to respond to consumers’ demands.

“When you look at the way that taxis have historically functioned, they have been especially slow to adopt technological improvements that consumers have long called for,” Blackburn said. “Some examples in the last 10 years are credit card readers and GPS. These are things that are very basic [and] that improve the consumer experience that the market really demands. There’s no incentive for taxi companies to meet consumer demands, because they weren’t worried about losing any market share.”

Kimberly Morin (kimberlyamorin@gmail.com) writes from Brentwood, New Hampshire.

“Making ITFA permanent is a necessary step in promoting wider access to the Internet while keeping the cost down and eliminating discriminatory taxes,” Glans said. “As the Internet has become one of the driving forces behind economic growth across the United States, ensuring affordable access for businesses and consumers is crucial.”

Helping Broadband Access Expand

Permanently banning state and local taxes on Internet access and discriminatory online taxes in general would help get more people better Internet access.

“Internet access taxes place an unnecessary burden on consumers in order to do something the market is already handling quite effectively,” Glans said. “A permanent Internet access tax moratorium would help broadband access and development expand while reducing the need for government broadband spending.”

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

Matthew Glans, a senior policy analyst at The Heartland Institute, which publishes Budget & Tax News, says making ITFA permanent would promote economic growth.

“Making ITFA permanent is a necessary step in promoting wider access to the Internet while keeping the cost down and eliminating discriminatory taxes,” Glans said. “As the Internet has become one of the driving forces behind economic growth across the United States, ensuring affordable access for businesses and consumers is crucial.”

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“Making ITFA permanent is a necessary step in promoting wider access to the Internet while keeping the cost down and eliminating discriminatory taxes,” Glans said. “As the Internet has become one of the driving forces behind economic growth across the United States, ensuring affordable access for businesses and consumers is crucial.”

Helping Broadband Access Expand

Permanently banning state and local taxes on Internet access and discriminatory online taxes in general would help get more people better Internet access.

“Internet access taxes place an unnecessary burden on consumers in order to do something the market is already handling quite effectively,” Glans said. “A permanent Internet access tax moratorium would help broadband access and development expand while reducing the need for government broadband spending.”

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Chicago City Council Considers Bitter New Sugar Tax

By Jen Kuznicki

Prompted by Chicago Mayor Rahm Emanuel’s call for new ideas to pay for the city’s $63 billion debt burden, Alderman George Cardenas (D-Ward 12) is proposing a 1-cent-per-ounce tax on the price of soda and other beverages containing more than five grams of sugar per 12 ounces.

Cardenas told the Chicago Sun-Times the sugar tax would be a “better option” than charging homeowners a garbage collection tax, another popular proposal being debated by city officials to reduce debt.

“Both raise about the same amount,” Cardenas told the Sun-Times. “But the sugar tax helps combat a huge problem we have in the city. It combats diabetes and obesity. That’s a big thing I’m trying to accomplish as Health Committee chairman.”

If enacted, the soda tax would increase the cost of a two-liter bottle of soda by about 68 cents and increase the price of a 24-pack of 12-ounce cans by $2.88.

Assumptions Are Unrealistic

Michael Thomas, an assistant professor of economics at Creighton University, says the proposal relies on unrealistic assumptions about consumers’ behavior.

“What they are doing here is saying, ‘If we raise the price, then people will shift away from these kinds of foods,’” Thomas said. “They think it will result in a 23.5 percent reduction in consumption. Those types of predictions don’t actually happen.”

Thomas says the sugar tax plan will drive people to consume other kinds of sweet drinks, instead of improving public health.

“People have habits, and one thing about this bill is that they specifically exempt some types of beverages, so they might be driving some to consume beverages with a certain type of sweetener,” Thomas said.

Education, Not Taxation

Michael Lucci, vice president of policy at the Illinois Policy Institute, says lawmakers concerned about public health should try educating people, not taxing them.

“The solution to this is educational,” Lucci said. “We must allow consumers to choose what they want and allow for education about what these products contain. This is just a tax hike masquerading as social welfare policy.”

‘It Insults People’

Lucci says people are better than lawmakers at deciding what’s good for them.

“Frankly, it insults people, because people can decide what they should do for themselves,” Lucci said. “If you are going to collect taxes, spread it out fairly and evenly across all people, so if it’s going to be a consumption tax, put it on the general sales side, don’t put it on a specific consumer item, because it’s the government getting involved in individual decisions and hurting or helping a certain producer.”

If sugar taxes were effective at improving public health, lawmakers would not use them, Lucci says.

“This is not about helping people become healthier; it is about getting tax dollars,” Lucci said. “If the tax actually worked to discourage consumption of these products, they wouldn’t get the tax revenue, and I guarantee you they will then find some other way to get tax revenue.”

Jen Kuznicki (jenkuznicki@gmail.com) writes from Hawks, Michigan.
Ohio Lawmaker Proposes Convention of the States

By Matt Hurley

A n Ohio lawmaker is calling for a convention of the states to debate a constitutional amendment requiring a balanced national budget.

State Rep. Kyle Koehler (R-Napoleon) is sponsoring a bill to enter Ohio into the Compact for America (CFA), a convention of the states for the purpose of proposing a national balanced budget amendment.

States Lead, Washington Follows

A convention of the states would take place when the proposal is affirmed by 38 states. A previously agreed-upon amendment would be the only item authorized to be on the convention’s agenda.

Koehler says the balanced-budget amendment proposal that would be the only issue taken up by CFA would require Washington, DC lawmakers to do what state lawmakers already have to do every year.

“Because [CFA’s] amendment limits spending to cash on hand, plus a limited amount of borrowing, there will never be a budget gap under the amendment. If the money or borrowing capacity does not exist to spend, the spending cannot occur.”

Kyle Koehler
State Representative
Napoleon, Ohio

The Problems of Tomorrow, Today

Koehler says a constitutional balanced-budget requirement removes political incentives to place the burden on future generations.

“Endless growth in spending is enabled by unlimited borrowing capacity, because unlimited borrowing capacity enables the cost of endless spending to be shifted to future generations at no immediate political cost,” Koehler said. “With the Compact’s balanced-budget amendment in place, there would no longer be a source of free resources for endless growth in spending.”

“Self-Enforcing”

Nick Dranias, president and executive director of the Compact for America Educational Foundation, says CFA would prevent lawmakers from using budget gimmicks to spend money wisely.

 “[CFA’s] balanced budget amendment aligns incentives such that the amendment is essentially self-enforcing,” Dranias said. “The amendment first imposes an easy-to-assess limit on spending: The federal government cannot spend at any point in time more than [the] cash [it has] on hand from taxes and free-and-clear income, [plus] borrowed funds up to a specific amount of full-faith-and-credit debt.”

Dranias says CFA would prevent lawmakers from using budget gimmicks to spend money the government doesn’t actually have.

“This pay-as-you-go spending limit cannot be evaded by budgetary gimmicks such as rosy estimates of revenue or conservative estimates of cost because it does not hinge on how a budget is estimated. Either the cash exists and can be spent, or it doesn’t and can’t be spent.”

Matt Hurley (wmdtvMatt@yahoo.com) writes from Cincinnati, Ohio.

Sugar Trade Barriers Squeeze Maker of Oreos out of Country

By Gabrielle Cintorino

T he bakery responsible for producing Oreos for Nabisco, a subsidiary of Mondelez International, is laying off 600 workers in Illinois and spending $130 million to move production of Oreos and other products to factories in Salinas, Mexico.

U.S. government-imposed trade barriers, such as tariffs and quotas on imported sugar, artificially increase the cost of sugar used in producing sweet snacks in the United States, making it more economical to send production lines to countries with freer trade laws.

Big Sugar

Bryan Riley, a trade policy analyst with The Heritage Foundation, says sugar farmers benefitting from restricted trade hold disproportionate influence over lawmakers.

“According to Heritage Foundation research, sugar beet and sugarcane farms account for about 1.3 percent of the value of total farm and livestock production, but this relatively small sector of the economy accounts for 33 percent of crop industries’ total campaign donations and 40 percent of crop industries’ total lobbying expenditures,” Riley said.

Riley says trade barriers benefit connected insiders at the expense of consumers.

“We should eliminate all tariffs and quotas on sugar,” Riley said. “Trade barriers protect politically powerful special interests at the expense of the rest of us.”

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

INTERNET INFO

No Food Stamps for Fleeing Felons, USDA Rules

By Tony Corvo

The U.S. Department of Agriculture (USDA) issued a new rule requiring consistent application and definitions of rules preventing individuals convicted of felonious criminal activity from receiving food stamp benefits while on the lam.

New Eligibility Tests

The final rule, first proposed in 2011, adopts eligibility tests used by the Social Security Administration. In November 2015, the eligibility of wanted criminals knowingly avoiding active manhunts was suspended. Individuals with active warrants for evading arrest were also removed from food stamp rolls.

Ross Kaminsky, a senior fellow with The Heartland Institute, which publishes Budget & Tax News, says USDA’s rule change may not go far enough.

“It’s hard to say whether the new standardization of definitions, if not exactly of policies, actually represents the mind-numbing pages of prose better signify how completely dominated our nation is by lawyers,” Kaminsky said.

‘Entitlement Mentality’

“I think the number of people this fleeing felons issue would apply to is small,” Kaminsky said. “The problem is an entitlement mentality, one that believes that a primary function of government is redistribution of income.”

Rachel Sheffield, a policy analyst with The Heritage Foundation, says USDA’s Food and Nutrition Service entitlement programs to waive existing work requirement rules to increase welfare rolls. Sheffield says states are choosing to reinstate those rules, empowering people to help themselves.

“Sheffield said. “Maine has been a really good example, where they basically said they were going to end that waiver unless the able-bodied person fulfilled the work requirement. You … saw from that a huge drop-off in the rolls of able-bodied persons without dependents [receiving food stamps].”

Tony Corvo (tcorvo54@gmail.com) writes from Beavercreek, Ohio.

Obama Signs Budget-Busting Spending Deal

Continued from page 1

A. Roe Institute for Economic Policy Studies, says the budget deal is really a budget blunder.

“In the big picture, this is a very bad deal for conservatives and a very good deal for the Obama administration,” Boccia said.

“In terms of the main points to hit, the biggest aspects of the budget deal are busting through the Budget Control Act spending caps, not only by raising them by $80 billion in fiscal years 2016 and 2017, but there’s about $150 billion in ‘emergency spending,’” Boccia said. “There’s an increase in the budget caps, and there’s more spending on top of that.”

No, Really, It’s a Bad Deal

Veronique de Rugy, a senior research fellow at the Mercatus Center, says BBA is shockingly bad fiscal policy.

“It’s pretty stunning,” de Rugy said. “I find it quite astonishing.”

De Rugy says suspending the debt ceiling without immediately cutting spending is a bad deal.

“Basically, they can raise the debt ceiling as much as they want when they need it,” de Rugy said. “Not only have they done that, they have done it without any promise to cut spending in exchange or any commitment to put the country on more of a sustainable fiscal path going forward.”

Broken Promises, Again

De Rugy says BBA is the latest in a series of broken promises made by Congress.

“They promise, as they always do, to do more spending today and do saving tomorrow. [The savings part] is a promise we always know will not materialize,” de Rugy said. “In fact, [this] budget deal is a way to renege on the promise made in the Ryan-Murray deal of 2013, which, too, was busting the caps and the promise to restore the caps later.

“It gets rid of a promise that was made during the Ryan-Murray deal,” de Rugy said.

Jesse Hathaway (jathaway@heartland.org) is managing editor of Budget & Tax News.
By Elizabeth BeShears

Lawmakers in Alaska’s Matanuska-Susitna Borough, about 35 miles north of Anchorage, enacted an ordinance adding an excise tax of 55 percent to the price of wholesale e-cigarette purchases.

Revenue from the new tax hike will go to the borough government’s general fund instead of being directed to health care or smoking prevention programs.

Unintended Consequences

Michael LaFaive, director of the Morey Fiscal Policy Initiative at the Mackinac Center for Public Policy, says the tax hike will backfire.

“We know that governments in the United States and around the world have raised excise taxes to such a degree that one of the major unintended consequences is rampant smuggling that undermines the health goals that have been cited as the reason to impose those taxes in the first place,” LaFaive said. “With [combustible] tobacco, the tax rates have gotten so high that it’s been estimated recently by scholars that it would take a 100 percent increase in current excise taxes to get just a 5 percent improvement in the quit rate.”

Going into ‘Illegal Market’

LaFaive says high tax rates change taxpayers’ behavior in rational, though unintended, ways.

“One of the directions they’re going is into the illegal market,” LaFaive said. “They’re crossing into another taxing jurisdiction so they can get the tobacco they want at a more reasonable price. Or they’re [replacing] cigarettes [with], say, pipe tobacco or e-cigarettes.”

Turning to Tobacco

Kevin Callison, an associate professor of economics at Grand Valley State University, says the Matanuska-Susitna tax hike will result in more consumers using tobacco.

“Most of that tax is going to be passed on through higher prices to consumers,” Callison said. “The literature on this is pretty underdeveloped because of the availability of data, but in economic theory if you have two goods that are substitutes and you raise the price of one, you’re going to increase the demand for the other.”

Discouraging Public Health

In addition to their use as cessation tools, e-cigarettes are considered a less harmful substitute for smoking. Callison says hiking taxes on e-cigarettes will discourage Matanuska-Susitna residents from moving from tobacco to e-cigs.

“It makes a lot of sense that if you increase the prices of e-cigarettes through increased taxation, you are going to reduce the number of people who quit smoking regular cigarettes and go to e-cigarettes,” Callison said. “I think there’s a clear substitution effect between the two.”

Elizabeth BeShears (ets@yellowhammernews.com) writes from Trussville, Alabama.

New E-Cigarette Tax Burns Alaska Borough Residents

Maine Snuffs Out Public Use of E-Cigarettes

By Tony Corvo

A new law expanding Maine’s ban on public tobacco use to include e-cigarettes took effect in October, prohibiting e-cigarette use at restaurants, public beaches, and other gathering spots.

Tobacco use in privately owned restaurants has been illegal in Maine since 2004, and smoking on government property has been illegal since 2009. The new law treats e-cigarettes as tobacco products in the definitions under the state’s smoking bans.

‘Pandering to Hypochondria’

Christopher Snowdon, director of lifestyle economics at the Institute of Economic Affairs, says e-cigarettes and tobacco products are very different, despite visual similarities.

“No credible evidence has ever been produced to justify vaping bans on the grounds of health to bystanders,” Snowdon said. “The vapor from e-cigarettes is indistinguishable from air, [as] far as health is concerned. Any authorities that ban vaping on grounds of secondhand vapor are pandering to hypochondria.”

Snowdon predicts tax hikes on e-cigarettes will follow the restrictions.

“E-cigarettes and other safer nicotine products have the potential to virtually eradicate smoking within a generation,” Snowdon said. “This would leave a serious hole in state budgets, so it would not be surprising if they start taxing e-cigarettes. However, taxing a product that helps people quit smoking and improve their health would expose the lie that tobacco taxes are about improving health.”

Snowdon says public health bills like the new ban aren’t healthy for the public.

“The public health movement today is about little more than creating criminal offenses,” Snowdon said. “It is a fundamentally anti-freedom, anti-market enterprise. I think the Founding Fathers are spinning in their graves. ... It is madness on every level. It is contrary to science, health, and liberty.”

Ignoring Science

Nathan Strout, a development associate at the Maine Heritage Policy Center, says the new law ignores the science of e-cigarettes.

“While e-cigarettes and traditional cigarettes may seem similar to a casual observer, equating them ignores the vast differences between the two products,” Strout said. “Anyone who claims e-cigarettes are just as bad for you as traditional cigarettes clearly has no understanding of how e-cigarettes work and the research that has been done on them.

“These state-level pushes are generally the result of people not understanding the scientific research that’s been done on e-cigarettes,” Strout said. “Some state legislators never take time to do their research, instead choosing to take hyperbolic and misleading headlines at face value.”

Tony Corvo (tcorvo54@gmail.com) writes from Beavercreek, Ohio.
unfunded pension liability totals about $20 billion, but the city does Enron-style accounting by hiding $11 billion off of its balance sheet.”

‘False Impression’ of Budgets

“Each year, Mayor Emanuel has told the public he has balanced the city’s budget, which has given citizens a false impression that the city was living within its means,” Weinberg said. “But the city’s audited financial report gives a better picture of the truth, indicating the city has run a deficit of more than $1 billion each year.”

Weinberg says the financial truth, no matter how bad it is, is better than comforting accounting lies.

“While Chicagoans might not like the idea of higher taxes, we are pleased that they are finally getting an idea of how much the city government really costs,” Weinberg said. “Unfortunately, sometimes the truth hurts, but it is better than the blissful ignorance that has put the city tens of billions of dollars in debt.”

Budget Bandage

Jonathan Williams, director of the American Legislative Exchange Council’s Task Force on Tax and Fiscal Policy, says Emanuel’s proposed tax hike is a bandage covering more substantial problems needing reform.

“It seems to me like this proposal is clearly a start in paying for the huge unfunded liabilities and the debt it accumulated across the area, but it’s certainly not going to … solve the underlying problem,” Williams said. “The underlying problem is the year-to-year debt and the unfunded liability that has been increasing. One property tax increase is not going to do anything to be a substantive cure to this problem.”

Wanted: New Ideas

Williams says Chicago lawmakers need to stop trying tired old ideas and seek newer ideas that have already been proven to work, most importantly in restructuring pensions to consist of how much government pays in, not in offering guaranteed payouts.

“Nobody wants to have that conversation of the fundamental reform going forward, though, and unfortunately, I think this huge property tax increase is going to be very, very painful for the taxpayers to swallow in Illinois,” Williams said. “It’s going to be the first of many dominos yet to fall in this ongoing pension crisis, unless the fundamental shift toward the direct-contribution model is made for new hires.”

Andrea Dillon (thell1885@gmail.com) writes from Holly Springs, North Carolina.
Lawmaker Introduces Estate Tax Change in Congress

By Elizabeth BeShears

A lawmaker has introduced in Congress a bill to modify the federal estate tax, called the “death tax” by many, to allow individuals inheriting money from their family to choose between paying the tax in its entirety or a small portion of their annual income over a period of seven years or more.

‘It’s a Bad Tax’

Curtis Dubay, a Heritage Foundation research fellow in tax and economic policy, says repealing the estate tax would be much better than tinkering with it. “It’s a bad tax,” Dubay said. “This gives you a different way of paying it. It might be easier for heirs, and it might make it so they don’t have to liquidate a closely owned business, but it still doesn’t change the negative economic impact of the estate tax.”

Dubay says the estate tax discourages saving and investing. “The estate tax is another tax on saving and investing, just like the capital gains tax and the dividends tax,” Dubay said. “It’s another layer of tax on investment. It ends up being a tax on virtue. If you are successful in life you’ll pay a lot of taxes, but you’ll pay taxes one more time after you die. It’s a disincentive for investment, which reduces job creation and wage growth.”

Benefits Lawyers, Not Taxpayers

Dennis Ventry, a professor of law at the University of California-Davis School of Law, says the bill would primarily benefit tax lawyers and estate planners. “Over the past 20 or 30 years, because the estate tax had started to affect families and small businesses and family farms that it wasn’t designed to disturb, tax and estate lawyers started to develop various ways to avoid the tax,” Ventry said.

Tinkering Around the Edges

Ventry says tinkering around the estate tax’s edges, instead of real reform, doesn’t benefit consumers and taxpayers. “Many more people think they will be subject to it than actually are subject to it,” Ventry said. “Yep, the estate planners certainly are loving this.”

New York Judge Tosses Cab Group Lawsuit that Demanded Uber Ban

By Gabrielle Cintorino

A New York City judge rejected a taxicab company coalition’s lawsuit against city taxi regulators, dismissing the industry coalition’s argument city law authorizes only taxicabs to accept passengers off the street.

The lawsuit was joined by a bank, Melrose Credit Union, as plaintiffs also argued city regulators’ deregulatory actions had caused the price of taxicab medallions to plummet. The credit union alleged it had invested hundreds of millions of dollars in taxicab licenses as an investment tool and lost money because of declines in medallion prices caused by increased competition.

‘Protection from Innovation’

Liya Palgashvili, an assistant professor of economics at Purchase College-State University of New York, says cartels, investor, beware

Palgashvili says taxicab company investors have only themselves to blame for any losses. “Credit unions such as Melrose should have been more perceptive and hedged by investing in companies such as Uber and Lyft,” Palgashvili said. “Investment companies often lose money when they don’t properly assess risk, but it’s not the government’s job to give them a bailout.”

“I feel for [them for] what’s going on here, but at the same time, consumers should not be made worse off because credit unions made a bad investment strategy,” Palgashvili said. “Instead, we should allow consumers to enjoy better-quality products and services by giving companies the opportunity to serve them.”

Forward to the Future

Jared Meyer, a researcher for the Manhattan Institute for Policy Research, says everyone is better off when businesses compete for consumers’ dollars. “Basing economic policy on protecting politically favored interests is the antithesis of fairness,” Meyer said. “We need to welcome new, disruptive services that put technological innovations to use. This is the way to move forward into a twenty-first century economy.”

Meyer says less regulation of taxicab companies would help promote growth and innovation. “Instead of pushing back against new competitors by lobbying state and local government to ban them, taxis should argue that existing regulations need to be lessened so that they can adopt some of ridesharing’s best innovations,” Meyer said. “In other words, taxis need to become more like Uber. We don’t need Uber to become more like taxis.”

Elizabeth BeShears (etb@yellowhammernews.com) writes from Trussville, Alabama.
By Tony Corvo

West Virginia lawmakers are considering increasing the state’s sin taxes on tobacco and adding a tax on e-cigarettes to help patch a possible $12 million gap between state spending and revenue.

The West Virginia government currently adds 55 cents to the price of each pack of cigarettes and does not impose an excise tax on e-cigarettes.

‘This Could Cost Lives’
Robert West, a professor of health psychology at University College–London’s Health Behavior Research Centre, says sin taxes on e-cigarettes reduce the public’s health at the expense of budgets’ health.

“If, as seems likely, raising taxes on e-cigarettes deters smokers from using them to stop smoking, this could cost lives,” West said. “This is because, like other nicotine replacement products, when used in a quit attempt, evidence from randomized controlled trials and one large ‘real world’ study have shown that they roughly double the chances of success.”

West says e-cigarettes’ increasing popularity has reduced smoking and improved public health.

“Contrary to some claims in the United States [and] in the United Kingdom, there is currently no evidence that e-cigarettes are increasing youth uptake of smoking at a population level. In fact, the increased availability and use of e-cigarettes has coincided with a larger fall in youth and adult smoking than has been seen for several years.”

ROBERT WEST, UNIVERSITY COLLEGE–LONDON

‘Doesn’t Make Any Sense’
James Shaffer, president of the Public Policy Foundation of West Virginia, says West Virginia has a tradition of employing common sense when making policy.

“Tobacco has traditionally not been taxed in West Virginia very much at all,” Shaffer said.

“Arguments can be made that [e-cigarettes] are a way to help get people off of cigarettes, so it doesn’t make any sense from a public health perspective to tax the heck out of these things when we are trying to discourage the use of tobacco.”

Shaffer says sin taxes on tobacco and e-cigarettes are bad public policy.

“You keep relying on the cigarette tax, but as people get off of cigarettes, how do you replace the tax?” Shaffer said. “So where’s the offset in public health? That’s the real disconnect.”

Some lawmakers are more interested in offsetting flagging revenues from energy taxes than improving public health, Shaffer says.

“From their perspective, I think they are looking for every possible source of revenue because coal is diminishing as a viable source of energy production, and extractive taxes have always been relied on, so there is a sense of desperation.”

Tony Corvo (tcorvo54@gmail.com) writes from Beavercreek, Ohio.
Kentucky City Goes Bust Due to Land Dispute Suit

By Andrea Dillon

Lawmakers in Hillview, Kentucky are declaring the city bankrupt after losing a land dispute with a local company.

In 2002, government officials agreed to an eventual sale of 40 acres of city-owned land to the company Truck America Training LLC, but they later backed out of the land deal. The company sued the city, winning a $15 million legal judgement.

The city government receives about $3 million in annual revenue, prompting lawmakers to seek a Chapter 9 bankruptcy declaration.

Not Like Detroit

Eric Scorsone, an economics professor at Michigan State University, says Hillview’s bankruptcy declaration is different from other recent municipal bankruptcies.

“I think it points to the fact municipal bankruptcies are each kind of unique in many ways,” Scorsone said. “This is quite different from what’s going on in Detroit or Puerto Rico. Maybe, in some ways, this is what we’ve seen in the past more typically, where a single event essentially causes it.”

Scorsone says creditors will argue the city should first try to put the burden on taxpayers.

“I know that the other side, the creditors’ side, can argue the city probably doesn’t need to be in bankruptcy,” Scorsone said. “Getting into the bankruptcy process, you can file, but then you have to go through an eligibility trial, and I think the arguments will be, They don’t need to be here. They can raise taxes, [and] they can do other things to pay this off. And that will probably be the key part of it: whether the judge will agree with those arguments, whether the city has other options besides bankruptcy.”

Making Better Decisions

Jim Waters, president of the Bluegrass Institute, says even when lawmakers have made bad decisions in the past, good decisions going forward have proven to help reduce taxpayers’ pain.

“Our council can work great,” Waters said. “Privatization is great [when] there is a strong contract. It seems to be that the government has maybe more options than the private company.

“This [was] just a bad agreement all the way around,” Waters said. “Any time that a local council or local politicians or a local governmental body allows themselves to get into this situation, voters really need to take a look at this in the next election. Taxpayers need to raise their voices there and demand that their representatives work harder to work this out.”

Andrea Dillon (thell1885@gmail.com) writes from Holly Springs, North Carolina.

Florida Lawmaker Drums Up New Music Therapy Licensing Regs

By Kimberly Morin

A Florida lawmaker is proposing to place individuals who want to practice music therapy, the use of music production or singing as a form of physical or psychological therapy, under the regulation of state bureaucrats.

State Sen. Jeff Clemens’ (D-Lake Worth) bill would require individuals to complete 1,200 hours, or 50 days, of education and training and pay license renewal fees to a newly created Board of Music Therapists.

Big Business, Big Bucks

Ari Bargil, an attorney with the Institute for Justice’s Florida office, says the bill does more to promote a national lobbyist group’s interests than to protect consumers.

“It seems to me that the point of the bill is to sort of cartelize the musical therapy industry at the behest of a national organization, the American Musical Therapy Association,” Bargil said. “What this effectively does is it creates a barrier to entry for people who want to do this in any sort of medical setting and protects the people who already have these licenses or will be getting these licenses from people who don’t.”

Bargil says rogue music therapists aren’t a serious threat to consumers.

“I haven’t seen any data that would suggest that the unlicensed practice of musical therapy has led to any harms to patients or society in general to justify a license,” Bargil said. “I’m certain that probably the only people this is helping are the musical therapists themselves.”

Restricting Supply, Raising Prices

Timothy Terrell, an associate professor of economics at Wofford University, says occupational licensing regulations have few benefits for consumers.

“One of the things that would probably happen after they get licensure status is that the prices they charge would rise,” Terrell said. “If you are limiting the number of people who can get into the profession, then they can charge more because there aren’t going to be as many of them. Basically, they are trying to limit the number of musical therapists to protect themselves.”

Exclusive Clubs

Occupational licensing laws are an example of the government telling consumers what’s best for them, Terrell says.

“Licensure uses the power of the state to keep people out,” Terrell said. “Instead of letting the consumer decide who’s a good therapist or not or who has been very effective or not, you’re relying on this not-entirely-transparent process of licensure.”

Industry insiders have an interest in keeping people out of their “club,” Terrell says.

“You’re letting the people already in the profession decide who gets to come into the profession,” Terrell said. “You’re creating a kind of club. They, of course, have an interest in keeping that club small. This is a limitation on the freedom of the consumer.”

Kimberly Morin (kimberlyamorin@gmail.com) writes from Brentwood, New Hampshire.

INTERNET INFO

Fresh Ideas for Reforming America and Truly Helping People

By Jay Lehr, Ph.D.

In the past, reformers with sound answers to the problems plaguing our nation have often had difficulty convincing people to accept or try those solutions. Because we policy analysts tend to communicate with heads instead of hearts, the average person has a hard time understanding the problems facing the United States and the solutions being proposed.

In his new book, *The Conservative Heart*, American Enterprise Institute (AEI) President Arthur Brooks notes conservatives have become accustomed to behaving as if they are a minority group, even though they actually outnumber liberals. Minorities fight for “things,” he explains succinctly, but majorities fight for people.

**Standing Up for People**
The distinction between fighting for things and fighting for people suggests a new way of solving the nation’s problems.

Brooks grew up believing in liberal ideas, but he says he matured and gained common sense with age. He recalls a friend who observed that while Brooks was in his late twenties, he had transformed into a conservative without even knowing it.

It is time for the American right to reclaim the moral high ground and transform itself from a protest movement into a social movement, Brooks explains. Likewise, it is time for the Tea Party to end its protest movement against others’ ideas and stand up for its own.

**World Tour**
Retracing his experiences throughout the world, Brooks introduces the reader to inspirational, real-world examples of conservative principles in action he saw in his travels. Brooks spent more than a decade playing in a European orchestra, and he saw firsthand how government dependence destroyed residents’ will to thrive in a small Austrian factory town. In India, Brooks saw poverty does not impede people’s path to self-sufficiency once government barriers are removed and people are allowed to succeed. Brooks’ stories transport the reader to a homeless shelter in New York, a ghetto in Washington, DC, and all around the world, but the lessons for the conservative heart remain the same.

**Values to Live By**
By reinforcing helplessness, instead of combating it, programs such as the Great Society harm the very people they are intended to help. If we treat people as assets, not liabilities, we see work as a blessing that improves people’s lives, not a punishment or burden. Improving people’s lives is a holistic approach because moral values matter, and success requires lifting people up spiritually, as well as economically.

Applying these values allows conservatives to realize that although helping people directly is important, leading them to the hope things can be improved through hard work is essential, Brooks argues.

“Reading this book is like sitting down and chatting with Brooks himself, a very bright man with passionate ideas about how people can be truly helped.”

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**IN OTHER WORDS . . .**

“In the end, this is an inherently compassionate view, although Mr. Brooks eschews the phrase ‘compassionate conservatism.’ Grafting compassion on to conservatism, he says, is like attaching an unnatural appendage. ‘[A] creed that flows from the optimistic belief that every person is valuable and capable of earned success is inherently compassionate to the core.’

“That is what Mr. Brooks calls ‘the conservative heart.’ The challenge for conservatives, he says, is ‘to explain to the world what is really written on the conservative heart to reclaim the mantles of fairness and compassion for the movement that truly lives up to them.’…

“What is needed is for the right to set the terms of that debate with a positive agenda, as Ronald Reagan did, and as Mr. Brooks puts it, to ‘transform itself from a protest movement to a social movement,’ with a ‘hopeful, optimistic governing agenda’ that ‘focuses on improving the lives of all people through authentically conservative policies.’”


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**The Conservative Heart: How to Build a Fairer, Happier, and More Prosperous America**


265 pages; $15.55 on Amazon.com.


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**Helping People Help Themselves**
We have a duty and a privilege, Brooks says, to help those with less power than we have, and they can remind us of the dignity of all forms of work and the importance of progress.

One of the biggest failures of government intervention intended to help people, Brooks writes, was Lyndon Johnson’s so-called “War on Poverty.” Instead of growing opportunities for disadvantaged Americans, it only grew the welfare rolls.

Brooks explains such big-government policies fail because they treat social problems as though they are engineering problems, such as building or repairing an engine. People and their motives are too complex for such interventions to succeed.

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