Hiking Taxes for Vikings
Minneapolis taxpayers are paying for a new stadium for the home team, but is it a touchdown or a fumble for the local economy?

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Winding Down Ex-Im
After the expiration of the Export-Import Bank’s charter, U.S. lawmakers are calling for a final liquidation of the federal corporate welfare agency.

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My Dog Ate the Records
A government watchdog organization charges federal employees of the Export-Import Bank with improperly deleting public records to cover up agency operations.

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Florida Uber Victory
Broward County, Florida lawmakers are backing down from a short-lived fight to regulate Uber out of their county.

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‘Compact’ Balanced Budget Idea
A North Carolina lawmaker is introducing a bill calling for a convention of the states to consider a constitutional amendment requiring a national balanced budget.

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Cleveland May Tax Airbnb Rooms Like Hotels

By Amelia Hamilton
City officials in Cleveland, Ohio are considering redefining the city’s tax laws to collect excise taxes from Airbnb customers and consumers of other sharing-economy businesses.

If enacted, visitors to the “Rock and Roll Capital of the World” staying with Airbnb hosts would have to pay the city’s 3 percent hotel tax.

Greg Lawson, a policy analyst at the Buckeye Institute for Public Policy Solutions, says the plan would tax Airbnb hosts twice.

“What’s kind of striking about this is that the folks who host are ... already paying income tax on this,” Lawson said. “They’re paying income tax to the feds [and] they’re paying income tax to the state.” The hotel tax would be paid by tenants. If the city enacts the tax, the Buckeye Institute says it could cost tourists $35 per night.

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HUD Finalizes New Central Planning Rules for Communities

By Tony Corve
The U.S. Department of Housing and Urban Development (HUD) has finalized new regulations for local communities receiving federal government funds, requiring communities to identify and eliminate deviations from mandated demographic and socioeconomic ratios and quotas.

The new HUD mandate, officially billed as the Affirmatively Furthering Fair Housing (AFFH) rule, is expected to increase the annual burden on taxpayers by about $34 million, according to government analyses.

HUD, p. 4
Defend Mobility & Homeownership

The Obama administration has joined many state and regional governments in making war on the automobile and suburbs. This makes housing and transportation less affordable and puts extra burdens on low-income families.

Defending the Suburbs

Portland, Oregon, metro-area planners have set a target of reducing the share of households living in single-family homes from 65 percent to 41 percent by 2040. HUD has approved rules requiring suburbs of single-family homes to subsidize apartment construction for low-income families. The Cato Institute’s Randal O’Toole and other speakers will show how you can defend your neighborhood from plans such as these.

Defending the Automobile

The Washington legislature has set a target of reducing per capita driving by 50 percent by 2050. President Obama supports a plan to require that all new cars be fitted with “vehicle-to-infrastructure” devices that will allow government to remotely turn off your car if you drive “too much.” The Reason Foundation’s Baruch Feigenbaum, Competitive Enterprise Institute’s Marc Scribner and Marlo Lewis, and other speakers will show how you can respond to such plans.

American Dream Conference
Austin, Texas
November 6–8, 2015

Conference Agenda

The conference begins with a tour of Austin transportation and land-use projects. If you don’t plan to attend the tour, the conference begins at 5:30 pm Friday and ends after lunch on Sunday.

- Friday, November 6: Optional tour, including Austin’s failed commuter train
- Friday evening: Welcome dinner and debate
- Saturday AM, Nov. 7: Transportation
- Saturday PM: Land-use issues
- Sunday AM, Nov. 8: Grassroots organizing
- Sunday PM: Optional membership meeting

Fighting Wasteful Transit

In the past year, American Dream Coalition members helped defeat expensive light-rail and streetcar proposals in six cities. Representatives of these groups will show how you can fight obsolete transportation plans in your city.

Partial List of Speakers

- Scott Beyer, Market Urbanism
- Robert Bradley, Institute for Energy Research
- Wendell Cox, Demographia.com
- Leonard Gilroy, Reason Foundation
- Barbara Haselden, No Tax for Tracks
- Jesse Hathaway, Heartland Institute
- Jeff Judson, Heartland Institute
- Ed Kilduff, Common Sense Alliance
- Marlo Lewis, Competitive Enterprise Institute
- James Quintero, Texas Public Policy Foundation
- Jim Skaggs, Coalition on Sustainable Transport
- Ron Utt, Maryland Public Policy Institute
- Joseph Warren, Arlington Transit Advisory Committee

“Attending the Preserving the American Dream conference provided me and my association many tools and helped us have our most successful legislative year to date.”
—Mark Nix, South Carolina Home Builders

“One of the four best conferences I’ve ever attended.”
—John Fund, National Review

For More Information

The 2015 American Dream conference on The Future of Affordability will take place at the Crowne Plaza Austin, 6121 North IH-35, Austin, Texas 78752. To register for the conference, go to americandreamcoalition.org or send $229 (by October 15; $249 after) to ADC 2015 Conference, P. O. Box 76, Camp Sherman, Oregon 97730. Add $50 if you wish to go on the optional tour.

The Crowne Plaza Austin offers a conference rate of $119 per night good any nights from November 2 through 10 if you make reservations by October 16th subject to room availability. Make reservations by calling 512-323-5466 and say you are attending the Preserving the American Dream conference or reserve online using the link at our conference registration page or entering “adc” in the group code on Crowne Plaza’s reservation page.

american dreamcoalition.org
Minn. Stadium’s Costs Sack Taxpayers

By Amelia Hamilton

Construction of U.S. Bank Stadium in Minneapolis, the forthcoming new home stadium for the Minnesota Vikings, a football team in the National Football League, is costing more than originally projected.

Reports say cost overruns are due to disputes occurring behind closed doors between contractors and the Minnesota Sports Facilities Authority, a public agency established in 2012 to oversee the stadium’s construction.

About $500 million in taxpayer money is being used to construct the privately owned stadium, which is scheduled to open in mid-2016.

‘Superior Negotiating Position’

Robert Baade, a professor of economics and business at Lake Forest College, says sports teams strong-arm cities into paying to host them.

“When we think about why it is that the public sector is involved as much as it is [with the funding of] stadiums and mega sports events, it has a lot to do with the fact that those who own teams have systematically limited the supply of them,” Baade said. “So in effect, they’ve maintained an excess demand for professional sports franchises. If there’s an excess demand for sports franchises, it really puts the teams in a superior negotiating position with the public sector when it comes time to build facilities or renovate facilities.”

Baade says the claim made by sports team owners that taxpayers benefit from sports subsidies is false.

“In the world of professional sports, it is always the case that those who benefit are not those who pay,” Baade said. “We’re talking about what amounts to sports subsidies. About $500 million in taxpayer money is being used to construct the stadium’s construction.

“One of the things that isn’t real clear to the public is how the Vikings stadium is being financed,” Spry said. “Nobody understands how it’s actually getting paid for, because when they passed the Vikings stadium initially, they were told that there would be no general fund money going to it.”

Spry says business owners, including the owners of sports teams, should invest their own money in capital improvements instead of sticking taxpayers with the risk and pocketing the rewards.

“It [should] be up to the owners to think, ‘Do I have enough business to justify expanding my bait and tackle store?’” Spry said. “What’s different about this is you have the revenues generated going to the owners of the sports teams, but the cost going to the taxpayers.”

Amelia Hamilton (mail@ameliahamilton.com) writes from Traverse City, Michigan.

FCC Approves Expansion into ‘ObamaNet’ Broadband Subsidy

By Rudy Takala

The Federal Communications Commission (FCC) has decided to expand the LifeLine telephone subsidy program, funded by the Universal Service Fund (USF) fee, collected from taxpayers’ telephone bills, to include broadband Internet service for lower-income people.

Seton Motley, president of Less Government, says FCC’s LifeLine program and other programs funded by the Universal Service Fund create new entitlements at taxpayers’ expense.

“The justification is going to be we’re spending all this money on broadband, and we need to get that money from somewhere.” Motley said. “It’s like Obamacare: ‘We’re going to raise your taxes to pay you subsidies for your health insurance that we made more expensive in the first place.’ They’re going to raise taxes to pay for Internet services that they made more expensive in the first place.”

Mission Creep

Motley says FCC has expanded the LifeLine program beyond its legally authorized mission.

“When did Congress have a vote and pass a law that said LifeLine will now apply to broadband?” Motley said. “The answer is that hasn’t happened. Where do they get the authority to expand a program that was supposed to be for landline phones, transmogrified into cell phone access, and yesterday transmogrified to broadband Internet access?

“It was supposed to be for emergency landline phone lines, for the event that people in rural areas needed to call 911,” Motley said. “How does that come within a million miles of broadband Internet access?”

Ernest Istook, president of Americans for Less Regulation, says USF-funded entitlement spending has spiraled out of control.

“It has metastasized,” Istook said. “The program when Ronald Reagan was president was one-tenth the size of what it is now, with the number of people and the costs.”

Istook says entitlement spending at FCC is no different from other government agencies’ distribution of entitlements, continually growing once established.

“The people who are supposedly in need when they create a program are just a small number of people, but once they start giving things away, more people want it, and the program keeps growing,” Istook said. “It’s buying votes, it’s buying offices, it’s buying power.”

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

INTERNET INFO


INTERNET INFO

Randal O’Toole, a senior fellow with the Cato Institute, says the new rule micromanages lifestyle decisions traditionally made by individual families. “If you read the rules, they go down to the Census tract and neighborhood level,” O’Toole said. “So, not just cities or suburbs, but Census tracts have to be reflections of society or the urban area they’re in.”

For statistical purposes, the U.S. Census Bureau divides areas into tracts, or subdivisions, of local government units following physical features or geographic boundaries. “You’re going to be hard-pressed to even find people who want to live in neighborhoods of other groups,” O’Toole said. “The existing housing patterns are a result of centuries of history ... but there are also some other reasons why housing patterns are not going to be perfectly integrated.”

Pick-Up Trucks and Priuses

O’Toole says people choose to live and work where they do for many reasons. “Not every household has the same taste,” O’Toole said. “For example, working class households are more likely to shop at Wal-Mart and drive around in pickups. Middle-class or upper-class households are more likely to shop at Whole Foods and drive Priuses. Those kinds of tastes dictate the neighborhood we live in [and] dictate the jobs we get and the location of those jobs, things like that.”

Strings Attached

Compliance with the new central planning regulations is the price communities will have to pay for taking federal money, O’Toole says. “It only applies to governments who accept federal housing grants,” O’Toole said. “If you don’t accept a federal housing grant, you’re not required to do anything.”

Rick Manning, president of Americans for Limited Government, a non-profit organization involved with identifying, exposing, and working with Congress and state legislatures to prevent the continued expansion of government, says AFFH is a solution in search of a problem to solve. “People choose to live in neighborhoods based on a whole variety of issues,” Manning said. “To try to overcome that through social engineering from Washington, DC shows the exact kind of hubris that we became familiar with when watching places like the Soviet Union and its five-year plans.”

‘They Should Just Back Off’

Manning says people should be allowed to live where they wish to live, instead of engineering communities to achieve federally mandated socioeconomic mixtures. “These are local decisions made for a variety of reasons, and to try to overlay the federal government on top of it is doomed to fail,” Manning said. “It’s not their role, and they should just back off. It’s bad for the people they want to help; it’s bad for local governments; and it’s bad for local communities.”

Tony Corvo (tcorvo54@gmail.com) writes from Beavercreek, Ohio.
Senators Call for Plan to Liquidate Ex-Im Bank

By D. Brady Nelson

A group of U.S. senators is pushing to formally liquidate the Export-Import Bank (Ex-Im).

The government agency’s charter expired in June.

Senators Ted Cruz (R-TX), Mike Lee (R-UT), Rand Paul (R-KY), Marco Rubio (R-FL), Ben Sasse (R-NE), and Pat Toomey (R-PA) are calling for a plan to sell off assets of the Export-Import Bank, a government agency subsidizing domestic companies’ costs when selling goods in foreign countries.

“Republicans are right to be pressing the bank’s president for its plans to wind it down. That means figuring out who are the employees that are needed to manage the orderly liquidation and who are the employees that need to be let go.”

Ex-Im is fully funded through the end of the fiscal year, but it is prohibited from acquiring new obligations, assuming new liabilities, or issuing new bonds and debts.

Stalling for Time?

Ex-Im officials are holding out hope Congress will reauthorize its charter, says Diane Katz, a Heritage Foundation senior research fellow in regulatory policy.

“Ex-Im officials are clearly stalling on a liquidation plan out of hope that the bank charter will be reauthorized,” Katz said. “But the sky has not fallen since the charter lapsed on June 30, and there is no reason to bring it back.”

Katz says Ex-Im helps big business and foreign countries unfriendly towards the United States and hurts domestic small business owners.

“Export subsidies primarily benefit America’s biggest conglomerates and prop up unfriendly foreign regimes,” Katz said. “Contrary to the propaganda of Ex-Im proponents, the subsidies hurt U.S. small businesses more than they help.”

By Amelia Hamilton

A Michigan lawmaker has introduced a bill calling for a convention of the states to debate a constitutional amendment that would require a national balanced budget.

State Sen. Mike Green (R-Mayville) is sponsoring a bill to enter Michigan into the Compact for America (CFA), a proposal calling for a constitutional convention to create a national balanced budget amendment. Under CFA, a convention would be called if the proposal is affirmed by 38 states, and a previously agreed-upon constitutional amendment would be the only item on the agenda.

“The Number One Issue’

CFA Commissioner and Georgia state Rep. Paulette Rakestaw (R-Powder Springs) says CFA is “a safe way” to address Washington, DC’s never-ending spending binge.

“This is a safe way to advance a balanced budget amendment, which is the most critical thing that we do,” Rakestaw said. “The number one issue concerning the American people is Washington’s inability to control spending and their ability to keep raising the debt ceiling and mortgaging our kids’ futures.”

Rakestaw says the time for states to assert control over Washington, DC politicians is now, not later.

“When the states unite behind this common purpose, they exercise their power,” Rakestaw said. “The states become like the board of directors for Washington. Spending in Washington is out of control. They make campaign promises and then take our tax dollars to fund it, and when there’s not enough tax dollars there, they just raise the debt ceiling. They’re basically mortgaging our kids’ futures, so it’s really taxation without representation.

“If you want to fix the problems in Washington, you need to take away the ability of the creditors to write their own credit limits,” Rakestaw said.

States Stepping Up

Green says state lawmakers are working to solve the problem because the national government has proven it’s unwilling to fix things.

“Every politician, every year when they run, they always talk about the deficit [and] how we’re going to stop it. Once they get into office, everybody forgets. Especially federal office. Well, I didn’t forget it.”

MIKE GREEN
STATE SENATOR
MAYVILLE, MICHIGAN

“Every politician, every year when they run, they always talk about the deficit [and] how we’re going to stop it. Once they get into office, everybody forgets. Especially federal office. Well, I didn’t forget it.”

INTERNET INFO


End The IRS!

As the recent scandal shows, the IRS is big, bad, and out of control. Grover Norquist analyzes the problems within the agency and presents solutions to rein them in.

No one in modern times has fought harder to shrink the state than the founder of the group Americans for Tax Reform.

JOHN STOSSEL

The person who I regard as the most innovative, creative, courageous and entrepreneurial leader of the anti-tax efforts and of conservative grassroots activism in America … He has truly made a difference and truly changed American history.

NEWT GINGRICH

Grover Norquist is Tom Paine crossed with Lee Atwater plus just a soupcçon of Madame Defarge.

P.J. O’ROURKE

It’s because of soldiers like Grover that the conservative movement is so vibrant today and that the liberals who thought they had taken over two years ago are on the run.

SENATOR MITCH MCCONNELL

Purchase End The IRS on Amazon.com for $12.99 Kindle and $16.00 paperback.
Proposed Bill Would Rein in Regulatory Overreach

By Mark Ramsey

The U.S. House of Representatives has passed a bill that would require congressional approval and a presidential signature before federal agencies can make significant regulatory rule changes.

The Regulations from the Executive in Need of Scrutiny Act (REINS) was introduced by Rep. Todd Young (R-IN) and passed by the House. Sen. Rand Paul (R-KY) is introducing a companion bill in the Senate.

Under the proposed law, federal agencies could not implement any regulations with a projected economic impact of $100 million or more unless Congress explicitly approves the changes in legislation and the president signs the bill.

Reverses Current Process

REINS denies costly new regulations by default instead of approving them by default, says John Eick, director of the Energy, Environment, and Agriculture Task Force for the American Legislative Exchange Council.

“The REINS Act would require Congress and the president to proactively affirm major regulations that would have an economic impact of at least $100 million,” Eick said. “With the REINS Act, Congress would have to approve of a regulation before it could be imposed, as opposed to a [Congressional Review Act action], which only allows for Congress to disapprove of a regulation.”

Eick says existing limits on bureaucracy, such as the Congressional Review Act (CRA), have been ineffective.

“Congress has 60 days [under the current system] to pass a joint resolution to override a regulation, which then has to be approved by the president or later overridden in the case of a presidential veto,” Eick said. “If Congress does not act within 60 days of the new regulation being published, then it automatically goes into effect.”

Legislating by Fiat

Phil Kerpen, president of American Commitment, a nonprofit group dedicated to restoring and protecting the values of free markets, economic growth, and constitutionally limited government, says REINS will help Americans fight unaccountable government agencies’ de facto lawmaking.

“We have regulators who are effectively writing and executing their own laws,” Kerpen said. “The major policy decisions that affect every aspect of our economic lives are moving forward without consent of the people’s legitimately elected legislative branch. The REINS Act is a powerful remedy to restore the legislature to its legitimate role.”

Restoring Rule of Law

Kerpen says REINS would help restore the rule of law in the United States.

“We have a tool that can help us solve one of the basic structural problems destroying jobs and economic freedom,” Kerpen said. “As we work to restore the U.S. Constitution, the very best place to start is at the beginning, with Article I, Section 1.”

Lawmakers Worry Obama Is Preparing Last-Minute Regulatory Blitz

By Amelia Hamilton

House and Senate lawmakers are questioning Obama administration officials about whether they plan to issue a rush of “midnight regulations” during the “lame duck” period between the presidential election in November 2016 and the official start date for Obama’s successor in January 2017.

At a July hearing of the U.S. Senate Homeland Security and Governmental Affairs’ Subcommittee on Regulatory Affairs and Federal Management, Sen. James Lankford (R-OK) asked Howard Shelanski, the White House Office of Information and Regulatory Affairs (OIRA) administrator, about the administration’s plans for last-minute regulations.

“Let me ask you a question that’s, frankly, obviously just an obvious, easy question,” Lankford said. “What time is ‘midnight,’ when you’re talking about ‘midnight regulations’?”

‘Flood the System’

James Gattuso, a senior research fellow in regulatory policy at The Heritage Foundation, says last-minute regulations serve two main purposes.

“At the end of the term, you can just flood the system,” Gattuso said. “You’re sneaking regulations past the processes that have been set up ... to ensure that they are scrutinized. I think there’s also a bit of desk-clearing going on. Everyone in government who is leaving their job wants to have all their work done and all the regulations on the way.”

Gattuso says consumers should watch out for a storm of new federal rules.

“When you have the end of a presidency, it is almost [inevitable] that every presidential term ends with a mountain of regulations being pushed over the finish line when people are not watching,” Gattuso said. “Watch out for the flood.”

‘Rein Them In’

Wayne Crews, vice president for policy and director of technology studies at the Competitive Enterprise Institute, says regulations are the only area of action in the capital at this point.

“The average American needs to be concerned about midnight regulations, and regulations generally, because it’s become clear that Washington, DC is not going to cut spending,” Crews said. “That leaves us with doing something about overregulation and red tape, and that means we’re in the sprint now.”

Crews says government agencies are out of control and it’s up to Congress to assert control.

“In the scheme of things, the agencies are doing what they want to do, [and] Congress needs to rein them in,” Crews said. “I think that’s really the only way to solve any of this. The agencies aren’t going to police themselves. They’re not going to do cost-benefit analyses [and] they’re not going to regulate rationally, so you really have to make sure that Congress has to vote to approve all the rules coming out.”

Amelia Hamilton (mail@ameliah Hamilton.com) writes from Traverse City, Michigan.
By D. Brady Nelson

Responding to a burgeoning fiscal crisis, Puerto Rico Gov. Alejandro Garcia Padilla (PPD) is proposing significant economic reforms to revive the island's ailing economy.

In addition to bankruptcy negotiations with bondholders and creditors, a government report commissioned by Padilla recommended lowering the territory’s minimum wage and replacing Puerto Rico’s complex corporate income tax code with a flat-rate system.

Trouble in Paradise
Nicole Kaeding, a budget analyst at the Cato Institute, says Puerto Rico has been hit by a tsunami of economic problems.

“The situation in Puerto Rico is both a debt crisis and an economic crisis,” Kaeding said. “The island has over $70 billion in outstanding debt obligations that the governor says are unpayable. But the island is also suffering because of its economic hardships. The island has had negative economic growth since 2006.”

Kaeding says Puerto Rico’s problems are a mixture of self-inflicted wounds and economic meddling from Washington, DC.

“The reasons are plentiful: high minimum wage, restrictive labor laws, limits on shipping, lavish entitlement benefits, overspending, bad tax policy, among others,” Kaeding said. “Puerto Rico must find a way to dramatically decrease spending and pass meaningful tax reform as a way to restructure its fiscal situation and its debt obligations. Congress should use its legislative powers to limit the minimum wage’s effects on Puerto Rico and repeal the Jones Act, which makes shipping goods twice as expensive to Puerto Rico as its regional neighbors,” Kaeding said.

‘Path to Prosperity’
Jonathan Bydlak, president of the Coalition to Reduce Spending, a nonpartisan organization calling for balanced, reduced government spending, says the right reforms can turn around Puerto Rico’s fortunes.

“The first and most important thing Puerto Rico must do is get its spending under control,” Bydlak said. “If it doesn’t address the underlying economic problems that led to its current levels of debt, then discharging that debt will do relatively little to put Puerto Rico on a path to prosperity.”

Bydlak says lawmakers in Washington, DC and fiscally irresponsible states should learn from Puerto Rico’s troubles.

“The next time someone suggests that maintaining large debts comes without consequences, it’s worth considering Puerto Rico’s experience,” Bydlak said. “By showing a willingness to reduce expenditures and impose fiscal restraint, Gov. Padilla is providing hope for millions of Puerto Ricans that economic prosperity can be a possibility again. If only U.S. leaders in Washington had the same foresight and initiative.”

No ‘Magic Bullet’
Bydlak says the road to recovery for Puerto Rico may not be easy, but it’s worth the effort.

“That means reducing spending, implementing pro-growth reforms, and removing the many barriers to competition that exist in the economy,” Bydlak said. “There’s never a magic bullet in these kind of situations, but that’s the best place to start.

“The latest actions being undertaken in Puerto Rico give reason to believe the territory can rise like the phoenix from the ashes,” Bydlak said.

D. Brady Nelson (d.brady.nelson@me.com) writes from Washington, DC.
Oregon City Snuffs Out Cigarettes, E-Cigarettes in Parks

By Tony Corvo
The Salem, Oregon City Council voted to ban tobacco and e-cigarette use in public parks.
The ban started on August 22.
The new law also prohibits marijuana use, which is legal in the state, in outdoor public areas.
Steve Buckstein, a senior policy analyst for the Cascade Policy Institute, says bans on smoking in public places lay the groundwork for more bans and restrictions on otherwise legal products.
“Much like people who don’t like guns would like to eventually get rid of all guns, people who don’t like smoking would like to get rid of all smoking,” Buckstein said.

“There is an argument to be made that e-cigarettes actually help people get off of tobacco,” Buckstein said. “Therefore, smoking bans that include e-cigarettes make no sense. Something else is going on here, and it’s not just the bad effects of tobacco. It’s the nanny state saying you can’t even look like you’re smoking, because it sets a bad example and we can’t have that.”
Buckstein says regulating e-cigarettes is a step toward taxing e-cigarettes like tobacco.
“Since governments get a lot of revenue off of taxing tobacco products, many bans include e-cigarettes as tobacco products so that they can eventually tax them like tobacco,” Buckstein said.

Impatience and ‘Good Intentions’
Michael Marlow, a professor of economics at California Polytechnic State University, says e-cigarette bans are based on emotions, not grounded in science.
“I look at this lineage as a sign that the paternalist public health officials lost patience for, or have become intolerant of, citizens refusing to listen to their good intentions about smoking,” Marlow said.

Harm Reduction
Marlow says e-cigarette bans and taxes are useful to elected officials, but they don’t do anything except burden or harm the public.
“There are two things going on,” Marlow said. “One, it is a revenue grab issue. The other is that e-cigarettes are as effective as many of the reports say in terms of getting people to quit or to cut back their consumption significantly, it’s a huge threat to the tobacco control crowd.”
Marlow says if elected officials’ goal were to improve public health, they would promote e-cigarette use for smokers trying to kick the habit, not ban them.
“If you really are concerned about secondary smoke, it seems you would want to go with e-cigarettes being encouraged rather than discouraged,” said Marlow.

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

Hawaii Hits Residents with Wave of New Bans

By Rudy Takala
Hawaii is banning tobacco and e-cigarette use in all city- and state-owned parks and beaches, saying the ban will help preserve the state’s scenic natural beauty and cut down on littering.
Joe Kent, a research assistant at the Grassroot Institute of Hawaii, says the ban ignores the facts about e-cigarettes. The new state law, signed into law in June, took effect on July 1.
“There is absolutely no reason to ban e-cigarettes,” Kent said. “Not only is there no litter produced by an e-cigarette, but there aren’t the same detrimental effects as from secondhand smoke.”
Allowing private companies to manage beachfronts would do more to preserve the scenic value of the state’s many beaches than restricting the use of otherwise legal products, Kent says.
“All of Hawaii’s beaches are public, according to law, and must be open to access by the public,” Kent said. “However, many public beaches in Hawaii are privately managed and maintained by hotels, while still offering full public access. The privately managed beaches are, uniformly, cleaner.”

Litter-ally the Wrong Problem
Kent says the new ban is attacking the wrong cause.
“The biggest issue with debris on beaches is actually litter that washes in from the ocean,” he said. “I think it’s a bit easier for sandwich wrappers, disposable plates, or other dishes to be blown away and left on the beach than cigarettes. However, even this kind of litter can be cleaned up, if the price is right. This is something that private hotels or nonprofits are willing to pay for.”

‘Complete Intolerance’
Michael Marlow, a professor of economics at California Polytechnic State University, says the ban is motivated by telling people how to live their lives.
“Despite years of warnings concerning health problems, banning advertising on TV and radio, and repeated tax hikes, the new ban reflects a complete intolerance toward citizens who have continued to resist the good intentions of the public health authorities,” Marlow said.
Marlow says he thinks other health-related bans are in the works for Hawaiians.
“Economists rarely believe bans, especially of legal substances, are efficient,” Marlow said. “They are a last resort of those attempting to monitor and change other people’s behaviors. When jurisdictions commit to one type of ban, there is the expectation that bans on other substances will follow.”

Rudy Takala (rudytakala@yahoo.com) writes from Beavercreek, Ohio.
Jackson, Miss. City Council Considers Regulating Uber

By Andrea Dillon

The Jackson, Mississippi City Council is considering a proposal to regulate Uber, a popular transportation network company connecting drivers and riders, similar to government-approved taxicab companies operating in the city.

In return for accepting the city government’s regulations, Uber would be allowed to pick up and drop off riders at the city’s airport, which they are currently prohibited from doing.

Jackson City Councilman Ashby Foote says legalizing transportation network companies such as Uber is an important way to attract visitors and economic activity.

“I think if we’re going to be seen as a pro-business, cutting-edge type of community, we need to make sure that Uber is available for those who are looking for it,” Foote said.

‘Uber-Friendly and Taxi-Friendly’

Foote says increasing the ease of getting around Jackson helps consumers and the city.

“One of the things that worries me as a city councilman and citizen of Jackson is that we want to be business-friendly and make a good first impression on people visiting Jackson,” Foote said. “We have people visiting who are used to using Uber and may try to contact them once they arrive at the airport, only to find out they aren’t allowed in the vicinity to pick up rides.

“It makes a bad first impression on those business people who may be arriving to do business in Jackson,” Foote said. “It’s important that we be Uber-friendly and taxi-friendly.”

‘Fundamentally Different’

Matthew Feeney, a policy analyst with the Cato Institute, says regulating Uber drivers as though they are taxicab drivers is not good policy.

“In terms of regulating, there are a couple of options here,” Feeney said. “One would be, ‘Well, we should regulate Uber with their cars in the way that cabs are.’ I think that way is conceptually wrong. For one thing, Uber drivers are driving their own cars on their own time. They are fundamentally very different [from] taxis.”

Fewer Rules, Not More

“It is also not the right approach because, I think, it would be worth perhaps moving it to a ‘deregulatory program’ with regards to taxis,” Feeney said.

“I think if we’re going to be seen as a pro-business, cutting-edge type of community, we need to make sure that Uber is available for those who are looking for it.”

ASHBY FOOTE, CITY COUNCILMAN
JACKSON, MISSISSIPPI

Feeney says the peer-to-peer economy’s nature replaces the need for government regulations.

“I think any attempt to get Uber operating in or around the airport should be welcomed,” Feeney said. “With that all said, it seems to me that Uber is already carrying out background checks and [has] insurance schemes in place.”

Feeney says government regulators should work to accommodate Uber instead of trying to fight it.

“It’s funny to me that they think they can permanently keep new technology going anywhere. It’s unrealistic that taxi companies can accommodate Uber. It’s unrealistic that taxi companies can accommodate Uber instead trying to fight it.”

“With that all said, it seems to me that Uber is already carrying out background checks and [has] insurance schemes in place.”

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

The Heartland vs. the Ruling Class

The Heartland Institute’s 31st Anniversary Benefit Dinner

Thursday, October 8, 2015

KEYNOTE SPEAKER
Angelo Codevilla, Ph.D.
Professor emeritus of international relations at Boston University and fellow of the Claremont Institute

HEARTLAND LIBERTY PRIZE
Donald Devine, Ph.D.
Senior scholar at the Fund for American Studies and author of America’s Way Back: Freedom, Tradition, Constitution

VENUE
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California Pension Reform Initiative Gains Steam

By Jeff Reynolds

Former San Diego City Councilman Carl DeMaio and former San Jose Mayor Chuck Reed (D) are collecting signatures to place on the November ballot an initiative, the Voter Empowerment Act of 2016, that aims to reform the state’s 130 taxpayer-funded pension programs.

According to a November 2014 report from California State Controller John Chiang, municipal and state pensions have overpromised benefits to government employees by $198 billion, or about $5,210.53 per resident.

Taxpayer Empowerment

DeMaio says the Voter Empowerment Act, if approved by voters, would solve some problems encountered by past efforts to reform the state’s public pension system.

“The important part of the initiative is the language in Section 23A that removes all the barriers we faced on pension reform,” DeMaio said. “It says that the voters have the final say ... on pension matters by using the initiative or referendum process in California. That’s important because, to this point, the courts have said, ‘We don’t know if you can make changes, maybe the people don’t have the right to an initiative when there’s state labor law involved.’”

DeMaio says the Voter Empowerment Act would help put the people paying the bills—the taxpayers—back in charge.

“What we’ve done is cleared the way for voters, the people who pay the bills, to have the ultimate and final say on these matters. Voters will be the check and balance on giveaways by politicians, which we know will yield more reasonable benefit packages for public employees.”

Carl DeMaio
FORMER CITY COUNCILMAN
SAN DIEGO, CALIFORNIA

Ex-Im Bank Improperly Deleted Public Records, Lawsuit Claims

By Rudy Takala

Cause of Action, a nonprofit, nonpartisan government accountability organization, is suing the Export-Import Bank (Ex-Im) and demanding a congressional investigation into the alleged improper deletion of public records.

Responding to a public records request, Ex-Im claims its chief of staff, Scott Schloegel, “accidentally” deleted text messages the group was seeking about a month and a half after the request was received.

‘Sorry, We Deleted Those Records’

Scott Nelson, an attorney for the nonprofit consumer advocacy organization Public Citizen, says Ex-Im’s record purge is unlawful.

“I would say that it is not a frequent occurrence to have it come out that records responsive to a [Freedom of Information Act] request were destroyed during the pendency of the request,” Nelson said.

“I was once involved in a case where some computer backup tapes were said to have been mistakenly destroyed while a [Freedom of Information Act] case was pending, but it doesn’t often happen in my experience that you send in a [Freedom of Information Act] request and get a response saying, ‘Oh, sorry, we deleted those records while your request was pending,’” said Nelson.

Getting Away With It

“If a federal officer is actually found to have destroyed federal records, he or she could theoretically be charged with a crime ... under 18 U.S.C., Section 1361, which makes it a crime to conceal, remove, mutilate, obliterate, or destroy a federal record filed with any public office or officer of the United States, or possibly under 18 U.S.C., Section 1361, which makes it a crime to injure or commit any ‘depredation’ against property of the United States,” said Nelson.

“I wouldn’t hold my breath waiting for prosecutions of federal officers or employees in circumstances like this under any administration,” said Nelson.

Lack of Transparency Seen

Adam Andrzejewski, chairman of the government watchdog group American Transparency, says Ex-Im has become less accountable and transparent to taxpayers in recent years.

“The Export-Import Bank has removed most PDF files from its public website, and even removed line-by-line loan transactions for a time during the reauthorization debate,” Andrzejewski said. “Within its disclosed loan activity database, we found there are $26.5 billion of transactions hidden under the headings of ‘undisclosed’ or ‘to be determined’ since 2007.”

Andrzejewski says lawmakers are obligated to investigate Ex-Im’s lack of transparency.

“The heads of federal agencies have a responsibility to act quickly to mitigate damage when [given] notice of potentially unlawful record destruction,” Andrzejewski said. “In this case, the matter needs investigation.”

Rudy Takala (rudytakala@yahoo.com) writes from Washington, DC.
Florida County’s Lawmakers Back Down from Uber Fight

By Andrea Dillon

Ridesharing company Uber is back in operation in Broward County, Florida after a brief fight with county commissioners.

Following a proposed set of regulations that would have required ridesharing drivers to submit to criminal background checks and purchase commercial insurance and local work permits, Uber suspended operations county-wide, including in popular tourist destinations such as Fort Lauderdale and Pompano Beach.

Citing public disapproval, Broward County commissioners backed down from the proposal.

Safety for Whom?

Robert Krol, a professor of economics at California State University–Northridge, says taxi cab regulations are less about protecting passengers and more about protecting taxi cab company owners from competition.

“What always comes up is the safety issue, as if the taxi cab driver or taxi service is necessarily safer than an Uber or Lyft kind of ride,” Krol said. “It’s just clear to me that taxi cab services aren’t necessarily superior or safer. There’s no real hard evidence to support that.”

Instead of protecting taxi cab companies against competition, Krol says incumbent businesses should have to compete equally with new entrants into the market.

“It seems to me what you want to let them do is let the taxicabs compete with the ride-shares,” Krol said. “Let them adopt the same types of technology and just let the competition play itself out.”

“If [taxi] are the ones that can’t compete, they’d have to change the way they do business. They’d have to improve service quality,” Krol said. “To me, that’s the way we want to go, and I think it’s somewhat inevitable.”

Seeking Rent, Not Safety

Sal Nuzzo, vice president of policy at the James Madison Institute, says the Broward County commissioners’ regulations didn’t promote the best interests of consumers and taxpayers.

“The entire system for regulating the act of driving other people around for a fee is textbook rent-seeking,” Nuzzo said. “The idea that taxi cab drivers are safer because of a government-backed regulatory system is a red herring.”

Exposing Regulatory ‘Fantasy’

Services such as Uber are shaking up old assumptions about regulations and the economy, Nuzzo says.

“[Citizens] have become immune to and expect a certain degree of negative effect to arise with government,” Nuzzo said. “So when an innovation like Uber comes along that does better with less government regulation—it accomplishes the regulation on its own because it has a market incentive to do so—the entrenched regulatory cartel screams whatever they think will resonate most.

“In reality, Uber is able to do in the free market what we have abdicated to government for far too long,” Nuzzo said. “Uber has effectively pulled back the veil and exposed the fantasy that government needs to regulate everything we do, for our own protection.”

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

Americans Oppose CFPB Overreach, Unaccountability

By D. Brady Nelson

A national poll conducted by polling agency Zogby Analytics found a majority of American consumers hold a negative opinion of the Consumer Financial Protection Bureau.

The Consumer Financial Protection Bureau (CFPB) was created by the Dodd-Frank Wall Street Reform and Consumer Protection Act to advocate for consumers and enforce new financial laws and regulations.

The poll, commissioned by the U.S. Consumer Coalition, found 55 percent of respondents believe the agency’s intrusive as the National Security Agency’s domestic surveillance programs are designed to bypass constitutional safeguards that ensure meaningful oversight, Berlau said.

Legal Challenges

Berlau says the public is beginning to question CFPB’s constitutionality.

“CEI, the 60 Plus Association, and a courageous Texas community bank are challenging the bureau as unconstitutional on the grounds that it is not accountable to Congress through appropriations and that it vests power in a single director who can’t be removed by the president, except in very limited circumstances,” Berlau said. “Now that the bipartisan panel of the Washington, DC Circuit Court of Appeals has made the common-sense ruling that the State National Bank of Big Spring, Texas has suffered injuries from the CFPB [which is] necessary for it to have legal standing, we look forward to pressing our case and freeing the American people of this unaccountable and unconstitutional monstrosity.”

D. Brady Nelson (d.brady.nelson@me.com) writes from Washington, DC.

“Nearly all of the overreach of the CFPB, from its massive database of consumer transactions to its red tape strangling consumer choice and smaller banks, stems from the fact that it was designed to bypass constitutional safeguards—ensuring meaningful oversight,” Berlau said.

"It could easily be argued that the CFPB is intruding into people’s lives in the name of helping them.”

KEL KELLY, LUDWIG VON MISES INSTITUTE

"Expansive Powers, No Oversight"

Mark Calabria, director of financial regulation studies at the Cato Institute, says people’s discomfort with CFPB’s data collection programs is justified.

“Americans are rightly concerned about the expansive powers of the CFPB and its lack of accountability,” Calabria said. “Its large-scale data collection efforts pose a significant threat to consumer privacy and enable the bureau to engage in fishing expeditions targeting ‘Main Street’ businesses.”

"Comprehensive Powers, No Oversight"

"It could easily be argued that the CFPB is intruding into people’s lives in the name of helping them,” Kelly said. "Though polls show that most people are against this encroachment, given the way our government works, the CFPB will likely now receive increased funding to ‘fix’ this ‘problem,’ with the result being that its actions will become even more egregious and bring still more harm to American citizens.”

"Expansive Powers, No Oversight"

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An Oklahoma state senator is pushing to reform the state’s civil asset forfeiture laws, which he says presume citizens’ guilt and violate their civil liberties.

State Sen. Kyle Loveless (R-Oklahoma City) is sponsoring a bill that would reform laws permitting law enforcement agents to seize people’s cash and property without first proving a crime has occurred.

“I don’t believe that it’s American to have people assumed guilty,” Loveless said. “I think most people, most Americans, and most Oklahomans don’t even know that this seizure stuff is possible. I just don’t think that seizing property with so few restraints is a way that we want government to behave.”

Loveless says his bill achieves several goals.

“My bill does four things,” said Loveless. “It changes the presumption ... a property owner is guilty until proven innocent. I switched that back to the way it should be. I raised the evidence level to make it more difficult for law enforcement to take it. And then I also make the appeals process quicker for innocent people. And the fourth thing is I take away the financial incentives [law enforcement has to take property].”

Due process and private property ownership rights are uniquely American values, Loveless says.

“The Founders, even John Locke before the Founders, equated life, liberty, and property as all the same,” Loveless said. “They kept them equally important. If you look back in the history of asset forfeiture, it grew from a tool against the mob and gangs, to drugs and the cartels, now to terrorism, but it’s going to keep growing unless we do something to stop it.”

“I think as long as we keep letting it grow, then more and more innocent people are going to get their property taken without proper limitations,” Loveless said.

‘A Perverse Incentive’

Trent England, vice president for strategic initiatives at the Oklahoma Council of Public Affairs, says civil asset forfeiture reform is a common-sense idea.

“People just assume government cannot take your property based on a hunch,” England said. “All civil asset forfeiture reform does is bring the law into line with what citizens already expect.”

England says the current system incentivizes government agencies’ abuse of people’s rights.

“Do we really want police departments to have a financial interest in certain kinds of investigations?” England said. “The current system creates a perverse incentive for police to focus on suspects with flashy cars or other goodies rather than on those who pose the greatest danger to the public.”

England says the problem has deep roots.

“With an issue like this, the more we talk about it, the more we find examples of abuses,” England said. “These fall into three categories: wrongful seizures, misuse of seized property, and false or missing records. Reform needs to address each of these three failures of the current system of asset forfeiture. “Law enforcement should be about public safety and justice, not seizing property to pad the agency budget,” England said. “What we want is a bright line between policing and privateering.”

Warner Todd Huston (igcolonel@hotmail.com) writes from Streamwood, Illinois.
The Freedom of the Press Foundation (FPF), a nonprofit organization founded in 2012 to fund and support free speech, is suing the U.S. Department of Justice (DOJ) for the release of documents detailing the Federal Bureau of Investigation’s use of national security letters—administrative subpoenas used in national security investigations—to spy on journalists.

Between 2009 and 2013, Associated Press and Fox News reporters were surveilled by Justice Department officials as a part of a series of attempts to determine reporters’ sources. Investigators at DOJ designated Fox News correspondent James Rosen as a “criminal co-conspirator” for receiving foreign intelligence leaks from a U.S. Department of State contractor.

Investigating the intelligence leak, DOJ investigators traced Rosen’s telephone calls and accessed his personal e-mails.

In 2013, FPF requested the release of all records detailing DOJ’s internal rules on issuing national security letters to investigate reporters. DOJ has refused to comply with the records request in a timely manner.

Jamie Lee Williams, a legal fellow at the Electronic Frontier Foundation, says the federal government’s reporter spy program infringes on basic constitutional rights.

“Our government has long recognized the importance of a free and open press, and in most jurisdictions in this country, journalists enjoy protection against the compelled disclosure of their sources and notes,” Williams said. “The protection exists ... to make sure that those with important information about matters of public concern can provide that information to journalists without fear that their identities will be disclosed and to make sure that journalists are not deterred from reporting on government deception.”

‘Chilling Effect’

Williams says the subpoenas silence necessary, constitutionally protected speech.

“The government’s use of national security letters to snoop on journalists flouts that protection,” Williams said. “It also has a chilling effect on both journalists reporting on potentially confidential matters of public concern and their potential sources. People will be scared to bring important stories to journalists for fear that the government is ‘spying’ on their conversations. This will effectively silence reporting on matters critical to the national debate, to the detriment of the entire public.”

Secrecy ‘Undermines Self-Government’

Patrick Eddington, a Cato Institute policy analyst for homeland security and civil liberties and a former Central Intelligence Agency analyst, says the judge considering the case, U.S. District Judge Haywood S. Gilliam Jr., has a responsibility to rule in favor of releasing the DOJ documents without any of the redactions.

“Last year, after a backlash stemming from the surveillance of Associated Press and Fox News journalists, the Justice Department released new guidelines that supposedly barred the government from issuing subpoenas to journalists unless very high standards were met. The rules were generally a victory for the press. However, buried in the news reports about the change was the fact that the Justice Department reportedly thinks the media guidelines do not apply when issuing National Security Letters (NSLs). …

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IN OTHER WORDS . . .

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Eddington says there’s no national security justification for the FBI hiding its rules.

“The request by FPF was focused on internal FBI documents dealing with how they go about requesting records of reporters,” he said. “Nothing about that activity should be classified.”

Michael Bates (blog@batesline.com) writes from Tulsa, Oklahoma.
Pensacola Food Truck Regs’ Sponsor About-Faces

By Elizabeth BeShears

After sponsoring new regulations on food trucks, Pensacola, Florida City Councilman Charles Bare now opposes his own proposal, saying the city government agency responsible for reviewing the legislation, the Pensacola Planning Board, exceeded its authority by inserting a ban on the operation of a food truck within 200 feet of a brick-and-mortar restaurant.

Snap, Crackdown, Pop

Justin Pearson, managing attorney of the Institute for Justice’s Florida Office, says Pensacola’s proposed food truck rules leave a sour taste in consumers’ mouths.

“It’s not the government’s job to pick winners and losers in the marketplace; that belongs to consumers,” Pearson said. “What the government in Pensacola did is establish bans [in] the downtown area, as well as other restrictions that made it impractical for a food truck to go there.

“The current version of the bill has a 200-foot proximity, so a food truck cannot operate within 200 feet of a restaurant, unless that brick-and-mortar restaurant consents,” Pearson said.

Other Cities Allow

Pearson says less regulation benefits consumers and governments alike.

“There are cities that don’t even regulate food trucks,” Pearson said. “Oakland Park, in southern Florida, for example, has revitalized its downtown area by inviting food trucks in and getting out of their way.”

‘Blowing Up’ Regulations

Sal Nuzzo, vice president of policy at the James Madison Institute, says city lawmakers should get with the times.

“The regulatory structure, which was developed in the twentieth century, isn’t modern enough to adapt to twenty-first century technologies and innovations,” Nuzzo said. “I would make the case for blowing up the entire regulatory system and starting from scratch.”

Nuzzo says fighting to keep superior products and services away from consumers is a losing battle for lawmakers.

“Look at how twenty-first century innovation disrupts markets,” Nuzzo said. “Of course there should be common-sense regulations in place, but those regulations should not be ones that allow entrenched competitors to stifle market entrants. Innovation, in the end, will win out.”

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

Illinois Lawmakers Shut Down Government Over Rauner Reforms

By Warner Todd Huston

Illinois state government agencies have been partially shut down since July 1 after budget negotiations between the Democrat-controlled state legislature and Gov. Bruce Rauner (R) broke down and the fiscal year ended without an agreement.

In late June, Rauner vetoed lawmakers’ proposal to increase the state’s deficit spending by $3 billion. In turn, legislative leaders have rejected Rauner’s budget proposal, balked at proposed reforms to the state’s labor laws and its workers compensation and unemployment insurance programs.

‘Used to Business as Usual’

Bob Williams, president of State Budget Solutions, a nonpartisan public policy organization focusing on local and state budget issues, says Illinois lawmakers are refusing to compromise because they wish to maintain the status quo.

“Rauner has a positive agenda to turn the state around, but he’s dealing with legislators that aren’t used to facing up to the state’s problems.”

BOB WILLIAMS, PRESIDENT
STATE BUDGET SOLUTIONS

“The state legislature will probably just keep trying to rely on tax hikes,” Williams said. “He wants reforms of worker’s comp, a balanced budget, civil service reform, some changes in the tort law, and he wants to do something about pensions—and the legislature is just not used to dealing with these problems.”

‘A Seminal Moment’

Stephen Moore, a distinguished visiting fellow with the Project for Economic Growth at The Heritage Foundation, says Rauner’s showdown with lawmakers is a pivotal moment for Illinois taxpayers.

“I think this is a seminal moment for the State of Illinois,” Moore said. “I think Rauner has to have a Reagan moment, [similar to] when Reagan fired the air traffic controllers,” Moore said. “Rauner needs to basically stand up to these bullies in the legislature, because if he doesn’t, I think all is lost and the financial situation will get worse.”

Warner Todd Huston (igcolonel@hotmail.com) writes from Streamwood, Illinois.
High U.S. Tax Rates Force American Firms Overseas

By Jen Kuznicki

The largest producer of nitrogen-based fertilizer in the United States, CF Industries, is considering merging with a Dutch competitor and moving its headquarters overseas to avoid the “double taxation” of profits earned by overseas subsidiaries going to the domestic company.

Curtis Dubay, a tax and economic research fellow with The Heritage Foundation, says an increasing number of companies are moving to other countries with friendlier tax climates, a strategy called corporate inversion.

“We are more and more independent and global, and tax inversions will continue until there is tax reform,” Dubay said. “The high tax rate here in the United States has caused a rash of tax inversions, since every other developed country has a lower rate.”

Counterproductive Policies

Richard Ebeling, a professor of economics at The Citadel, says U.S. tax policies achieve the opposite of their stated goals.

“Not only would keeping a lower corporate income tax rate, in general, mean more money in the hands of businesses to reinvest, ... but also by eliminating the double taxation, we would see more of these earned profits coming back to the United States, and again see a greater rate of growth,” Ebeling said.

Domestic Disincentives

Ebeling says high corporate tax rates discourage businesses from reinvesting profits into their domestic operations and into the American economy.

“They are left in these foreign countries, where they are protected from income taxes, and are untaxed. Those profits, when they are invested, encourage growth and employment in the United States,” Ebeling said.

Stealth Taxes

Adam Hoffer, an assistant professor of economics at the University of Wisconsin-LaCrosse, says sin taxes are political shortcuts for padding budgets.

“If the tax is justified as a matter of public health, for example to prevent obesity or reduce the harmful impacts of sugary drinks, then you would need something that would change conduct, and I don’t see this as changing conduct,” Smith said. “At the same time, it’s a tax. It’s an economic drag. It’s an imposition that’s an externality that’s not part of the market.”

Alabama Gov. Bentley Proposes Bitter Tax on Sweet Drinks

By Elizabeth BeShears

Alabama Gov. Robert Bentley (R) is trying to convince lawmakers to add a 5-cent tax to the price of a can of soda to help fill a $200 million deficit in the state’s budget.

Cameron Smith, a senior fellow and state programs director with the R Street Institute, says the sin tax is Bentley’s “plan B” if lawmakers reject his proposal to remove the state’s tax deduction for federal payroll taxes.

Plan B for the Budget

“Most recently, Bentley has introduced, through his finance director, a beverage tax that would apply to soft drinks and other sugary beverages,” Smith said. “It would not apply to water and milk. It would raise about $182 million.”

“The governor’s office has said they don’t intend to push the tax, but they wanted legislators to have that option instead of removing the FICA deduction,” Bentley said. “It’s an either-or situation being presented by the governor’s office.”

‘We Want More Money’

Smith says Bentley is not pretending the sin tax is anything other than a cash grab.

“This isn’t about, ‘We really care about public health and safety,’” Smith said. “This is, ‘We want more money; where can we get it?”

Smith says sin taxes are often proposed to coerce consumers into making different lifestyle choices, but they rarely work as designed, and such an effect isn’t even intended in this case.

“You have to look and say, ‘Well, what’s the actual impact? Will this stop or change behavior?’” Smith said. “In terms of the economic impact, I don’t think the tax rate will necessarily alter consumption, which I think is a bigger problem with the tax.

“If the tax is justified as a matter of public health, for example to prevent Alabama businesses are more and more independent and global, and tax inversions will continue until there is tax reform. The high tax rate here in the United States has caused a rash of tax inversions, since every other developed country has a lower rate.”

Curtis Dubay
Research Fellow
The Heritage Foundation

INTERNET INFO


INTERNET INFO

New York Mayor de Blasio Retreats from Uber Fight

By Jeff Reynolds

After months of fighting with the popular transportation-network company Uber, New York City Mayor Bill de Blasio is backing away from proposed restrictions on how many new drivers the company can hire.

As part of the compromise reached between de Blasio administration officials and Uber, the ridesharing company agreed to turn over geolocation data to the city to assist a planned four-month study on the service’s effect on city traffic patterns.

Stated Goals, Real Goals

Jared Meyer, a fellow at the Manhattan Institute for Policy Research, says the impact study is a front for future protectionist regulations.

“They’re not going to say they just want to protect taxis,” Meyer said. “Instead, what they’re saying is that they need to do an analysis on the impact of ridesharing.

‘Ridesharing represents 1 percent of the cars coming into Manhattan every day. This is a small thing. De Blasio actually made it a cornerstone of his campaign for mayor to reduce traffic fatalities … so he really should be celebrating Uber.”

‘Pretty Beholden’ to Donors

Meyer says de Blasio is working to protect campaign donors’ interests, not the interests of the public.

“The main reason for the resistance to ridesharing is that de Blasio’s campaign got over half a million [dollars] in campaign contributions from the taxi industry and their bundlers,” Meyer said. “He’s pretty beholden to their interests.”

No ‘Good Basis’

Michael Munger, a professor of political science at Duke University, says regulating Uber in the name of reducing traffic is a smokescreen.

“I don’t think that there is either a good basis for saying that Uber is causing a problem greater than its benefits or a good basis for saying the ‘solution’ would address the problem, even if it did exist,” Munger said.

‘Surge Pricing’ for Roads

Instead of restricting Uber’s growth, lawmakers could use free-market principles to reduce the city’s traffic jams, Munger says.

“There is a lot of traffic in Manhattan, of course,” said Munger. “The solution would be ‘surge pricing,’ [aimed at reducing] congestion. Manhattan is small, and it should be possible to place transponders around the roadways, and then charge for use of the roads. The advantage of that approach is that it would actually address the crowding problem, and using the road at peak hours would actually cost something, rationing the scarce resource much more effectively.”

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

Cleveland May Tax Airbnb Rooms Like Hotels

Continued from page 1

in addition to income taxes.

Lawson says taxing services such as Airbnb is the first step along the path to regulating or banning them.

“Whenever you start implementing these kinds of taxes, you start opening the door to an awful lot of regulation, and the whole thing of the sharing economy is that there is a broad technical platform that allows people to make decisions for themselves, what they want to do with their own assets,” Lawson said.

“We don’t need the government to come in and try to regulate it, and taxes are sort of the camel’s nose into the tent toward further regulation,” Lawson said. “That’s really the whole problem: It’s government looking in every way, shape, or form to have its hands out and reaching into peoples’ pockets all the time, nickel-and-diming folks.”

Market Space Invaders

Adam Smith, an associate professor of economics at Johnson and Wales University, says the peer-to-peer economy is invading a market traditionally guarded by regulators.

“Across the country, we are seeing platforms like Uber, Lyft, and Airbnb [invade] a space that is currently being taken up by this kind of—I could be dramatic and call it a nefarious pact—but it’s kind of just an arrangement between municipalities and local companies, be it cabs, housing associations, whatever.”

Smith says lawmakers should encourage the peer-to-peer economy’s growth, instead of fighting consumers.

“This is happening right in front of us, and it’s popular, you know,” Smith said. “People like it. Everybody likes it!”

Amelia Hamilton (mail@amelia hamilton.com) writes from Traverse City, Michigan.
Calif., Texas Share Big Pension, Retirement Liabilities

By Sheila Weinberg

O
ne state is known for its Mediter-
ranean climate and cities filled
with Hollywood stars and Silicon Val-
ley magnates, while the other state is
known for its dry weather and expans-
es of oil and natural resources buried
beneath the ground.

California and Texas may not seem to
have much in common, but both states
have massive amounts of pension debt.

Elected officials in California and
Texas have chosen to ignore the mount-
ing debt of their government worker
retirement programs. They plan to pay
off services being used today at some
point in the future by charging them to
future taxpayers.

This defies the intent of their states’
constitutional requirements for a bal-
anced budget, and it ultimately forces
their states’ taxpayers deeper into debt.

California Dreamin’ of Debt

In our recently published report, “The
Financial State of California,” Truth in
Accounting found the Golden State is
sinking under $235 billion in net debt.

This number—far more than Califor-
nia’s official numbers published in the
state’s “Comprehensive Annual Finan-
cial Report”—is obscured by the state
government’s use of outdated account-
ing practices. These practices cause 74
percent of the state’s total retirement
liability debt, or $111 billion, to remain
undisclosed on the state’s official bal-
ance sheet.

Texas-Sized Debt Problem

Despite the massive wells of black
gold sitting beneath the Earth’s sur-
face in Texas, a similar story is play-
ning out there. Texas has $130 billion
in liabilities, including $81 billion in
undisclosed entitlement debt kept off
the state’s official ledgers.

Now let’s bring these astronomical
figures down to Earth and make this a
bit more personal. If California’s debt
were to be paid off, each movie star and
surfer dude—and everyone else in the
state—would have to fork over more
than $20,900. To pay off Texas’s debt
today, everybody in the state would
have to contribute about $8,300.

This amount of debt is so formidable
that the way in which current elected
officials in California and Texas choose
to handle the situation today will
greatly determine the future financial
survival of their governments and the
condition of their economies, as well as
those of their future taxpayers.

Sheila Weinberg (sweinberg@truthinaccounting.org) is the found-
er and CEO of Truth in Accounting.

BOOK REVIEW

Common-sense Solutions for America’s Entitlement Crisis

By Jay Lehr

B
ooks about economic issues often contain many
complex charts, graphs, and equations, but
they also tend to lack common sense.

Peter Ferrara’s new book, Power to the People:
The New Road to Freedom and Prosperity for the
Poor, Seniors, and Those Most in Need of the World’s
Best Health Care, is not one of those books.

Drawing on his 35 years of experience at Har-
vard Law School, in the Reagan administration,
and at The Heritage Foundation, Cato Institute,
and Heartland Institute, which publishes Budget &
Tax News and published this book, Ferrara shows
how elected officials have been primarily interested
in retaining power and pandering to their special
interests and uninterested in actually solving the
problems the nation faces.

Common-sense Principles

By ignoring simple solutions for providing a social
safety net, lawmakers have bloated the nation’s
entitlement programs, making them ineffective and
indeed harmful to the people they’re supposed to
serve. Like many answers to the questions facing
lawmakers today, Ferrara’s simple solutions are
based on common-sense, constitutional, and free-
market principles.

For example, Ferrara explains one of the most
complex entitlement programs in modern history,
Obamacare, in an easily understandable manner.
The only confusion left in the reader’s mind will be
how it ever became a law.

“Throwing out the separation of powers, Obam-
acare grants the president unprecedented power,
taking us back before the Magna Carta, with
monarchical power for the president to bypass Con-
gress completely,” Ferrara writes.

Harming Instead of Helping

Ferrara explains how the U.S. welfare system oper-
ates in reverse, keeping people in poverty and con-
tinually adding to the welfare rolls.

By penalizing the nation’s poor when they
attempt to work, poverty programs place the equiva-
 lent of a 70 to 100 percent effective tax rate on
earned income. The book details the harmful out-
comes caused by the federal government’s 186 sepa-
rate welfare programs, listed in the book by name.

Empowering States

Central to Ferrara’s plan is the use of federal block
grants to put the states in charge of how welfare

Power to the People: The New Road to Freedom
and Prosperity for the Poor, Seniors, and Those
Most in Need of the World’s Best Health Care
By Peter Ferrara (The Heartland Institute), 2015
$12.95 on Amazon.com.

“Power to the People is big on ideas, but it does not overwhelm
the reader with complexity. Instead of leaving one with confusion, it
leaves the reader with amazement that such obvious answers to the
problems facing our nations were not enacted long ago.”

Jay Lehr, Ph.D. (jlehr@heartland.org) is science
director of The Heartland Institute.
A North Carolina lawmaker is introducing a bill calling for a convention of the states to consider a constitutional amendment that would require a national balanced budget.

State Rep. Chris Millis (R-Pender) proposed the bill that would enter North Carolina in the Compact for America (CFA).

‘This Ball Is Rolling’
Kevin Gutzman, a history professor at Western Connecticut State University and a member of Compact for America’s Educational Foundation Board, says the movement to change the way Washington, DC does business is picking up momentum.

“This ball is rolling,” Gutzman said. “Four states have adopted the CFA legislation. The first three states have now organized the CFA Commission, as per the compact’s provision. Five other states have passed the bill through one house of their legislatures. Several other states are on track to act soon.’

Gutzman says ingrained habits are significant obstacles to achieving real reform.

“There are two great factors in human history: boredom and inertia,” Gutzman said. “As James Buchanan won the Nobel Prize in economics for showing, inertia explains virtually everything about politics virtually all the time.”

Getting Back on Track
Millis says the national government has strayed far from the nation’s founding ideas and principles.

“From my research of the matter, it is not that Washington,[ DC] completely ignores the Constitution, but that we are rather living under a Constitution as interpreted by Washington, rather than the Constitution as the Founders intended,” Millis said. “Using the Article V process to reinstitute the Founders’ intent of a limited federal government will go a long way in addressing the problems of our times, as most of the issues at odds with the citizens as decreed from Washington come as a result of twisted interpretations of the Constitution—such as the commerce clause and the general welfare clause, among others.”

Millis says real reform is needed to preserve the country for future generations.

“While there are some elected officials that will stand against the lure of dollars that are indebted upon the backs of future generations, a balanced budget amendment can allow this stance to be the rule rather than the exception,” Millis said. “This is how both stopping federal overreach and a return of individual liberty back to the people can work together.”

Says Goal Is Achievable
Balancing the national budget by amending the Constitution is a realistic solution to a real problem, Millis says.

“I have no doubt that the problems are real, and the solution our Founders gave us by way of Article V is achievable,” Millis said. “No matter what may come of all of my involvement in these efforts and the future of America, I will be able to confidently look my children in the eye and tell them that I did all I could to preserve and advance individual liberty.”

Mark Ramsey (m15@ramseyweb.com) writes from Houston, Texas.
The Heartland Institute is a 31-year-old national nonprofit organization based in Arlington Heights, Illinois. Its mission is to discover, develop, and promote free-market solutions to social and economic problems. For more information, visit our Web site at heartland.org or call 312/377-4000.

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Heather Kays and the staff of the Center for Transforming Education share news and views on topics from distance learning to vouchers.
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