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Today's Tabloid

PERSONAL NEWS FOR Ign@limitedgovernmentnetwork.com

FISCALLY CONSERVATIVE BLOG FEEDS

Question for the President [Cato at Liberty]

MAR 08, 2010 04:56P.M.

By Michael F. Cannon

The rationale for your proposed tax on high-cost health insurance plans is that it would encourage people to purchase less-comprehensive coverage and thereby reduce health care spending.

If that's a good idea, then why is it bad when insurers raise premiums?



FISCALLY CONSERVATIVE BLOG FEEDS

RIP Michael Foot, a Socialist Who Understood What Socialism Was [Cato at Liberty]

MAR 08, 2010 04:40P.M.

By David Boaz

"Michael Foot, a bookish intellectual and anti-nuclear campaigner who led Britain's Labour Party to a disastrous defeat in 1983, died [March 3]," reported the Associated Press. He was 96.

Foot personified the socialist tendency in the Labour Party, which Tony Blair successfully erased when he won power at the head of a business-friendly, interventionist "New Labour." Yet Foot remained a respected, even revered, figure.

"Michael Foot was a giant of the Labour movement, a man of passion, principle and outstanding commitment to the many causes he fought for," Blair said Wednesday. Prime Minister Gordon Brown, Blair's partner in creating "New Labour," praised Foot as a "genuine British radical" and a "man of deep principle and passionate idealism."

Michael Foot may have been the most serious intellectual ever to head a major Western political party. He wrote biographies of Labour politicians Aneurin Bevan and Harold Wilson, and of H.G. Wells, and a 1988 book on Lord Byron, "The Politics of Paradise," and he edited the

"Thomas Paine Reader" in 1987. So when you asked Michael Foot what socialism was, you could expect a deeply informed answer. And that's what the *Washington Post* got in 1982, when they asked the Labour Party leader for an example of socialism in practice that could "serve as a model of the Britain you envision." Foot replied,

The best example that I've seen of democratic socialism operating in this country was during the second world war. Then we ran Britain highly efficiently, got everybody a job. . . . The conscription of labor was only a very small element of it. It was a democratic society with a common aim.

Wow. Michael Foot, the great socialist intellectual, a giant of the Labour movement, a man of deep principle and passionate idealism, thought that the best example ever seen of "democratic socialism" was a society organized for total war.

And he wasn't the only one. The American socialist Michael Harrington wrote, "World War I showed that, despite the claims of free-enterprise ideologues, government could organize the economy effectively." He hailed World War II as having "justified a truly massive mobilization of otherwise wasted human and material resources" and complained that the War Production Board was "a success the United States was determined to forget as quickly as possible." He went on, "During World War II, there was probably more of an increase in social justice than at any [other] time in American history. Wage and price controls were used to try to cut the differentials between the social classes. . . . There was also a powerful moral incentive to spur workers on: patriotism."


Collectivists such as Foot and Harrington don't relish the killing involved in war, but they love war's domestic effects: centralization and the growth of government power. They know, as did the libertarian writer Randolph Bourne, that "war is the health of the state"—hence the endless search for a moral equivalent of war.

As Don Lavoie demonstrated in his book *National Economic Planning: What Is Left?*, modern concepts of economic planning—including "industrial policy" and other euphemisms—stem from the experiences of Germany, Great Britain, and the United States in planning their economies during World War I. The power of the central governments grew dramatically during that war and during World War II, and collectivists have pined for the glory days of the War Industries Board and the War Production Board ever since.

Walter Lippmann was an early critic of the collectivists' fascination with war planning. He wrote, "A close analysis of its theory and direct observation of its practice will disclose that all collectivism. . . is military in method, in purpose, in spirit, and can be nothing else." Lippman went

on to explain why war—or a moral equivalent—is so congenial to collectivism:

Under the system of centralized control without constitutional checks and balances, the war spirit identifies dissent with treason, the pursuit of private happiness with slackerism and sabotage, and, on the other side, obedience with discipline, conformity with patriotism. Thus at one stroke war extinguishes the difficulties of planning, cutting out from under the individual any moral ground as well as any lawful ground on which he might resist the execution of the official plan.

National service, national industrial policy, national energy policy—all have the same essence, collectivism, and the same model, war. War is sometimes, regrettably, necessary. But why would anyone want its moral equivalent? 

FISCALLY CONSERVATIVE BLOG FEEDS

Is Europe Irrelevant? [Cato at Liberty]

MAR 08, 2010 03:23P.M.

By Christopher Preble

Paul Starobin at the *National Journal's* Security Experts Blog has kicked off a spirited debate surrounding Europe's military capabilities (or lack thereof). The jumping off point in the discussion is Robert Gates's speech to NATO officers last month, in which Gates lamented that:

“The demilitarization of Europe — where large swaths of the general public and political class are averse to military force and the risks that go with it — has gone from a blessing in the 20th century to an impediment to achieving real security and lasting peace in the 21st.” [Justin Logan blogged about this here.]

Starobin asks: “Can America Count On Europe Anymore?”

Is Gates right? What exactly does “the demilitarization of Europe” mean for U.S. national security interests? Should Americans care if Europe has to live in the shadow of a militarily superior post-Soviet Russia? Is NATO, alas, a lost cause?

[...]

In short, should the U.S. be planning for a post-Europe world? Does Europe still matter? Can we count on Europe any more?

My response:

It would be unwise for Americans to write off Europeans as a lost cause, congenitally dependent upon U.S. military power, and unable to contribute either to their own defense or to policing the global commons. We can't count on Europe — right now — but that doesn't mean we can *never* count on Europe in the future.

Americans who complain about Europe's unwillingness to play a larger role in policing the globe, and who would like them to do more, should start by exploring the many reasons why Europe is so weak militarily.

Consider, for example, Europe's half-hearted and inconsistent steps to establish a security capacity independent of NATO — and therefore independent of the United States — since the end of the Cold War. Such proposals have failed for many reasons, but we shouldn't ignore the extent to which Uncle Sam has actively discouraged Europe from playing a more active role. Most recently, Hillary Clinton expressed the U.S. government's position that political and economic integration would proceed under the EU, but security would continue to be provided by NATO. This echoes similar comments made by the first Bush and Clinton administrations with respect to European defense. (See, for example, Madeleine Albright's comments regarding European Defence and Security Policy (EDSP) in 1998).

We can dismiss such comments as useful cover for Europeans who were looking for an excuse to cut military spending in the first place. The demographic pressures of an aging population consuming a larger share of public resources are being felt in many advanced economies, but are particularly acute in Europe.


But the problem goes well beyond the fiscal pressures associated with maintaining an adequate defense. Washington has been openly hostile to any resurgence of military power in Europe, no matter how unlikely that might be, on the basis of what political scientists call hegemonic stability theory. That theory holds that it is better for security to be provided by a single global power than by regional players dealing chiefly with security challenges in their respective neighborhoods. The argument is that such self-sufficiency is dangerous, that it can lead to arms races, regional instability, and even wars. One can think this a smart philosophy or a dumb one, but we can't ignore that it has guided U.S. foreign policy at least since the end of the Cold War.

It could be argued that the costs to the United States of providing such services for the rest of the world are modest, but that is ultimately a judgment call. To be sure, the dollar costs will not bankrupt us as a nation, but Americans spend \$2,700 per person on our military, while the average European spends less than \$700. The bottom line is that Europeans have little incentive to spend more because they don't feel particularly threatened, and they aren't anxious to take on responsibilities that are ably handled by the United States. The advocates of hegemonic stability theory would declare that a feature, not a bug. Mission accomplished.

And that might be true, if the greatest threat to global security were a

resurgence of conflict in Europe, and if it is truly in the U.S. interest to forever have allies with few capabilities and many liabilities. But that seems extremely shortsighted. The sweeping political and economic integration in Europe has dramatically reduced the likelihood of another European war. In the meantime, the fact that we have many allies with little to offer by way of military assets, and even less political will to actually use them, is forcing the U.S. military to bear the disproportionate share of the burdens of policing the planet. And in the medium- to long-term, while I doubt that we will be facing “a militarily superior, post-Soviet Russia,” allies with usable military power might ultimately serve a purpose if Moscow proves as aggressive (and capable) as the hawks claim.

In short, Secretary Gates's comments last month suggest that he has stumbled upon the realization that being the world's sole superpower has its disadvantages. This by itself would be a significant shift of U.S. policy, and therefore drew favorable comments by others who welcome such a change. (See, for example, Logan, Steve Walt, and Sean Kay.)

Getting Europeans to take a more active role — even in their own backyard — will be difficult, but not impossible. It starts with blunt talk about the need to take responsibility and to assume a fair share of the burdens of policing the global commons. But we've heard such comments before. What is also needed is greater restraint by Washington, behavior that over time will force the Europeans to play a more active role. 

FISCALLY CONSERVATIVE BLOG FEEDS

National Standards Coming Soon? [Cato at Liberty]


MAR 08, 2010 01:01P.M.

By Neal McCluskey

After months of delay, the Common Core State Standards Initiative will soon release draft, grade-by-grade, national curricular standards. According to the CCSSI website, the draft standards will be out this month.

Why the wait? The drafting process has been pretty opaque so outside observers can't know for certain, but the scuttlebutt is that drafters just haven't been able to agree on what the standards should contain.


This shouldn't surprise anyone. As *Boston Globe* columnist Jaff Jacoby explains in a terrific new piece — which draws on my new national-standards analysis — getting very diverse people to agree on a single standard is extremely difficult, especially if the standard is going to be something other than lowest-common-denominator. It's one of many reasons that having national standards might sound great in the abstract, but is far from fab in reality.

Hopefully, when the draft standards are finally released we will be hearing a lot more about the reasons, most of which are in my report, that national standards can't possibly live up to the billing supporters give them. If not, our nation and our children will suffer for it. 

FISCALLY CONSERVATIVE BLOG FEEDS

Monday's Daily News [The Club for Growth]

MAR 08, 2010 11:23A.M.

Club for What is the best liberty-loving movie of all time? 

FISCALLY CONSERVATIVE BLOG FEEDS

“I would like to see a higher percentage of children educated in the state sector” –? [“Cato at Liberty” –?]

MAR 08, 2010 11:02A.M.


By Andrew J. Coulson

The mystery man quoted in the title is none other than David Cameron, head of the British Conservative party.

It isn't that Cameron likes the inefficiency, social conflict, and unresponsiveness to parents that often characterize state schooling. It's that he "would like to see... choice and autonomy and diversity in the state sector."

I would like to see winged-gazelles, sunny winters in Seattle, and a brilliant remake of *The Thin Man* series.

We'll both be waiting a good long time.

Surely the Conservative party has a competent economist who could explain to Mr. Cameron *why* state schools tend to lack the features we take for granted in the free enterprise sector, and that by nationalizing more of Britain's independent schools he would simply shrink the number that enjoy the freedoms and incentives responsible for efficiency, diversity, and responsiveness to families. 

FISCALLY CONSERVATIVE BLOG FEEDS

Exum's Perplexing Non-Response [Cato at Liberty]

MAR 08, 2010 10:54A.M.

By Justin Logan


Last week I wrote a blog post criticizing Andrew Exum's views on the philosophy of science. In fact, I was surprised to see that a doctoral candidate at King's College held these views at all.



Andrew Exum

Today Exum posts a perplexing non-response, forswearing any interest in getting involved in the debate...that he brought up in his first post. Instead, he accuses his critics of getting their "proverbial panties in a twist" and posts a response from a reader that doesn't defend the views Exum expressed in his first post.


I'm not quite sure what to say, other than that this isn't much of a response. Note, though, that he obliquely makes the same argument he made last week, criticizing Dan Drezner's "willingness to hold forth on the peoples and politics of the Arabic-speaking world and Iran without any time spent in the region or training in its languages."

Richard Pipes made a similar argument when he argued that despite his lack of expertise in nuclear weapons or security studies he was qualified to lead the Team B project because of his "deep knowledge of the Russian soul." And we all remember how that turned out. 

FISCALLY CONSERVATIVE BLOG FEEDS

CBO: \$10 Trillion Jump in Debt Under Obama Budget [The Club for Growth]

MAR 08, 2010 10:10A.M.

At what point do we become numb to such startling pronouncements? s accrued debt over the next decade, according to a preliminary analysis from the Congressional Budget Office. Of that amount, an estimated \$5.6 trillion will be in interest alone. 

FISCALLY CONSERVATIVE BLOG FEEDS

Even Unpopular Causes Get Full First Amendment Protection [Cato at Liberty]

MAR 08, 2010 08:37A.M.

By Ilya Shapiro

Under Washington's constitution, a popular vote must be ordered on any bill passed by the legislature if a specified percentage of state voters sign a petition for a referendum. Washington's Public Records Act makes public records, including such referendum petitions, available for public inspection. In 2009, opponents of same-sex marriage used the referendum procedure to attempt to reverse a state law which expands the rights of state-registered domestic partners. Proponents of the law sought access to the petition and two of the petition signers sought a preliminary injunction to prevent disclosure of their personal information, arguing that the PRA violates their right to speak anonymously.


The Ninth Circuit Court of Appeals held that the right to access trumps the right to anonymity. The Supreme Court granted certiorari to determine whether the First Amendment right to privacy in political speech, association, and belief requires strict scrutiny when a state compels the public release of identifying information about petition signers, and whether compelled disclosure of such information is narrowly tailored to a compelling government interest.

Cato filed a brief supporting the petition signers, in which we argue that the Court should establish a bright-line rule prohibiting laws that mandate the full disclosure of petition signers' identities and contact information. Public disclosure carries significant burdens and unconstitutionally chills the exercise of First Amendment rights when no compelling government interest is at stake.

If the Court finds that the state has a compelling interest in public

disclosure, disclosure exemptions are constitutionally required. Failure to require exemptions would permit the government to suppress the expression of offensive or unpopular ideas and would discourage individuals from associating in the first place.

Finally, our brief argues that even exemptions are not a substitute for strict scrutiny and provide inadequate protection where disclosure is not justified by compelling state interests. Exemption rules still chill speech, by their nature as an ad hoc process without fixed standards; the government is ill-suited to identify which groups should be exempt from disclosure, as is evidenced by their poor track record of erroneously suppressing controversial or unpopular speech.

The case, *Doe v. Reed*, will be argued in April. 

FISCALLY CONSERVATIVE BLOG FEEDS

Real World Evidence for the Laffer Curve from the Government of Washington, DC [Cato at Liberty]


MAR 08, 2010 08:34A.M.

By Daniel J. Mitchell

President Obama is proposing a series of major tax increases. His budget envisions higher tax rates on personal income, increased double taxation of dividends and capital gains, and a big increase in the death tax. And his health care plan includes significant tax hikes, including perhaps the imposition of the Medicare payroll tax on capital income – thus exacerbating the tax code's bias against saving and investment. It is unclear why the White House is pursuing these punitive policies. The President said during the 2008 campaign that he favored soak-the-rich taxes even if they did not raise revenue, but his budget predicts the proposals will raise lots of money.

Because of the Laffer Curve, it is highly unlikely that all of this additional revenue will materialize if the President's budget is approved. The core insight of the Laffer Curve is not that all tax increases lose money and that all tax cuts raise revenues. That only happens in rare circumstances. Instead, the Laffer Curve simply reveals that higher tax rates will lead to less taxable income (or that lower tax rates will lead to more taxable income) and that it is an empirical matter to figure out the degree to which the change in tax revenue resulting from the shift in the tax rate is offset by the change in tax revenue caused by the shift in the other direction for taxable income. This should be an uncontroversial proposition, and these three videos explain Laffer Curve theory, evidence, and revenue-estimating issues. Richard Rahn also gives a good explanation in a recent *Washington Times* column.

Interestingly, the DC government (which certainly is not a bastion of free-market thinking) has just acknowledged the Laffer Curve. As the excerpt below illustrates, an increase in the cigarette tax did not raise the amount of revenue that local politicians expected. The evidence is so strong that the city's budget experts warn that a further increase will reduce revenue:

One of the gap-closing measures for the FY 2010 budget was an increase in the excise tax on cigarettes from \$2.00 to \$2.50 per pack. The 50 cent increase in the cigarette tax rate was projected to increase revenue but also reduce volume. Collections year-to-date point to a more severe drop in volumes than projected. Anecdotal evidence suggests that Maryland smokers who were purchasing in DC in FY 2008, because the tax rate in the District was less than the tax rate in Maryland, have shifted purchases back to Maryland now that the tax rate in the District is higher. Virginia analyzed the impact of demand when the federal rate went up by \$0.61 in April and has been surprised that demand is much stronger than they had projected—raising the possibility that purchasing in DC has moved across the river. Whatever the actual cause, because of the lower than anticipated collections, the estimate for cigarette tax revenue is revised downwards by \$15.4 million in FY 2010 and \$15.2 million in FY 2011. Given that cigarette tax rates in neighboring jurisdictions are now lower than that of the District, future increases in the tax rate will likely generate less revenue rather than more. 

FISCALLY CONSERVATIVE BLOG FEEDS

Soda Taxes and Trash Fees In Philadelphia [Tax Foundation]

MAR 08, 2010 12:00A.M.

Philadelphia Mayor Nutter wants to tax sugary drinks and charge a “trash fee”:

Mayor Nutter, balking at cutting “core services” and running out of ways to raise money, is expected to balance next year's budget with a steep tax on sugary drinks and a \$300 annual residential trash fee, sources familiar with the plan said yesterday.

City Councilman W. Wilson Goode Jr. said he anticipated a 2-cent-per-ounce tax on sweet drinks as part of Nutter's 2010-2011 budget, to be presented tomorrow. That's \$2.88 on a 12-pack of soda cans.

In addition, the nearly \$4 billion budget is expected to include a fee of about \$300 annually for trash service. Lower-income residents could qualify for an annual fee of about \$200.

...Neither the trash tax nor soda fee looks to be temporary. Both new

revenue sources appear in all five years of the administration's tentative five-year spending plan, sources said.

As mentioned here before, a sugared beverage tax—especially when proposed in a time of budget holes—is just a discriminatory revenue grab. In this case it targets a few industries to preserve Philadelphia's "core services." The Mayor's concern over city obesity is a convenient afterthought. \$20 million of the estimated annual collection of \$77 million from the tax will go to obesity prevention programs—**starting in FY 2012**. Hopefully by that time Philadelphia's budget is in better shape. Of course with a pigouvian tax, it is usually not relevant where the money goes. The tax is meant to curb consumption. But it is clear the city is relying on this tax now to help fill their \$150 million shortfall.

And until the Mayor can show the obesity "problem" in his city has large social costs he should not make it *his* problem. Private costs should be looked at with indifference by public officials. And when citing costs associated with obesity in his city, he provides no evidence of costs imposed on the city by the obese.

Here is a good summary of the literature (from NBER) on obesity and social costs:

My research suggests that the vast preponderance of these costs is private and paid for by obese individuals themselves. Moreover, some of the costs that are traditionally identified as public costs may actually be benefits. Rising obesity rates, for example, may bring forth greater innovative activity and ultimately treatments that benefit thin people as well. In this setting, policies such as taxes on junk food may lower social welfare rather than raising it while placing substantial burdens on obese individuals who already pay a substantial cost for their girth.

For the trash fee, its revenue will go into Philadelphia's general fund, from where about \$140 million of the \$147 million trash and recycling tab comes. The estimated revenue of the "Keep Philly Clean Fee" is only \$108 million annually, so the city is still using general funds to pay for trash clean-up. And that cost is not likely to drop soon:

Philadelphia could not easily privatize trash collection because the City Charter requires Council approval for that, and Council would not likely take those jobs away from city employees.


The Nutter administration also is in the middle of contract negotiations with sanitation workers and other union employees.

"Right now, we're not far enough along in our negotiations with them or far enough along in evaluating our options to warrant making such a request of City Council," Nutter spokesman Douglas Oliver said.

The Mayor says:

"We cannot completely reply upon cutting our way out of this deficit because the enormous reductions required would devastate our basic services from police to fire to parks to libraries to recreation and every other service we have," Nutter told city council during Thursday

morning's address.

Mayor Nutter has structured the debate over his budget as one between police or more expensive soda; fire-fighters or a trash fee; light bulbs in street lights or fat citizens. It's a familiar tactic and should be met with skepticism. 

FISCALLY CONSERVATIVE BLOG FEEDS

Florida Considers Using Film Tax Credits as Censorship Tool [Tax Foundation]

MAR 08, 2010 12:00A.M.

We've previously criticized Florida's film tax incentive program proposal as unlikely to do much for economic development or job creation. As with other film tax incentive programs, it turns out to be a waste of time and resources to (a) outbid other states that are paying lots of tax dollars to get productions and (b) subsidize economic activity that would probably happen anyway.

Sometimes we also mention the censorship angle—the danger of the strings that come with government funding of film productions. The danger is on table now for Florida, as reported by *ThinkProgress*:

A little noticed provision could deny tax credits to movies that feature gay or other "nontraditional family values." Florida's Entertainment Industry Economic Development Act would revise the current incentive program - which already offers a tax credit worth 2% of a movie's production costs if it is "family friendly" - to specifically exclude movies that depict "nontraditional family values" from receiving the additional credit. Here is the relevant provision:

A certified production determined by the Commissioner of Film and Entertainment, with the advice of the Florida Film and Entertainment Advisory Council, to be family-friendly...Family-friendly productions are those that have cross-generational appeal; would be considered suitable for viewing by children age 5 or older...**and do not exhibit or imply any act of smoking, sex, nudity, nontraditional family values, gratuitous violence, or vulgar or profane language. Under the current incentive program, review of the final release version is not required and nontraditional family values, gratuitous violence, and implied acts do not exclude a film from receiving this additional credit.**

State representative Stephen Precourt, whose district includes Disney World, says the purpose of the credit is to encourage movies to depict cinematic life from the 1960s. "Think of it as like Mayberry," Precourt told the Palm Beach Post News. "That's when I grew up - the '60s. That's

what life was like. I want Florida to be known for making those kinds of movies: Disney movies for kids and all that stuff. Like it used to be, you know?”

Rep. Precourt and I evidently like different kinds of movies. The great thing about living in a free country is that he can watch his movies on the good old days (of the 1960s??) and I can watch my movies full of smoking, nudity, violence, foul language, and gay characters, and we live in peace with each other.

But now Rep. Precourt has a government funding weapon to use against films he doesn't like is where that changes. Film tax credits seek to make our entertainment industry dependent on tax incentives and other subsidies and handouts. In some ways, I'm sympathetic to Rep. Precourt, as I don't want his tax dollars paying for a movie he finds abhorrent. But by bringing public dollars into the picture, we've opened the door to a give-and-take on what should and shouldn't be censored in films.

Avoid it all: let the tax code's treatment of film making be no different than any other industry. Our report on film tax credits elaborates on why that's the only sensible path for states. 

FISCALLY CONSERVATIVE BLOG FEEDS

Greece Crisis: Dress Rehearsal for U.S. States? [Tax Foundation]


MAR 08, 2010 12:00A.M.

The Greek government recently adopted a package of tax increases and spending cuts (split roughly half) to reduce its budget deficit from nearly 13 percent to about 9 percent. The Greeks hope that the European Union will take that as enough progress and guarantee its debts or at least provide some cash. Default is a likely outcome otherwise. The EU is discussing the establishment of a European Monetary Fund to manage the bailout-reform process in the future.

The austerity plan has been politically unpopular in Greece with the beneficiaries of high spending and lax tax enforcement, although polls show a large majority felt that it had to happen eventually given tax evasion and overpaid government officials. (Among the items cut is one of their 14 months of pay that civil servants get every 12 months.) Lenders are reportedly getting nervous about sovereign debt, particularly from countries with large budget deficits. Portugal just announced an austerity budget; they usually fall into the "PIIGS" category with Italy, Ireland, Greece, and Spain.

It's hard not to draw parallels to state fiscal problems. There's strong evidence that, on average, government employees in the U.S. at all levels enjoy higher pay, greater job security, and significantly more generous pension and health benefits than many of their private sector

counterparts. States have to worry not about angry Euro partners but their balanced budget requirements, and default hangs out there as a possibility. (Carly Fiorina, running for California governor, has been mocked for suggesting that the state declare bankruptcy, but the state certainly faces the option of defaulting on its debts.)

Greece, with the proverbial gun pointed to its head, is making moves to begin putting its fiscal house in order. Many U.S. states have done so as well, but there are large exceptions. If a state seeks to push real solutions into future years without coming to grips with their spending, Greece's plight should be kept in mind. 

FISCALLY CONSERVATIVE BLOG FEEDS

New Report on the Harm and Failures of "Amazon Tax" Laws [Tax Foundation]

MAR 08, 2010 12:00A.M.

As more states consider enacting so-called "Amazon tax" laws to force online retailers to collect sales taxes, a new Tax Foundation report cautions that such policies would not only fail to relieve short-term budget problems but also hurt long-term economic growth.


Click here to read the new report, *"Amazon Tax" Laws Signal Business Unfriendliness And Will Worsen Short-Term Budget Problems*, Tax Foundation Special Report No. 176.

The key findings:

- Frustrated by their inability to impose tax collection obligations on companies with no substantial connection to their state, several states are considering the adoption of "Amazon" tax laws. Such laws currently exist in New York, Rhode Island, North Carolina, and Colorado.
- An Amazon tax law requires retailers that have contracts with "affiliates"-independent persons within the state who post a link to an out-of-state business on their website and get a share of revenues from the out-of-state business-to collect the state's sales and use tax.
- Amazon taxes are unlikely to produce revenue in the near term. New York continues to face a lengthy legal constitutional challenge. Rhode Island has even seen a drop in income tax collections due to the law.
- Amazon taxes do not level the playing field between brick-and-mortar and Internet-based businesses because they require Internet-based businesses to track thousands of sales tax bases and rates while brick-and-mortar businesses need to track only one.

- Unconstitutionally expansive nexus standards like the Amazon tax undermine legal certainty, burden interstate commerce, and harm economic growth.



on how idiotic the credit program is anyway, leading to its repeal. Not long ago we published a thorough survey of film credit programs nationwide, debunking their value to state economies. 

FISCALLY CONSERVATIVE BLOG FEEDS

Florida Censors Try to Hijack Film Credit; Repeal Would Be the Best Solution [Tax Foundation]

MAR 08, 2010 12:00A.M.

Joe beat me to the post on Florida's boneheaded new twist on film tax credits, so I'll just add a reminder that Florida's legislature seems to be following the old government mantra: if a program isn't working, make it bigger.

Florida's film tax credit boondoggle gave away about \$10.8 million in the most recent year, and as reported by the Palm Beach Post, Del. Stephen Precourt is one of many Florida legislators who want to multiply that giveaway to \$75 million. But this gusher won't benefit the principal recipient of last year's credits because Del. Precourt wants to limit the recipients to what he calls family fare: no violence or swearing or smoking or drinking or nonstandard family arrangements.

That list of restrictions isn't going to please the officials running the film promotion program because \$5 million of last year's \$10.8 million went to the USA Network's show "Burn Notice." Set in Miami Beach, "Burn Notice" shows off more bikini-wearing beauties in one hour than any five shows you can think of. This is considered a big success by the Department of Revenue because it might attract tourists, but the T&A isn't the only offense that would make Del. Precourt strike "Burn Notice" off his credit-worthy list.

Ten minutes of "Burn Notice" rarely elapses without someone getting machine gunned or blown up or killed by a sniper. The protagonist's best friend never stops drinking, his girlfriend is a former IRA bomber with unshakably violent habits, and his mother is played by Sharon Gless as a tough old broad who smokes like a chimney.

Del. Precourt is being obnoxious and censorious but not irrational. He represents the Disney World area and is shilling for his biggest taxpayer. Disney cartoons (some of them) might be the only qualifying material by his absurd standards. But then again, the whole program is unjustified, and anyone who promoted the original credit deserves, in a way, to have it twisted into a censorship program.

The best possible result would be for this idiotic idea to shine a spotlight