

**COLAB**

San Luis Obispo County



The Coalition of Labor Agriculture and Business

**WEEKLY UPDATE MARCH 31 - APRIL 6, 2019**

**THANKS TO EVERYONE WHO SUPPORTED COLAB'S  
MARCH 28, 2019 DINNER/FUNDRAISER  
A GREAT EVENING WAS ENJOYED BY A HUGE,  
ENERGETIC, AND GENEROUS CROWD WHICH FILLED THE  
MADONNA INN EXPO CENTER**



**THIS WEEK**

**NO BOARD OF SUPERVISORS MEETING**

**SLOCOG HEARING ON TRANSPORTATION  
PLAN AND HOUSING DENSITY**

**GET READY TO GET OUT OF YOUR CAR AND INTO YOUR DENSE  
CITY LIFE STYLE**

**LAST WEEK**

**WILL THE COUNTY BE ABLE TO PROVIDE  
COMPETITIVE WAGES FOR PUBLIC SAFETY?**

**CONTROVERSIAL CANNABIS APPEAL  
COMPROMISED & SETTLED BUT MORE TO COME**

**CANNABIS REGULATIONS  
COMMUNITY MEMBERS SAY POT OK BUT NOT IN MY BACKYARD**

**COLAB IN DEPTH**

**SEE PAGE 10**

**THE INHERENT FAILURE OF**

**SOCIALISM**

**BY ANDY CALDWELL**

**CURBING CORPORATE WELFARE AND**

**GOVERNMENT FUNDED POLITICAL**

**CAMPAIGNS**

**BY EDWARD RING**

**THIS WEEK'S HIGHLIGHTS**

**No Board of Supervisors Meeting on Tuesday, April 2, 2019 (Not Scheduled)**

**San Luis Obispo County Council of Governments Meeting of Wednesday, April 3, 2019.  
Note Special Location – Atascadero City Council Chambers, 6500 Palma Avenue,  
Atascadero. 8:30 AM.**

**In General:** **Item A-2** and **Item A-3** below are interrelated, as both pertain to the Regional Transportation Plan (RTP), which links housing, density requirements, urban land use spatial patterns, transportation funding, and lifestyle. Essentially the State has mandated that cities and counties adopt stack-and-pack housing and policies to force people out of their cars and onto mass transit in exchange for road and other transportation funding.

**Item A-2** covers the RTP draft environmental impact report (DEIR). **Item A-3** covers the RTP document itself.

A number of city council members as well as Supervisors Hill and Gibson support the dense development/get out of your car policy. Those who don't are overwhelmed and outvoted on these matters and may figure their jurisdiction can fudge it over the years as actual projects are proposed. As noted in excerpts from the item specific write-ups below, the SLOCOG will be promising the State that future residential development will be 30% large lot and 70% compact housing, per the recommended Alternative 3 below. County and city officials will have to adjust their planning and zoning to make it happen.

Only an aroused and engaged public will be able to change this fundamental decision, which will cause prohibition of the creation of many standard subdivisions with freestanding homes on lots with a front yard, back yard, 2 side yards, and privacy. If all the county real estate associations show up and testify and all the political clubs that don't agree with this policy show up on the same day and testify, there could be a chance of stopping this enviro-inspired 18-wheeler public policy which is bearing down on us.



**Background:** On March 6, SLOCOG Board Members heard a few citizen comments and seemed to affirm the Stack-and-Pack plan/Anti-Automobile Bias by conceptually accepting both the RTP Document and the Related EIR described in items **A-2** and **A-3**, which are up for public comment again this week.

The Board unanimously voted to receive the documents and continue their consideration to Wednesday's April 3, 2019 hearing. Clearly there is no appetite to rock the boat, and some members expressed the position that lots with a maximum size of 6,000 sq. feet (the upper end of their stack-and-pack plan) were just fine. In fact Board Chair Strong said that 6,000 sq. feet was a normal sized city lot.

The official US Census metrics for the median, as well as the average lot size for a single-family home in the United States, are 17,500 sq. ft. or 16,585 sq. ft. in urban areas and 27,363 sq. ft. outside urban areas respectively (See the table on the next page). In the west, it was 9,694, no doubt weighted by California's predilection for stack-and-pack, which goes back to the 1970's, when planners began pushing it along with hard urban edges and the adoption of the of the California Environmentally Quality Act (CEQA).

Please see the table below on the next page, which details the trends in lot square footage nationally and by region. The SLOCOG Board says homes of the type in the photo below are not stack-and-pack.



**Market Reality:** We have heard that dense affordable homes in the South county (that were required as a permitting condition) with 2,000 sq. feet of floor area are not selling, even in the mid \$450's.

**LEFT: New home in Templeton on a 5,038 Sq. Ft. lot. SLOCOG thinks this should be 70% of future development for single-family freestanding homes. And it's \$550,000 at that.**

If the public, officials, developers, realtors, and home builders don't pay attention now, they will find in the future that there will be public opposition to the stack-and-pack housing, which will be the 70% requirement contained in the RTP. Then there will be civic buyer's remorse. Perhaps there will be a shortage of actual buyers.

This is what has happened vis a vis the marijuana grow issue. The County spent 2 years crafting a planning and zoning regulatory system, and no one except the marijuana industry paid

attention. As soon as specific permit applications popped up, all hell broke loose. Now the Board of Supervisors majority is trying to roll back the standards (make them tougher).

If SLOCOG adopts the Stack-and-Pack based RTP, the State approves it, and then the County and the cities actually attempt to implement higher density taller projects, what happens if the citizens rebel?

If jurisdictions start denying the specific applications, the State will suspend State and Federal Transportation funds.

The table below is from the US Bureau of the Census.

**Lot Size of New Single-Family Houses Sold  
Excluding Condominiums**  
(Medians and averages computed from unrounded figures)

Year	Median lot size								Average lot size							
	United States	Inside MSAs	Outside MSAs	Region				United States	Inside MSAs	Outside MSAs	Region					
				North-east	Midwest	South	West				North-east	Midwest	South	West		
1976	10,125	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(S)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1977	9,870	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	16,150	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1978	9,790	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	18,780	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1979	9,580	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	17,475	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1980	9,180	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(S)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1981	8,650	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(S)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1982	8,285	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	13,850	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1983	8,375	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	16,405	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1984	8,515	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	14,480	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1985	8,875	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	17,810	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1986	8,980	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	15,840	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1987	9,295	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	17,600	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1988	9,225	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	14,220	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1989	9,500	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	13,945	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1990	10,000	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	14,850	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1991	9,750	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	14,275	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	
1992	9,750	9,438	13,068	15,600	11,000	10,990	7,200	17,865	16,848	26,200	30,327	21,768	18,184	11,152		
1993	9,690	9,256	12,960	13,381	10,990	10,990	7,000	17,498	15,894	21,895	31,917	20,454	16,895	13,115		
1994	9,600	9,020	14,375	11,587	10,890	10,990	7,000	17,462	15,828	35,199	24,095	18,452	17,288	15,534		
1995	9,508	9,100	12,460	12,800	10,890	10,825	7,000	17,695	16,843	25,925	26,571	19,935	19,560	11,321		
1996	9,200	9,000	14,105	12,915	11,050	10,019	6,900	17,225	15,871	30,938	30,467	19,825	17,287	11,541		
1997	9,000	8,712	13,500	13,543	10,890	10,000	6,500	16,875	15,610	27,561	28,643	19,050	17,288	10,402		
1998	8,992	8,640	12,203	11,729	10,500	10,000	6,672	15,913	14,579	29,022	29,752	18,139	15,870	10,285		
1999	9,071	8,677	13,381	13,651	10,777	10,156	6,508	16,627	15,678	25,707	32,407	17,234	17,948	10,219		
2000	8,930	8,611	12,939	16,034	10,811	9,861	6,650	17,828	17,098	24,950	35,075	17,043	19,298	11,649		
2001	8,927	8,623	13,850	15,701	10,582	9,992	7,003	16,035	14,900	26,380	32,508	18,196	15,965	11,124		
2002	8,812	8,141	14,167	18,275	10,277	9,189	6,679	16,454	15,152	27,704	36,919	19,577	16,000	11,124		
2003	8,666	8,090	13,972	13,257	10,636	9,793	6,960	15,788	14,170	27,609	30,195	18,910	16,440	10,582		
2004	8,532	8,024	11,422	14,964	10,735	8,996	6,916	16,246	14,887	26,087	35,485	22,601	15,403	10,582		
2005	8,847	8,550	13,256	17,378	10,355	9,875	7,028	16,796	15,640	31,595	38,332	16,344	18,047	11,680		
2006	8,621	8,321	14,339	14,576	10,419	9,751	6,997	16,959	15,856	29,796	32,303	19,336	17,824	11,251		
2007	8,991	8,685	14,467	14,256	10,454	9,844	6,945	16,864	15,864	28,321	33,086	18,940	17,296	10,329		
2008	8,854	8,526	14,754	14,778	10,598	9,515	6,836	18,433	16,505	35,993	44,781	22,446	18,485	10,062		
2009	8,780	8,617	16,664	16,881	10,177	9,573	6,591	17,462	15,998	32,664	35,176	18,383	18,549	10,081		
2010	8,900	8,641	14,130	15,249	9,978	9,528	6,648	17,590	16,585	27,363	32,955	21,543	17,996	9,694		
RSE	4	3	15	23	5	5	5	8	8	17	17	27	10	9		

- Represents zero. A Represents an RSE that is greater than or equal to 100 or could not be computed.  
 NA Not available. RSE Relative Standard Error.  
 S Withheld because estimate did not meet publication standards on the basis of response rate, associated standard error, or a consistency review.  
 Z Less than 500 units or less than 0.5 percent.


Note: Beginning in 1992, lot sizes greater than 25 acres are tabulated as 25 acres. Prior to 1992, lot sizes greater than 2.5 acres were tabulated as 2.5 acres. Prior to 1999, data included condominiums.

**A-2 2019 Draft Program Environmental Impact Report (DEIR) (VOICE VOTE - CONTINUE TO RECEIVE PUBLIC COMMENTS ON THE 2019 DEIR; SCHEDULE PUBLIC HEARING ON JUNE 5<sup>TH</sup> TO REVIEW COMMENTS AND CONSIDER CERTIFICATION OF THE 2019 EIR). Morty Pisament and John DiNunzio**

*Draft Environmental Impact Report (DEIR) As required by Section 15126(d) of the State CEQA Guidelines, this EIR examines a range of reasonable alternatives to the proposed project that could feasibly achieve similar objectives. Since the primary objective*

of the RTP is to guide short- and long-range transportation improvements countywide, a discussion of alternative sites is not appropriate. Instead, the analysis of alternatives focuses on the inclusion or exclusion of groups of projects envisioned under the RTP. Three alternate vest to the implementation of the entire RTP were evaluated, as follows:

- *Alternative 1 – “NO PROJECT ALTERNATIVE” – Projects in the “Pipeline.”*
- *Alternative 2 - MAX COMPACT HOUSING ALTERNATIVE” (RTP Scenario 4 - Future Year 2035 and 2045 20/80) – distributing 20% to Large Lot/80% to Compact Housing and using a jobs-housing balance emphasis. The feasibility of this alternative is potentially limited because of potential policy conflicts. The alternative may also indirectly increase VMT, rather than lower it. Issue: Limited feasibility Potentially increases VMT.*
- *Alternative 3 – “ROAD LESS TRAVELED ALTERNATIVE” (Future Year 2035 and 2045 30/70) – As in the case of the proposed project (RTP Scenario 3), this alternative involves distributing 30% to Large Lot/70% to Compact Housing and using a jobs-housing balance emphasis. However, this alternative eliminates all roadway improvement projects and the associated environmental impacts.*

**The proposed choice**

**A-3 Draft 2019 Regional Transportation Plan (RTP)- Public Draft Review (VOICE VOTE - RECEIVE PUBLIC COMMENTS ON THE 2019 RTP; SCHEDULE PUBLIC HEARING ON JUNE 5<sup>TH</sup> TO REVIEW COMMENTS AND CONSIDER ADOPTION OF THE 2019 RTP). James Worthley**

*The RTP is a mandated long-range transportation plan that must be updated every four years in compliance with state and federal law. The 2019 RTP serves as a guide to invest \$3 billion over the next 25 years. This item was continuously agendized for the SLOCOG advisory committees, the 2019 RTP Stakeholder Group, and the SLOCOG Board to allow early input on various components of the plan as it proceeds toward its scheduled adoption in June 2019. The Administrative Draft was reviewed in February, final modifications were made, and the Public Review draft was posted on Feb. 14, 2019.*

*SLOCOG’s draft 2019 RTP is out for public review and comment. The Executive Summary is attached. The document and associated materials may be accessed at:*

<https://slocog.org/2019RTP>

The document will allow, at least, the required 55-day public review period, and a second public hearing will be held this week on April 3rd. Along with the EIR, the RTP is scheduled for adoption by the SLOCOG Board on June 5, 2019.

## LAST WEEK'S HIGHLIGHTS

### Board of Supervisors Meeting of Tuesday, March 26, 2019 (Completed)

**Item 10 - Formal Board Ratification of a New Labor Contract with the Deputy Sheriffs Association (DSA).** The Board approved the contract without comment.

**Background:** The DSA represents the jail Corrections Officers, Public Safety Dispatchers, and certain other non-sworn employees who support public safety operations. The new contract is retroactive and covers from January 1, 2018 - December 31, 2019. Thus one-and-one quarter years of the contract term has elapsed, and the employees will receive retroactive payments to cover the elapsed portion. Since the contract ends next December, a new set of negotiations will have to commence soon.

The current year financial impact (FY 18-19) will be \$709,500, and the full annualized new cost will be \$1,305,130 thereafter.

The cost was not included in the adopted FY 18-19 Budget and will therefore rely on funding from underruns in other Departments. Transfers to cover these and other similar circumstances are expected at the end of the 3<sup>rd</sup> Quarter.

**Longer Range Issues:** Certainly guarding the very tough customers in the jail is a dangerous and stressful occupation. Likewise, being a Public Safety Dispatcher day after day requires the ability to deal with scared, injured, and threatened citizens. These jobs need fair compensation, but it must be in the context of the ability of the County to generate the revenue and the ability of the citizens to pay. Raising the revenue is a key duty of the Board of Supervisors.

Now, what about closing that nuclear plant, pandering to anti-dunes recreation elites, prohibiting the growth of Phillips 66, denying a quarry or two, denying ag Cluster subdivisions. What about expediting the creation of 5-star destination resorts instead?

What about the impending expansion of the Price Canyon Oil Field and the replacement of the Plains oil pipeline?

In the end, the answers to these questions will tell us what the Board really thinks of a competitive wage for the Deputies and the Dispatchers.

**Item 24 - Hearing to consider a continued appeal (APPL2018-00004) by Ian McPhee of a request by Laura Gardner for a Minor Use Permit (DRC2018-00053) to establish both outdoor and indoor cannabis cultivation on a portion of a 77-acre project site. The project**

**site is located at 6480 York Mountain Road in Templeton, approximately 7.0 miles west of downtown Templeton in the Adelaida Sub Area of the North County Planning Area.**

**District 1.** Ultimately a brokered compromise was reached between the applicant and the appellant. The most significant part is that the outdoor portion of the project was abandoned. Only indoor cultivation will be allowed. Originally it was proposed that the project would include 3 acres of outdoor plants. The elimination of the outdoor cultivation means that there will be no hoop structures.

It is possible that Gibson and Hill would have approved the project as originally proposed but demurred in this case because a compromise was ultimately achieved.

Gibson basically said as much: “I am happy there is a negotiated settlement, but the Board of Supervisors has dodged a significant issue which is going to be before us for some time. This does not set precedent, it does not set standards.”

**Background:** The Planning Department approval of a marijuana farm west of Templeton was appealed. There was substantial opposition expressed at the first hearing in February. The issue was continued to a 2<sup>nd</sup> hearing in the hope that the appellant and applicant could reach an agreement about protections and operations. Because this was not achieved at the first two hearings it was continued again to this meeting.

**Underlying Issue:** The underlying problem is that the applicant had complied with all the County cannabis ordinance requirements. These were developed over a two-year period during which the general public was largely absent (of its own accord). In fact the public supported the legalization of recreational marijuana statewide and in SLO County. The Board of Supervisors opted to implement the permissive statute. (They could have outlawed commercial recreational marijuana).

Now neighbors seem to be filing appeals wherever commercial grows are proposed. At this point and unless there is something in an application approved by staff or the Planning Commission that demonstrates incompatibility with the regulations, the Board of Supervisors will have a difficult time turning a project down.

As Supervisor Gibson pointed out above, notwithstanding what happened in this specific case, the larger issue of appeals of future applications and public buyer’s remorse over the whole legalization of production remains.

In fact some public speakers who opposed the project stated that they were unaware that the legalization of recreational marijuana would result in projects in their neighborhoods. They chastised the Board for not looking out for them.

In the bigger picture we wonder how the voters will feel as the impacts of Enviro-Socialism destroy their jobs, property values, health and basic Constitutional liberties.



**Item 25** immediately below confirms the rapid emergence of these issues.

**Item 25 - Submittal of a report by the Department of Planning and Building on general cannabis updates, emerging issues and future cannabis ordinance amendments with a request to provide Board direction as deemed necessary; exempt from CEQA.**

The title of this item actually should be: **The Board Majority Begins to Roll Back Some Provisions of the Original Scheme of Cannabis Regulation.** The Board majority directed staff to prepare revised ordinance provisions which would toughen some of the provisions adopted last year. Some of the ideas in the cafeteria include:

Longer setbacks from neighboring residences – 300 ft. will go up to 1,000 ft.

Stricter water offset requirements.

No setback modifications allowed from the 1000 ft. rule.

Elimination of all outdoor grows.

Amortization of the total number of grows – total was set at 141, but if one ceases operation or is not permitted in the first place, a new applicant could not come in. Under this potential provision the unused portion would be eliminated. In effect there would be a gradual decrement in the number of grows.

Three strikes and you're out – any operators who accumulate 3 violations would lose their permit and would be banned from reapplying in the County.

**Background:** Last year the County staff was overwhelmed as it began to attempt to process applications for grows, processing facilities, and dispensaries. Both applicants and staff found the cannabis ordinance to be difficult to understand and to contain internal conflicts.

**Statistics:**

**Table 2. Permit Activity Status**

Permit Status	No. of Permits
Information Hold	56
Accepted/Environmental Review	22
Appealed	6**
<b>Total</b>	<b>84</b>
Approved	15

\*\* Includes denial

**Table 3. Number of Cannabis Applications by District**

District	No. of Permits
<b>1</b>	27
<b>2</b>	9
<b>3</b>	6
<b>4</b>	22
<b>5</b>	30

**Table 4. Permit Appeal Status**

Project Name / Project No.	Hearing Date		Appeal Hearing Date	District
	Planning Department Hearing	Planning Commission	Board of Supervisors	
<b>Gardner / DRC2018-00053</b>	9/21/2018		2/26/19 and 3/12/19	1
<b>CFAM / DRC2018-00019</b>		11/29/18	4/9/19	4
<b>SLO Cultivation / DRC2018-00118</b>		11/8/18	4/9/19	4
<b>Dolny/Alabaster / DRC2018-00069</b>	12/7/18		4/9/19	4
<b>DCD Membership / DRC2018-00142</b>		1/24/19	4/23/19	4
<b>Coastal Elevations / DRC2018-00018</b>	1/18/19		5/7/19	5

**Table 5. Cannabis Enforcement Activities Update**

<b>Code Enforcement Statistics</b>	<ul style="list-style-type: none"> <li>• 124 code cases brought to CHO</li> <li>• 496 code case inspections performed</li> <li>• 7,700 plants confiscated</li> <li>• 14,200 pounds of processed product abated and destroyed</li> </ul>
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## **COLAB IN DEPTH**

**IN FIGHTING THE TROUBLESOME, LOCAL DAY-TO-DAY ASSAULTS ON OUR FREEDOM AND PROPERTY, IT IS ALSO IMPORTANT TO KEEP IN MIND THE LARGER UNDERLYING IDEOLOGICAL, POLITICAL, AND ECONOMIC CAUSES AND FORCES**

# **THE INHERENT FAILURE OF SOCIALISM**

**BY ANDY CALDWELL**



There is no shortage of historians and psychologists who can explain why socialism does not work, if anyone has eyes to see and ears to hear. Socialism is rooted in government control of the economy and people's lives. It is antithetical to freedom and liberty.

Socialism has not simply resulted in economic misery due to the fact that it takes away people's incentive to create and risk in return for personal rewards; no, it is much worse than that.

Socialism either collapses under its own weight because it is nothing less than a giant Ponzi scheme that runs out of producers to fleece and other people's money to spend. Or, worse, it must be sustained by boots on the ground, to take away both freedom and wealth from its own citizenry, to wit, Mao, Stalin, Hitler, Castro and now Maduro, cumulatively end up plundering and murdering their own citizens.

Ironically, Finland, which for years has been the modern-day mirage of a happy democratic socialist country, is collapsing under the financial burden of programs that Bernie Sanders, Alexandria Ocasio-Cortez and others want to bring to America, including government control of health care (Medicare for all), universal basic income, free college and government-subsidized child care.

America, unfortunately, is not immune from a similar fate, as our socialist-styled programs (everyone is forced to participate and they are run and managed by government) of Social Security and Medicare head toward insolvency. Social Security is running a deficit of tens of billions of dollars and, in the long run, it is underfunded to the tune of trillions of dollars. Medicare's hospital insurance program is scheduled to be flat broke in just eight years, with the program running a deficit averaging over \$200 billion per year. In a few short years, our entire federal budget will be consumed by the cost of these two programs alone, along with interest payments on debt.

Britain's Iron Lady Margaret Thatcher (?) who, along with Ronald Reagan and Pope John Paul helped foment the collapse of the evil Soviet socialist empire (?) once said that "the problem with socialism is that you eventually run out of other people's money."

Years before that, another great leader from Britain, Winston Churchill, who helped save the world from the even more evil Nazi socialist party of Germany, explained that "the inherent vice of capitalism is the unequal sharing of blessings; the inherent virtue of socialism is the equal sharing of miseries."

Mr. Sanders and Ms. Ocasio-Cortez, along with Hollywood stars like Sean Penn and Danny Glover, should have to go up to the nation's blackboard and write these words 100 times each. This has to do with their respective stubborn praise of democratic socialism in Europe, in spite of the collapse of the same, and Venezuela, which went from the most prosperous country in all of South America, and one of the most resource (oil) rich countries in the entire world, to a virtual hell-hole in the blink of an eye, due to the perpetual and inherent failure of socialism as an economic model.

**Andy Caldwell is the executive director of COLAB and host of The Andy Caldwell Radio Show, weekdays from 3-5 p.m., on News-Press AM 1290.**

# CURBING CORPORATE WELFARE AND GOVERNMENT FUNDED POLITICAL CAMPAIGNS

By Edward Ring

Should the government spend money to benefit private companies? Should the government spend money to influence voters? In California, they do this all the time. There are laws specifically written to prevent this, but they are undermined by aggressive exploitation of loopholes combined with lax enforcement. And to be fair, genuine ambiguity often makes it hard to know where the lines belong. Let's consider these one at a time.

## Using Taxes to Benefit Private Companies – Corporate Welfare

Gifts of government resources to private organizations – in the form of subsidies to corporations, for example, or payments made under unlawful contracts – are illegal in California.

Article 16 Sec. 6 of the California Constitution, the “**gift clause**,” prohibits the giving or lending public funds to any person or entity, public or private. Here's the actual language:

*The Legislature shall have no power to give or to lend, or to authorize the giving or lending, of the credit of the State, or of any county, city and county, city, township or other political corporation or subdivision of the State now existing, or that may be hereafter established, in aid of or to any person, association, or corporation, whether municipal or otherwise, or to pledge the credit thereof, in any manner whatever, for the payment of the liabilities of any individual, association, municipal or other corporation whatever; nor shall it have power to make any gift or authorize the making of any gift, of any public money or thing of value to any individual, municipal or other corporation whatever.*

There are exceptions. The biggest one being “expenditures/disbursements for public purpose,” which according to most analyses is an exception that is “liberally construed.” Other exceptions include disbursements for hospital construction, aid to orphans, abandoned children, handicapped individuals, irrigation districts, veterans, victims of disaster, and short-term municipal borrowers. For a much more thorough presentation of exceptions to the “gift clause,” read the 2016 “**California Public Funds Doctrine**” produced by the League of California Cities.

When analysts claim the “public purpose” exception is “liberally construed,” it begs the question: When do they cross the line? The legal evolution of the “public purpose” concept in the United States

originated as justification to impose eminent domain on private property owners to fund public works – bridges, roads, canals and railroads. By the 1930s, eminent domain was expanded to enable redevelopment projects. In 1954, in the case *Berman v. Parker*, the U.S. Supreme Court affirmed that “**public purpose** was a concept coterminous with ‘public welfare,’ hence embraced objectives across a broad spectrum that included ‘public safety, public health, morality, peace and quiet, law and order,’ to list only ‘some of the more conspicuous examples.’”

Today, the definition of public purpose is broader than ever, with the **legal definition** being “a governmental action or direction that purports to benefit the populace as a whole.”

This begs the question: Did it “benefit the populace as a whole” to offer public money **subsidies** to Google (\$766 million), Facebook (\$333 million), Apple (\$693 million), and Tesla (\$3.5 billion)?

The meaning of “public purpose” has come a long way from seizing land to build the Erie Canal. But even there, ambiguity reigns. Today’s version of the Erie Canal might be high speed rail, since proponents of this 21st century marvel claim it will revolutionize transportation. Proving them wrong requires expert – and usually volunteer – opposition research aimed at debunking allegedly preposterous financial projections, which then has to be communicated to the public by numerate journalists.

That does happen. Yet, for every mega deal and mega project that attracts the sunshine of competing analyses, there are countless mini deals and mini projects that avoid scrutiny by virtue of their relative insignificance. Justifying their receipt of public funds because they serve a “public purpose,” they collect money. The tremendous difficulty with the public purpose concept is that it has legitimate worth, yet one person’s public benefit is another person’s public boondoggle.

### **Using Taxes to Influence Voters – Government as a Special Interest**

According to California Government **Code 8314** (a) “*It is unlawful for any elected state or local officer, including any state or local appointee, employee, or consultant, to use or permit others to use public resources for a campaign activity, or personal or other purposes which are not authorized by law.*”

Here again, ambiguity reigns. When does providing useful and unbiased information to voters as a public service of government cross the line into campaign advocacy? That is an extremely difficult question to answer, and hence an extremely difficult charge to make stick. But it allegedly happens all the time, and sometimes, charges do stick.

As Jon Coupal, president of the Howard Jarvis Taxpayers Association **wrote in October 2018:**

In March 2017, Los Angeles County placed **Measure H, a sales tax for homeless programs**, on the ballot. The county's use of nearly a million dollars of public funds for the political campaign unquestionably crossed the line into political advocacy. The Howard Jarvis Taxpayers Association filed a complaint with the FPPC shortly after Measure H passed. This past week the FPPC found probable cause to charge Los Angeles County, as well as the individual members of the Board of Supervisors, with 15 counts of campaign finance violations.

While the FPPC crackdown on Los Angeles County sends a cautionary message to other government agencies, the practice is common. In **November 2018**, local agencies put 259 tax measures and 125 bond measures onto ballots across California. Historically, 80-90 percent of bond measures are approved by voters, along with around 70 percent of local tax measures. There's a reason for this.

In nearly all cases, the local governments spend what in aggregate must be tens if not hundreds of millions of taxpayers' money each election cycle, "educating" the voters about the new taxes. The pretext is to provide useful information to the citizens, but the messages are urgent, the appeals are emotional: "For the children." "To protect seniors." "To keep our streets safe." "To ensure first responders arrive in time to save your home, or your life." And so on.

### **What Solutions are Possible?**

Completely ending government expenditures to benefit private companies or to influence voters is impossible. Even if the perfect laws could be written and enforced, it is impossible to prove in all cases what is in fact a public benefit, or where exactly one crosses from educating to advocating. But here are some ideas.

(1) Enact local measures to enable greater oversight, clarifying and narrowing the definition of "public benefit." Sample language might read as follows:

*[Government entity] shall not expend, loan, or allow the use of public resources, nor use its taxing power, in aid of any individual, association, corporation, or other private party, unless such expenditure, loan, or use is for a public purpose, supported by consideration, and over which the public entity exercises continuing control. When it comes to economic development, the only proper constitutional role for local government is to offer:*

- *Top-quality K-12 education.*
- *Low taxes and sustainable, transparent public finance.*
- *Limited regulation.*

- *First-world infrastructure.*

(2) Enact local measures to clarify and narrow the definition of “public education,” and require thorough disclosure of “*any documents, including contracts, communications, or proposals with vendors and/or staff which touch on public education; public opinion polling or studies; or communications which might seem to a reasonable person designed to determine the outcome of political campaigns.*” The California’s Policy Center’s CLEO project has posted a **detailed example** of a sample reform that would assist local governments to prohibit public money in campaigns for new taxes and bonds.

Government isn’t supposed to allocate public money to private businesses. Government isn’t supposed to fund political campaigns that advocate new taxes. But it is impossible to precisely define what is a public benefit worthy of government funding, or what is necessary public education and not political campaigning. One of the most effective ways to prevent government politicians and government bureaucrats exploiting the ambiguity of these definitions would be to outlaw public sector unions, whose inherent priority is to expand government, with public benefit their loudly proclaimed, but secondary goal.

*Edward Ring is a co-founder of the California Policy Center and served as its first president. This article first appeared in the March 27, 2019 California Policy Center*

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