

The 'No Limits' Legislature

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Byline: Steven Greenhut

Body

Every legislative session, it's the same old story. Lawmakers propose a host of new regulations, taxes, and spending programs — and the rest of us yell and complain, then resign ourselves to the new reality. We'll need to pay a higher tax bill, follow some cockamamie new rules, spend extra time with our accountant, and come up with more workarounds before getting back to our lives and businesses. Not all of us are in a position to move [1].

Even before COVID-19 busted down any remaining barriers to the state government's power, our progressive Legislature — made up mainly of union tools, lifelong government “servants,” and liberal activists — had been getting more intrusive than usual. After the last adult [2] in Sacramento (Gov. Jerry Brown) retired to his Colusa County ranch, there's been no one left to say “no.” As the younger folks say, “This sh*t is getting real.”

The real stuff hit the fan last January, as Assembly Bill 5 [3] went into effect. That law, which Democrats hope to impose on a nationwide level, banned companies from using contract labor except in some narrow circumstances. Uber, Lyft, and delivery services were the target, but it immediately wiped out the livelihoods of every manner of freelance worker. Taxing us more is one thing, but this union-crafted law outlawed entire categories of work.

Then COVID-19 gave the governor near-dictatorial [4] powers to shut down most businesses, ban evictions, and spend public funds without any effective checks and balances. Even though the Legislature came back into session and reasserted some of its power, the pandemic had essentially removed all the guardrails. Anything goes now, as we've seen after lawmakers completed a testy and unusual session right around Monday's midnight deadline.

Media coverage focused on the last-minute drama [5]. One GOP senator had tested positive for COVID-19, so leadership banished most of his caucus — only one hadn't attended an event with the infected Brian Jones of San Diego — to Zoom. As the deadline loomed, Democrats limited debate and Republicans — fighting like a beleaguered Army unit in a losing battle — tried to delay the worst bills. Lawmakers approved one bill after midnight, which likely will lead to court challenges.

That made for colorful news reporting, but the real story [6] involves the measures that the Legislature passed. The worst measure, despite the acquiescence of the apartment owners' lobby, would extend the state's eviction ban until the end of January. That means that landlords, including small ones, can no longer remove tenants provided they pay 25 percent of their rent and send landlords a notice. Gov. Gavin Newsom immediately signed it.

Even well-paid tenants who haven't lost their jobs no longer have any reason to pay. Landlords have limited options to collect back rent and will pretty much have to forego months of income. And many Democratic legislators have stated their intention to extend the eviction ban [7] beyond the new deadline. This is a raw theft of property and the destruction of private contracts.

As a practical matter, it's a huge disincentive for the creation of new rental properties in a market that already is suffering from insufficient supply. Who in their right mind would invest in rental properties if they can no longer count on rent payments? (It doesn't help that the Trump administration announced [8], through the federal Centers for Disease Control, a plan to ban evictions through December.)

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Again, this isn't just a tax or a new round of regulations, but an outright taking of people's income. The Legislature also expanded its program that allows workers to receive 12 weeks of paid family leave [9] to businesses with as few as five employees. Workers pay into a fund that provides the benefits, but how many small businesses afford to have AWOL employees, especially as many of them now are on the brink of closure?

This brings to mind U.S. Rep. Tom McClintock's oft-repeated saying [10]: "Of course, in spite of all of its problems, California is still one of the best places in the country to build a successful small business. All you have to do is start with a successful large business." And there's no break from this assault on businesses, small and large, even though the Legislature now, mercifully, is out of session.

The November ballot includes Proposition 21 [11], which would impose even stricter statewide rent controls, including vacancy controls (a landlord would be forbidden from raising rent even between tenants). Another measure (Proposition 15 [12]) would dramatically increase taxes on commercial and industrial property owners by removing tax limits imposed by 1978's iconic Proposition 13.

The governor already has signed Senate Bill 793 [13], which outright bans the sale of flavored-tobacco products, which means that nicotine addicts will no longer be able to buy many reduced-risk products such as e-cigarettes and snus. That one, too, will directly impact people's lives — from the businesses that sell these products to the ex-smokers who have stopped smoking because of them.

Sure, the Legislature also passed its usual host of nutty progressive ideas [14], such as a student loan bill of rights, a requirement that corporate boards include more people from "underrepresented communities," the creation of a homelessness czar, and the formation of a committee to promote slavery reparations. But none of those will directly harm anyone's lives.

Regarding AB 5 [15], the Legislature did add about two dozen more exemptions [16]. But the anti-contracting law still applies to many others, including drivers for companies such as Uber, Lyft, and DoorDash. Last month, Uber and Lyft had announced a suspension of their services in California in the face of the attorney general's enforcement actions against them, but received a last-minute court reprieve.

But if voters don't in November approve Proposition **22** [17], which exempts these drivers, it could be the end of the road for hundreds of thousands of driving jobs — and for the ride and delivery services that so many Californians depend upon. This is what happens when there are no limits on the power of the state government — and when social engineers who have no respect for enterprise or private property end up controlling that government.

Endnotes

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