PART V

EVALUATING AND PRESCRIBING BETTER TAX POLICY

Excerpt from Adam J. Hoffer and Todd Nesbit, eds., *For Your Own Good: Taxes, Paternalism, and Fiscal Discrimination in the Twenty-First Century.* Arlington, VA: Mercatus Center at George Mason University, 2018.

CHAPTER 18
In Loco Parentis: A Paternalism Ranking of the States

RUSSELL S. SOBEL
Baker School of Business, The Citadel

JOSHUA C. HALL
College of Business and Economics, West Virginia University

The Latin term *in loco parentis*, originally from English common law, translates to "in place of a parent" and is used to refer to cases where an organization or individual takes on the functions or responsibilities of a parent over someone else. The chapters in this volume, *For Your Own Good*, and its predecessor, *Taxing Choice* (Shughart 1997), discuss some of the many ways governments use their policies to distort the choices that would normally be made by individuals in a free society. Rather than allowing choices based on unregulated markets and market prices, governments attempt to alter these choices in certain directions. In this chapter, we rank the states in terms of their degree of policy paternalism. That is, we attempt to measure the extent to which the policies of each state are consistent with paternalistic public policy.[1]

At the outset, we acknowledge that there are two sides to the debate over the extent to which governments should engage in paternalistic policies. On one side are people who tend to favor less government paternalism and prefer to leave these choices up to individuals acting on their own free will.

The policies preferred by this side are broadly based and minimize the distortions in the relative prices and choices faced by individuals. There are generally two categories of arguments, one a normative (i.e., subjective) view that people should in principle be free to decide, act, and trade without interference; and that government's main role is to protect the rights and liberties of otherwise free individuals.[2] The second category of arguments is positive (i.e., objective), arguing that the government policies often create secondary effects (unintended consequences) that result in those policies either exacerbating the problem they were trying to solve or creating problems in other dimensions to a point where the total costs exceed the total benefits from having the policy.[3] That is, the policies may have positive effects that are easy to see, but the negative ones that are not so obvious may swamp the more easily visible benefits.[4] The chapters in this volume, and its predecessor, fall on the side of minimizing government distortions of free choice.

On the other side of this argument are people who believe paternalistic government policies can steer individuals toward making "better" choices. At the root of this argument is the belief that if left to their own accord, individuals have biases or tendencies that may lead them to make bad decisions in the absence of a governmental "nudge."[5] The policies preferred by proponents of this side restrict the availability of certain goods deemed harmful (e.g., the war on drugs), increase the prices of undesirable behaviors or lower the prices of desirable ones (e.g., tax cigarettes and subsidize recycling), and mandate individuals do certain things (e.g., mandated retirement savings and mandatory flood insurance).

While we acknowledge this debate, we seek to create an unbiased index of the extent to which states engage in policies consistent with the paternalistic view. The only possible bias we introduce is which end of the spectrum is ranked first versus fiftieth. As economists in agreement with the arguments made by economists in general, and illustrated in this volume, we rank the state with the *least* paternalistic policies as being first, the highest rated state. So, our index ranks are not really a ranking of paternalism, but of the *freedom from* paternalism. The fiftieth ranked state in our index would be the most paternalistic. This index would be equally useful to someone who was on the opposite side of this argument, but their preference would be to give the fiftieth ranked state instead a ranking of "first," with that term's connotation of "best." Therefore, while individual views of the relative merit of moving up or down in this index may be different, the rankings are not affected by the position we take on the underlying issue. Our job is simply to try to measure, with data, the extent to which states engage (or fail to engage) in policies consistent with paternalism.[6]

We begin by looking specifically at the relative extent to which states use selective taxes (primarily on gluttonous or so-called sinful activities, e.g., drinking or smoking) versus broad-based tax policies. We then more narrowly consider the specific areas of "saint subsidies," and then finally other miscellaneous restrictions and bans consistent with paternalism. Each state is rated in each area, and then an overall index is provided that incorporates information from all areas. That final index is used to rank the states against one another.

GENERAL METHODOLOGY

While there is no single, perfect way to create an index, we follow the well-established methodology used to create the Economic Freedom of the World (EFW) index (Gwartney et al. 2015). This methodology is proven in the literature on index creation; it allows for a method of translating a variety of data into an index score that ranges from 0 to 10 for each variable and that can be aggregated both into subcategories and an overall index. The EFW index is a widely used political economy indicator that has been cited in hundreds of studies across business and social science disciplines (Hall and Lawson 2014). Gwartney and Lawson (2003) provide an overview of the history and philosophical foundations of the EFW index; the tradeoffs involved in constructing any political economy indicator such as the EFW can be found in Lawson (2008).

We are creating a single cross-sectional index that ranks the states, so we must pick a particular year for collecting our data. Based on current data availability, we have chosen to use data for 2013, as it has the most abundant data for our variables of interest. If a variable is not available for 2013, however, we use data available from the year that is closest to 2013. Like the EFW, we break our index into conceptual areas and average ratings across the areas. We have chosen to break the index down into three conceptual areas: use of selective taxes that are often sin taxes (Area 1), use of "saint" subsidies that reward behavior viewed as beneficial (Area 2), and use of miscellaneous bans and regulations (Area 3). With this first attempt to evaluate the extent to which state policies may be consistent with paternalism, we realize that we may be missing particular taxes, subsidies, or policies that are paternalistic and for which comparable data are available across all fifty states. However, we have identified all the major tax, subsidy, and regulatory policies consistent with paternalism.[7] These three conceptual areas are described in more detail below.

Each of the three areas can be described using variables that reflect the analytical concept of each area. For example, for Area 1, we use state excise

taxes on beer to capture the degree of paternalism toward the consumption of alcohol. For most variables, we use the following formula to calculate the area ratings from 0 to 10:

$$\text{Rating}_i = 10 \times (V_i - V_{\min})/(V_{\max} - V_{\min}), \quad (1)$$

where the index i is the state being rated on the specific variable, $V_{\min}$ is the minimum value the variable takes on across all states, and $V_{\max}$ is the maximum value the variable takes on across all states. We again remind the reader that since we are measuring freedom from paternalism that $V_{\max}$ is frequently a small number and $V_{\min}$ a large number. Since most states also collect the normal sales tax on beer in addition to excise taxes, the maximum freedom from paternalism was set to 0, and the minimum (or most paternalistic) value for this variable was set to the highest beer excise tax rate in the country—that of Tennessee at $1.17 per gallon. Tennessee therefore receives a 0 on that component of the index and the state with the highest rating on the index with a 9.8 is Wyoming, which only has a $0.02 per gallon excise tax on beer. The 0–10 ratings are averaged over each area and then each of the areas is summed to make a final rating and ranking of the states of the extent to which they are free from paternalism.

AREA 1: USE OF SELECTIVE TAXES

In this section, we examine the extent to which tax policy at the state level is consistent with paternalism in the sense that it does not rely on a broad-based sales tax. A broad-based tax would be, for example, a 5 percent sales tax on all goods. Such a tax does not alter the relative prices of goods, but rather applies equally to all goods. In contrast, selective taxes set rates differently for different goods (e.g., special individual taxes on soda drinks, gasoline, or alcohol) and thus alter relative prices and distort consumer choice regarding those goods relative to all other goods.[8] This change in the relative prices alters the choices made by individuals, lessening the quantity purchased of the now relatively higher cost item (and increasing the quantity purchased of the relatively lower cost item). The result of the tax is a reduction in total consumer welfare or utility, assuming that consumers can and do know what is in their own best interests.[9]

However, the use of selective taxes over broad-based taxes in general has even more detrimental impacts on economic growth and prosperity than simply affecting consumption choices.[10] Government policies are set and influenced by the efforts of individuals through lobbying and other means of producing political pressure. These efforts are socially wasteful and have an opportunity cost in

terms of taking resources away from the production of goods and services. Just as with a professor who is easy to talk into changing grades if a student came to complain, the line will soon form outside the office. More and more individuals and groups will spend their time and effort to seek favorable tax treatments for themselves and unfavorable tax treatments for their competitors.

The first part of our index attempts to include a general measure of the degree to which a state's sales tax policies are uniform versus selective. Our data for this area come from the US Census Bureau's 2013 Annual Survey of State Government Finances (US Census Bureau 2013). This survey decomposes sales tax revenue into two categories: (1) "General Sales and Gross Receipts Taxes," and (2) "Selective Sales and Gross Receipts Taxes." The first category is revenue from the state's general retail sales tax (if they have one) that is broadly applied to all goods. The second category is what is relevant for our purposes. It measures the revenue from individual taxes on items ranging from soda to gasoline—the revenue from every consumption-based tax that is independently determined. Arguably, some states are high-tax states while others are low-tax states due to many factors. For our purposes, we want to know not necessarily how high these sales and gross receipt taxes are, but rather how heavily states use selective sales and gross receipt taxes relative to general sales and gross receipts taxes. Thus, we compute what percentage selective tax revenue is of each state's total sales and gross receipts tax revenue as our first component in Area 1.

For each state, the first column in table 1 shows the percentage of total sales and gross receipts tax revenue that is attributable to selective taxes. Column 2 shows the index value we assign, on a scale of 0–10, where 0 represents all taxes being selective sales taxes in 2013 and 10 represents no use of selective taxes (which does not actually occur). The formula used to rank states is shown in equation 1 above. The most paternalisitic a state could be (i.e., minimum freedom from paternalism), $V_{\min}$, is set to the highest percentage of sales and gross receipt taxes accounted for by selective sales taxes that exists in 2013: 100 percent. Alaska, Delaware, Montana, New Hampshire, and Oregon all receive 100 percent of their sales and gross receipts revenue from selective sales and gross receipts taxes and thus receive a rating of 0.[11] The least paternalistic state is Wyoming, which receives only 15.0 percent of its sales and gross receipt revenue through the use of selective excise taxes and therefore receives a score of 8.5 $[10 \times (15.0 - 100.0)/(0 - 100.0)]$. Not all the goods and services taxed in this manner are paternalistic, as states tax a wide variety of goods and services, but we think that this variable captures the extent to which a state's policy toward the taxation of goods and services is consistent with paternalism in a manner not captured by the other components in Area 1.

Table 1. Area 1: Selective Taxes

State	Selective Excise Taxes	Score	Soda Taxes	Score	Cigarette Taxes	Score	Beer Taxes	Score	Wine Taxes	Score	Spirit Taxes	Score	Area 1 Overall Score
Alabama	50.5	5.0	6.7	6.7	0.43	9.0	1.05	1.0	1.70	4.6	18.24	4.8	5.2
Alaska	100.0	0.0	10.0	10.0	2.00	5.4	1.07	0.9	2.50	2.1	12.80	6.4	4.1
Arizona	21.1	7.9	10.0	10.0	2.00	5.4	0.16	8.6	0.84	7.3	3.00	9.1	8.1
Arkansas	29.4	7.1	6.7	6.7	1.15	7.4	0.32	7.3	1.42	5.5	6.57	8.1	7.0
California	29.5	7.1	3.3	3.3	0.87	8.0	0.20	8.3	0.20	9.4	3.30	9.1	7.5
Colorado	43.5	5.6	3.3	3.3	0.84	8.1	0.08	9.3	0.32	9.0	2.28	9.4	7.5
Connecticut	43.1	5.7	3.3	3.3	3.40	2.2	0.23	8.0	0.72	7.7	5.40	8.5	5.9
Delaware	100.0	0.0	10.0	10.0	1.60	6.3	0.16	8.6	0.97	6.9	3.75	8.9	6.8
Florida	29.1	7.1	3.3	3.3	1.34	6.9	0.48	5.9	2.25	2.9	6.50	8.2	5.7
Georgia	28.8	7.1	6.7	6.7	0.37	9.1	1.01	1.4	1.51	5.2	3.79	8.9	6.4
Hawaii	25.1	7.5	10.0	10.0	3.20	2.6	0.93	2.1	1.38	5.6	5.98	8.3	6.0
Idaho	25.3	7.5	10.0	10.0	0.57	8.7	0.15	8.7	0.45	8.6	10.92	6.9	8.4
Illinois	44.6	5.5	3.3	3.3	1.98	5.4	0.23	8.0	1.39	5.6	8.55	7.6	5.9
Indiana	34.0	6.6	3.3	3.3	1.00	7.7	0.12	9.0	0.47	8.5	2.68	9.2	7.4
Iowa	30.2	7.0	3.3	3.3	1.36	6.9	0.19	8.4	1.75	4.5	12.99	6.3	6.1
Kansas	22.6	7.7	10.0	10.0	0.79	8.2	0.18	8.5	0.30	9.1	2.50	9.3	8.8
Kentucky	40.9	5.9	3.3	3.3	0.60	8.6	0.76	3.5	3.16	0.0	6.86	8.1	4.9
Louisiana	43.2	5.7	10.0	10.0	0.36	9.2	0.32	7.3	0.11	9.7	2.50	9.3	8.5
Maine	39.8	6.0	3.3	3.3	2.00	5.4	0.35	7.0	0.60	8.1	5.81	8.4	6.4
Maryland	44.0	5.6	3.3	3.3	2.00	5.4	0.45	6.2	1.38	5.6	4.41	8.7	5.8
Massachusetts	30.5	7.0	10.0	10.0	2.51	4.2	0.11	9.1	0.55	8.3	4.05	8.9	7.9
Michigan	31.2	6.9	10.0	10.0	2.00	5.4	0.20	8.3	0.51	8.4	11.92	6.6	7.6
Minnesota	39.6	6.0	3.3	3.3	1.23	7.2	0.48	5.9	1.20	6.2	8.83	7.5	6.0
Mississippi	30.2	7.0	6.7	6.7	0.68	8.4	0.43	6.3			7.10	8.0	7.3
Missouri	34.2	6.6	10.0	10.0	0.17	9.6	0.06	9.5	0.42	8.7	2.00	9.4	9.0
Montana	100.0	0.0	10.0	10.0	1.70	6.1	0.14	8.8	1.06	6.6	9.30	7.4	6.5

Nebraska	24.0	7.6	6.7	6.7	0.64	8.5	0.31	7.4	0.95	7.0	3.75	8.9	7.7
Nevada	33.5	6.7	10.0	10.0	0.80	8.2	0.16	8.6	0.70	7.8	3.60	9.0	8.4
New Hampshire	100.0	0.0	10.0	10.0	1.68	6.1	0.30	7.4			0.00	10.0	6.7
New Jersey	30.7	6.9	3.3	3.3	2.70	3.8	0.12	9.0	0.88	7.2	5.50	8.4	6.4
New Mexico	25.8	7.4	6.7	6.7	1.66	6.2	0.41	6.5	1.70	4.6	6.06	8.3	6.6
New York	47.8	5.2	3.3	3.3	4.35	0.0	0.14	8.8	0.30	9.1	6.44	8.2	5.8
North Carolina	42.4	5.8	3.3	3.3	0.45	9.0	0.62	4.7	0.79	7.5	13.02	6.3	6.1
North Dakota	28.1	7.2	3.3	3.3	0.44	9.0	0.39	6.7	1.06	6.6	4.66	8.7	6.9
Ohio	37.6	6.2	3.3	3.3	1.25	7.1	0.18	8.5	0.32	9.0	9.84	7.2	6.9
Oklahoma	34.6	6.5	10.0	10.0	1.03	7.6	0.40	6.6	0.72	7.7	5.56	8.4	7.8
Oregon	100.0	0.0	10.0	10.0	1.18	7.3	0.08	9.3	0.67	7.9	22.73	3.5	6.3
Pennsylvania	46.0	5.4	3.3	3.3	1.60	6.3	0.08	9.3			7.22	8.0	6.5
Rhode Island	41.9	5.8	0.0	0.0	3.50	2.0	0.11	9.1	0.60	8.1	3.75	8.9	5.6
South Carolina	28.5	7.1	6.7	6.7	0.57	8.7	0.77	3.4	1.08	6.6	5.42	8.5	6.8
South Dakota	30.5	6.9	10.0	10.0	1.53	6.5	0.27	7.7	1.21	6.2	4.68	8.7	7.7
Tennessee	27.4	7.3	6.7	6.7	0.62	8.6	1.17	0.0	1.27	6.0	4.46	8.7	6.2
Texas	33.5	6.7	3.3	3.3	1.41	6.8	0.20	8.3	0.20	9.4	2.40	9.3	7.3
Utah	31.2	6.9	10.0	10.0	1.70	6.1	0.41	6.5			11.26	6.8	7.3
Vermont	64.7	3.5	10.0	10.0	2.62	4.0	0.27	7.7	0.55	8.3	0.00	10.0	7.2
Virginia	40.1	6.0	3.3	3.3	0.30	9.3	0.26	7.8	1.51	5.2	20.56	4.2	6.0
Washington	24.1	7.6	0.0	0.0	3.03	3.0	0.76	3.5	0.87	7.2	35.22	0.0	3.6
West Virginia	51.3	4.9	0.0	0.0	0.55	8.7	0.18	8.5	1.00	6.8	2.82	9.2	6.3
Wisconsin	37.8	6.2	3.3	3.3	2.52	4.2	0.06	9.5	0.25	9.2	3.25	9.1	6.9
Wyoming	15.0	8.5	6.7	6.7	0.60	8.6	0.02	9.8			0.49	9.9	8.7

Source: Authors' calculations based on data from US Census Bureau (2013), Chriqui et al. (2014), Tax Foundation (http://taxfoundation.org/data).
Notes: Column 1: Selective excise taxes as a percentage of total general sales and gross receipts taxes.
Column 3: Authors created index based on three criteria: (1) Is soda taxed higher than food? (2) Are vending machines taxed higher than food? (3) Does the state have a unique tax on soda at the retailer, wholesale, or distributor level? In all cases, deviations from the equal treatment of soda received lower scores.
Column 5: Cigarette excise tax rate.
Column 7: Beer excise taxes measured in dollars per gallon.
Column 9: Wine excise tax rates measured in dollars per gallon.
Column 11: Spirits excise tax rates measured in dollars per gallon.

As can be seen in table 1, the states relying least on selective sales and gross receipt taxes as a proportion of sales and gross receipt tax revenue are Wyoming (15.0 percent), Arizona (21.1 percent), Kansas (22.6 percent), Nebraska (24.0 percent), and Washington (24.1 percent). At the other end of the spectrum, the states most extensively using selective sales and gross receipt taxes are Alaska, Delaware, Montana, New Hampshire, and Oregon (all rely 100 percent on selective taxes and do not use a general sales tax). The highest use of selective sales and gross receipt taxation by a state with a general sales tax is Vermont, with 64.7 percent of its total sales and gross receipt revenue coming from selective sales taxes. West Virginia is the next closest, with 51.3 percent of its sales and gross receipt revenue coming from selective taxation, followed by Alabama, New York, and Pennsylvania.

Not all selective sales taxation is paternalistic in nature. To better capture the extent to which selective sales taxation is selective, in the remainder of this section we break down the selective taxes to consider the categories of taxes on soda, cigarettes, beer, wine, and spirits. These are sometimes referred to as "sumptuary" taxes or "sin" taxes. These types of specific taxes are intended to decrease the consumption of these goods by increasing the cost of purchasing them. They are perhaps the most obvious area of state paternalistic policy practiced by taxing choice.[12]

The second component we consider is soda taxes. Unlike selective excise taxes, we do not calculate these scores using a max-min approach. We do this because regular, sugar-sweetened soda is taxed in a variety of ways beyond the normal sales tax. Using data from Chriqui et al. (2014), we identify three ways that states treat soda differently through the tax code. First, some states have a higher sales tax on regular soda than on general food products sold at stores. If this is the case, we give the state a 0; otherwise it receives a 10. Second, some states tax soda sold through vending machines at a higher rate than the tax on food. Again, if this is the case, we give the state a 0 and otherwise a 10. Finally, seven states impose additional taxes or fees on soda at the manufacturer, wholesaler, distributor, or retailer level.[13] These 0s and 10s for each state are then averaged to produce a soda tax score for each state, which is the number in column 4 of table 1. States like New Hampshire, Alaska, and Delaware that treat soda the same as all other foods at stores and in vending machines and do not levy taxes at an intermediate level on soda production receive scores of 10. In contrast, states like Ohio, which tax soda at a higher rate than food at stores and in vending machines but not at the wholesale level, receive a score of 3.33. Rhode Island, Washington, and West Virginia are the only three states to receive a 0 in this category.

For the remainder of the sin taxes in this area, we convert the data into an index number and then arrive at an overall Area 1 score by averaging the index scores for each item. The underlying data are the tax per unit (in dollars) for each good consistently measured (dollars per 20-pack for cigarettes; dollars per gallon for beer, wine, and spirits).[14] These data are from the Tax Foundation and are the rates as of January 1, 2013.[15] Several states have government-run liquor stores, and their data impute the implied tax rate for spirits, but not for wine, so several states are without data on their wine tax rates.[16] Following the procedure used in the EFW for missing variables in an area, we simply do not include that variable in the area score for states without a rating for a component.

Columns 5–12 of table 1 show the tax rates, the scores each state is given on each tax, and column 13 presents the overall score for Area 1 (selective taxes). In the overall Area 1 scores, the states with the highest scores (least paternalistic) are Missouri (9.0), Kansas (8.8), Wyoming (8.7), Louisiana (8.5), and Idaho (8.4). These states generally have the lowest use of selective sales taxes, especially ones that are widely considered to be sin taxes. At the other end of the spectrum, the lowest rated state (most paternalistic) was Washington, followed by Alaska, Kentucky, Alabama, and Rhode Island. These states have the highest overall use of selective sales and gross receipt taxes.[17]

AREA 2: SAINT SUBSIDIES

The sumptuary or sin taxes examined in the previous section are only one side of the paternalistic policy coin. Relative prices can just as easily be influenced by government subsidies or tax deductions in favor of the consumption of goods that are viewed as being paternalistically "good" choices. We term these "saint subsidies." Examples include bottle bills that require refundable deposits on drink bottles, sales tax exemptions for healthy items and medicines, and tax credits or subsidies for energy efficiency purchases or uses.

Our data for bottle bills come from the National Conference of State Legislatures.[18] State beverage container deposit laws, commonly known as "bottle bills," attempt to encourage recycling. These deposits are imposed by having retailers pay a deposit to distributors, this cost is then passed on to consumers, who can receive the refund when the empty container is returned, and the redemption center is then reimbursed by the distributor. States that have no laws receive a 10 and states with a law, such as Hawaii, receive a score of zero.

Our data on sales tax exemptions is from the Federation of Tax Administrators.[19] States are almost all uniform in their exemptions (or a subsidy for lower income families in lieu of the tax) for food and prescription

drugs from the state general sales tax. Therefore, there is no reason to include these exemptions, as they do not vary enough across states to contribute to the index. However, the states do vary in applying the general sales tax to other nonprescription, over-the-counter drugs. Thus we include this as one of our measures and again assign states without such an exemption a 10 and those that do have an exemption, like Florida, a 0.

Our data on state energy incentives are from the North Carolina Clean Energy Technology Center's Database of State Incentives for Renewables & Efficiency (DSIRE).[20] West Virginia, one of the two states tied for the lowest number, has eleven such incentives, while California has the most (197). To give a sampling, West Virginia has a property tax incentive for wind energy systems, a business lighting rebate incentive program, and a residential energy efficiency rebate program. There is no obvious way to weight these different schemes, so we simply count them. The data reflect the number of state programs listed, and we make no allowance for the unmeasurable size or nature of the programs. The maximum is set to 197 and the minimum to 0, and states are placed on the 0–10 scale according to equation 1, described earlier.

Table 2 shows these data, the scores on each variable, and the overall score for Area 2: Saint Subsidy. Clearly, the higher variation in the energy variable drives most of the ranking. Two states are tied as the states with the fewest such saint subsidies: Kansas and West Virginia. At the other end of the spectrum, New York has the highest number (and thus the lowest rank), followed by Vermont, California, Minnesota, and Texas.

AREA 3: MISCELLANEOUS BANS AND REGULATIONS

The final area attempts to pick up bans and regulations. While not obviously policies that change relative prices, they clearly restrict choices in a manner consistent with paternalism. Also to the extent that black markets may still exist with higher prices, the policy functions much like a very high tax, creating a risk premium in the cost of supply and consumption. As discussed at the start of this chapter (see the notes there for sources), such bans drive these activities into the underground economy (as in the case with gambling) or often create secondary effects that work against the original intent of the policy.

Area 3 includes ten different rules or bans, mostly measured as a yes/no (sometimes allowing a half credit for partial policies). Our data for these variables come from the Mercatus Center publication *Freedom in the 50 States* (Ruger and Sorens 2013), and *Disposal Bans & Mandatory Recycling in the United States* (published by the Northeast Recycling Council).[21] These variables include a mea-

Table 2. Area 2: State Saint Taxes

State	Bottle Bill Refund	Score	Nonprescription Drug Exemption	Score	Number of Energy Subsidies or Credits	Score	Area 2 Overall Score
Alabama	0	10.0	0	10.0	19	9.0	9.7
Alaska	0	10.0	0	10.0	18	9.1	9.7
Arizona	0	10.0	0	10.0	61	6.9	9.0
Arkansas	0	10.0	0	10.0	30	8.5	9.5
California	1	0.0	0	10.0	197	0.0	3.3
Colorado	0	10.0	0	10.0	103	4.8	8.3
Connecticut	1	0.0	0	10.0	51	7.4	5.8
Delaware	0	10.0	0	10.0	25	8.7	9.6
Florida	0	10.0	1	0.0	75	6.2	5.4
Georgia	0	10.0	0	10.0	46	7.7	9.2
Hawaii	1	0.0	0	10.0	29	8.5	6.2
Idaho	0	10.0	0	10.0	32	8.4	9.5
Illinois	0	10.0	1	0.0	71	6.4	5.5
Indiana	0	10.0	0	10.0	66	6.6	8.9
Iowa	1	0.0	0	10.0	60	7.0	5.7
Kansas	0	10.0	0	10.0	11	9.4	9.8
Kentucky	0	10.0	0	10.0	55	7.2	9.1
Louisiana	0	10.0	0	10.0	19	9.0	9.7
Maine	1	0.0	0	10.0	23	8.8	6.3
Maryland	0	10.0	1	0.0	70	6.4	5.5
Massachusetts	1	0.0	0	10.0	79	6.0	5.3
Michigan	1	0.0	0	10.0	49	7.5	5.8
Minnesota	0	10.0	1	0.0	143	2.7	4.2
Mississippi	0	10.0	0	10.0	22	8.9	9.6
Missouri	0	10.0	0	10.0	63	6.8	8.9

(*continued*)

Table 2. (*continued*)

State	Bottle Bill Refund	Score	Nonprescription Drug Exemption	Score	Number of Energy Subsidies or Credits	Score	Area 2 Overall Score
Montana	0	10.0	0	10.0	36	8.2	9.4
Nebraska	0	10.0	0	10.0	18	9.1	9.7
Nevada	0	10.0	0	10.0	31	8.4	9.5
New Hampshire	0	10.0	0	10.0	43	7.8	9.3
New Jersey	0	10.0	1	0.0	44	7.8	5.9
New Mexico	0	10.0	0	10.0	44	7.8	9.3
New York	1	0.0	1	0.0	91	5.4	1.8
North Carolina	0	10.0	0	10.0	83	5.8	8.6
North Dakota	0	10.0	0	10.0	18	9.1	9.7
Ohio	0	10.0	0	10.0	50	7.5	9.2
Oklahoma	0	10.0	0	10.0	33	8.3	9.4
Oregon	1	0.0	0	10.0	110	4.4	4.8
Pennsylvania	0	10.0	1	0.0	52	7.4	5.8
Rhode Island	0	10.0	0	10.0	28	8.6	9.5
South Carolina	0	10.0	0	10.0	52	7.4	9.1
South Dakota	0	10.0	0	10.0	29	8.5	9.5
Tennessee	0	10.0	0	10.0	20	9.0	9.7
Texas	0	10.0	1	0.0	124	3.7	4.6
Utah	0	10.0	0	10.0	29	8.5	9.5
Vermont	1	0.0	1	0.0	40	8.0	2.7
Virginia	0	10.0	1	0.0	44	7.8	5.9
Washington	0	10.0	0	10.0	104	4.7	8.2
West Virginia	0	10.0	0	10.0	11	9.4	9.8
Wisconsin	0	10.0	0	10.0	63	6.8	8.9
Wyoming	0	10.0	0	10.0	20	9.0	9.7

Source: Bottle bill refund, National Council of State Legislatures (2017); nonprescription drug exemption; Federation of Tax Administrators (2017); energy subsidies or credits, DSIRE (database).
Notes:
Column 1: A state receives a 1 if it has a bottle bill refund law, 0 otherwise.
Column 3: A state receives a 1 if it has a nonprescription drum exemption law, 0 otherwise.
Column 5: The total number of state energy subsidies or credits.

sure of whether the state has mandated recycling of at least one good, a plastic bag ban in any of the major cities or statewide, fireworks bans, beer keg rules, happy hour laws, helmet laws for motorcycles or bicycles, bans on social gambling, bans on Internet gambling, and blood testing required for marriage.[22]

To conserve space, for the variables in table 3 we present only our index scores and not the underlying data, because the transformation from the underlying source to the score is self-evident. The variables are almost entirely yes/no, so the index score data are 0s and 10s, which reveal directly the underlying 0/1 data.[23] In some cases (e.g., fireworks), the underlying data assigned a 0.5 for a partial ban or restriction, which results in a score of 5. The scores across the ten rules or bans are then summed and divided by 10 to get the overall score for each state for Area 3.

At the top of our list for the least paternalistic (highest scoring) state in Area 3 is Kentucky (10.0), followed by Wyoming, Colorado, Arizona, and Alaska (tied with a score of 9.0). At the bottom, the most paternalistic state (lowest score) in Area 3 is Massachusetts (3.0), followed by New York and Washington (4.0), and then a number of states like California and New Jersey tied with a score of 5.0.

THE OVERALL INDEX: FREEDOM FROM PATERNALISM

The final index is the average of the scores in the three individual areas. Because we have scored states higher if they allow more choice and freedom and lower if they have paternalistic policies, our index is best titled a "freedom from paternalism" index. Table 4 presents each area score and the overall score and rank for each state in alphabetical order, while table 5 sorts the states from least paternalistic to most paternalistic.[24]

Table 5 shows that the state scoring as least paternalistic (highest score) overall is Wyoming (9.1), followed by Arizona (8.7), Nevada (8.6), Kansas (8.5), and Missouri (8.3). These are the states we judge as having tax and spending policies, laws, and regulations most consistent with the idea of individual freedom of action without interference in the name of protecting individuals from themselves. At the other end of the spectrum, the state scoring as most paternalistic (lowest score) is New York (3.9), followed by Vermont, Washington, California, and Oregon. These are the states we judge as having policies most consistent with paternalism, and taxing choice—allowing citizens and policymakers to substitute their collective judgment for that of free individuals. The map in figure 1 portrays each state's freedom from paternalism score.

Table 3. Area 3: Bans and Restrictions (Scores Only)

State	Plastic Bag Ban	Beer Keg Law Score	Happy Hour Law Score	Mandated Recycling Score	Fireworks Law Score	Motorcycle Helmet Score	Bicycle Helmet Score	Social Gambling Score	Internet Gambling Score	Blood Test Score	Area 3 Overall Score
Alabama	10.0	10.0	0.0	10.0	10.0	0.0	0.0	10.0	10.0	10.0	7.0
Alaska	10.0	10.0	0.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0
Arizona	10.0	10.0	0.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0
Arkansas	10.0	0.0	10.0	10.0	10.0	10.0	10.0	0.0	10.0	10.0	8.0
California	0.0	0.0	10.0	0.0	10.0	0.0	0.0	10.0	10.0	10.0	5.0
Colorado	0.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0
Connecticut	10.0	0.0	0.0	0.0	10.0	10.0	0.0	10.0	10.0	10.0	6.0
Delaware	10.0	10.0	0.0	10.0	0.0	10.0	0.0	10.0	10.0	10.0	7.0
Florida	10.0	10.0	10.0	10.0	10.0	10.0	0.0	5.0	10.0	10.0	8.5
Georgia	10.0	0.0	10.0	0.0	10.0	0.0	0.0	0.0	10.0	10.0	5.0
Hawaii	0.0	10.0	10.0	10.0	10.0	10.0	0.0	10.0	10.0	10.0	8.0
Idaho	10.0	0.0	10.0	0.0	10.0	10.0	10.0	0.0	10.0	10.0	7.0
Illinois	10.0	10.0	0.0	0.0	5.0	10.0	10.0	0.0	0.0	10.0	5.5
Indiana	10.0	0.0	0.0	0.0	10.0	10.0	10.0	0.0	0.0	10.0	5.0
Iowa	10.0	0.0	10.0	0.0	5.0	10.0	10.0	5.0	10.0	10.0	7.0
Kansas	10.0	0.0	0.0	10.0	10.0	10.0	10.0	0.0	10.0	10.0	7.0
Kentucky	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Louisiana	10.0	0.0	0.0	10.0	10.0	0.0	0.0	10.0	0.0	10.0	5.0
Maine	0.0	0.0	0.0	0.0	10.0	10.0	0.0	10.0	10.0	10.0	5.0
Maryland	10.0	0.0	10.0	10.0	10.0	0.0	0.0	0.0	10.0	10.0	6.0
Massachusetts	0.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0	10.0	10.0	3.0
Michigan	10.0	0.0	0.0	10.0	10.0	0.0	10.0	0.0	10.0	10.0	6.0
Minnesota	10.0	0.0	10.0	0.0	10.0	10.0	10.0	10.0	10.0	10.0	8.0

Mississippi	10.0	10.0	10.0	10.0	10.0	0.0	10.0	0.0	10.0	0.0	7.0
Missouri	10.0	0.0	10.0	10.0	10.0	0.0	10.0	0.0	10.0	10.0	7.0
Montana	10.0	0.0	10.0	10.0	10.0	10.0	10.0	10.0	0.0	0.0	7.0
Nebraska	10.0	0.0	0.0	10.0	10.0	0.0	10.0	0.0	10.0	10.0	6.0
Nevada	10.0	10.0	10.0	10.0	10.0	0.0	10.0	10.0	0.0	10.0	8.0
New Hampshire	10.0	0.0	10.0	10.0	10.0	10.0	0.0	0.0	10.0	10.0	7.0
New Jersey	10.0	10.0	0.0	0.0	0.0	0.0	0.0	10.0	10.0	10.0	5.0
New Mexico	0.0	0.0	0.0	0.0	10.0	10.0	0.0	10.0	10.0	10.0	5.0
New York	0.0	10.0	0.0	10.0	0.0	0.0	0.0	10.0	10.0	0.0	4.0
North Carolina	10.0	0.0	0.0	10.0	10.0	0.0	0.0	0.0	10.0	10.0	5.0
North Dakota	10.0	0.0	10.0	0.0	10.0	10.0	10.0	5.0	10.0	10.0	7.5
Ohio	10.0	10.0	0.0	0.0	5.0	10.0	10.0	10.0	10.0	10.0	7.5
Oklahoma	10.0	0.0	0.0	10.0	10.0	10.0	10.0	0.0	10.0	10.0	7.0
Oregon	0.0	0.0	10.0	10.0	10.0	0.0	0.0	10.0	0.0	10.0	5.0
Pennsylvania	10.0	10.0	0.0	0.0	10.0	10.0	0.0	0.0	10.0	10.0	6.0
Rhode Island	10.0	0.0	0.0	0.0	10.0	10.0	0.0	0.0	10.0	10.0	5.0
South Carolina	10.0	0.0	0.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	8.0
South Dakota	10.0	0.0	10.0	0.0	10.0	10.0	10.0	0.0	0.0	10.0	6.0
Tennessee	10.0	10.0	0.0	10.0	10.0	0.0	0.0	0.0	10.0	10.0	6.0
Texas	0.0	10.0	0.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	8.0
Utah	10.0	0.0	0.0	10.0	10.0	10.0	10.0	0.0	10.0	10.0	7.0
Vermont	10.0	0.0	0.0	10.0	5.0	0.0	10.0	0.0	10.0	10.0	5.5
Virginia	10.0	0.0	0.0	0.0	10.0	0.0	10.0	10.0	10.0	10.0	6.0
Washington	0.0	0.0	0.0	0.0	10.0	0.0	10.0	10.0	0.0	10.0	4.0
West Virginia	10.0	10.0	10.0	10.0	10.0	0.0	0.0	0.0	10.0	10.0	7.0
Wisconsin	10.0	10.0	10.0	0.0	10.0	10.0	10.0	0.0	0.0	10.0	7.0
Wyoming	10.0	0.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0

Source: Ruger and Sorens (2013); Northeast Recycling Council (2017).

Table 4. Overall State Scores for Freedom from Paternalism

State	Area 1 Score	Area 2 Score	Area 3 Score	State Overall Score	State Overall Rank
Alabama	5.2	9.8	7.0	7.3	25
Alaska	4.1	9.8	9.0	7.6	24
Arizona	8.1	9.5	9.0	8.7	2
Arkansas	7.0	9.7	8.0	8.2	8
California	7.5	3.3	5.0	5.3	47
Colorado	7.5	7.5	9.0	8.2	7
Connecticut	5.9	6.2	6.0	5.9	40
Delaware	6.8	8.1	7.0	7.8	16
Florida	5.7	7.7	8.5	6.5	34
Georgia	6.4	7.9	5.0	6.9	29
Hawaii	6.0	6.4	8.0	6.7	30
Idaho	8.4	8.1	7.0	8.3	6
Illinois	5.9	5.2	5.5	5.6	44
Indiana	7.4	7.8	5.0	7.1	27
Iowa	6.1	5.3	7.0	6.2	36
Kansas	8.8	9.9	7.0	8.5	4
Kentucky	4.9	9.5	10.0	8.0	11
Louisiana	8.5	9.8	5.0	7.7	18
Maine	6.4	4.8	5.0	5.9	41
Maryland	5.8	7.7	6.0	5.8	43
Massachusetts	7.9	4.3	3.0	5.4	45
Michigan	7.6	7.9	6.0	6.5	35
Minnesota	6.0	5.5	8.0	6.1	37
Mississippi	7.3	9.8	7.0	8.0	13
Missouri	9.0	9.5	7.0	8.3	5
Montana	6.5	9.7	7.0	7.6	22
Nebraska	7.7	9.8	6.0	7.8	17
Nevada	8.4	9.7	8.0	8.6	3
New Hampshire	6.7	9.6	7.0	7.7	21
New Jersey	6.4	4.6	5.0	5.8	42
New Mexico	6.6	6.3	5.0	7.0	28
New York	5.8	2.6	4.0	3.9	50
North Carolina	6.1	9.3	5.0	6.6	33
North Dakota	6.9	8.2	7.5	8.0	10
Ohio	6.9	7.1	7.5	7.8	15
Oklahoma	7.8	9.7	7.0	8.1	9
Oregon	6.3	5.7	5.0	5.4	46
Pennsylvania	6.5	6.2	6.0	6.1	38
Rhode Island	5.6	8.1	5.0	6.7	31
South Carolina	6.8	9.6	8.0	8.0	12
South Dakota	7.7	8.1	6.0	7.7	19
Tennessee	6.2	9.8	6.0	7.3	25
Texas	7.3	5.6	8.0	6.6	32
Utah	7.3	9.8	7.0	7.9	14
Vermont	7.2	5.5	5.5	5.1	49
Virginia	6.0	6.3	6.0	6.0	39
Washington	3.6	5.8	4.0	5.3	48
West Virginia	6.3	9.9	7.0	7.7	20
Wisconsin	6.9	7.8	7.0	7.6	23
Wyoming	8.7	9.8	9.0	9.1	1

Source: Authors' calculations.

Table 5. Overall State Scores for Freedom from Paternalism, by Rank

State	Area 1 Score	Area 2 Score	Area 3 Score	State Overall Score	State Overall Rank
Wyoming	8.7	9.8	9.0	9.1	1
Arizona	8.1	9.5	9.0	8.7	2
Nevada	8.4	9.7	8.0	8.6	3
Kansas	8.8	9.9	7.0	8.5	4
Missouri	9.0	9.5	7.0	8.3	5
Idaho	8.4	8.1	7.0	8.3	6
Colorado	7.5	7.5	9.0	8.2	7
Arkansas	7.0	9.7	8.0	8.2	8
Oklahoma	7.8	9.7	7.0	8.1	9
North Dakota	6.9	8.2	7.5	8.0	10
Kentucky	4.9	9.5	10.0	8.0	11
South Carolina	6.8	9.6	8.0	8.0	12
Mississippi	7.3	9.8	7.0	8.0	13
Utah	7.3	9.8	7.0	7.9	14
Ohio	6.9	7.1	7.5	7.8	15
Delaware	6.8	8.1	7.0	7.8	16
Nebraska	7.7	9.8	6.0	7.8	17
Louisiana	8.5	9.8	5.0	7.7	18
South Dakota	7.7	8.1	6.0	7.7	19
West Virginia	6.3	9.9	7.0	7.7	20
New Hampshire	6.7	9.6	7.0	7.7	21
Montana	6.5	9.7	7.0	7.6	22
Wisconsin	6.9	7.8	7.0	7.6	23
Alaska	4.1	9.8	9.0	7.6	24
Tennessee	6.2	9.8	6.0	7.3	25
Alabama	5.2	9.8	7.0	7.3	25
Indiana	7.4	7.8	5.0	7.1	27
New Mexico	6.6	6.3	5.0	7.0	28
Georgia	6.4	7.9	5.0	6.9	29
Hawaii	6.0	6.4	8.0	6.7	30
Rhode Island	5.6	8.1	5.0	6.7	31
Texas	7.3	5.6	8.0	6.6	32
North Carolina	6.1	9.3	5.0	6.6	33
Florida	5.7	7.7	8.5	6.5	34
Michigan	7.6	7.9	6.0	6.5	35
Iowa	6.1	5.3	7.0	6.2	36
Minnesota	6.0	5.5	8.0	6.1	37
Pennsylvania	6.5	6.2	6.0	6.1	38
Virginia	6.0	6.3	6.0	6.0	39
Connecticut	5.9	6.2	6.0	5.9	40
Maine	6.4	4.8	5.0	5.9	41
New Jersey	6.4	4.6	5.0	5.8	42
Maryland	5.8	7.7	6.0	5.8	43
Illinois	5.9	5.2	5.5	5.6	44
Massachusetts	7.9	4.3	3.0	5.4	45
Oregon	6.3	5.7	5.0	5.4	46
California	7.5	3.3	5.0	5.3	47
Washington	3.6	5.8	4.0	5.3	48
Vermont	7.2	5.5	5.5	5.1	49
New York	5.8	2.6	4.0	3.9	50

Source: Authors' calculations.

Table 6. Correlation Matrix of Area Scores

	Area 1	Area 2	Area 3
Area 1	1.00		
Area 2	0.24	1.00	
Area 3	0.08	0.51	1.00

Source: Authors' calculations.

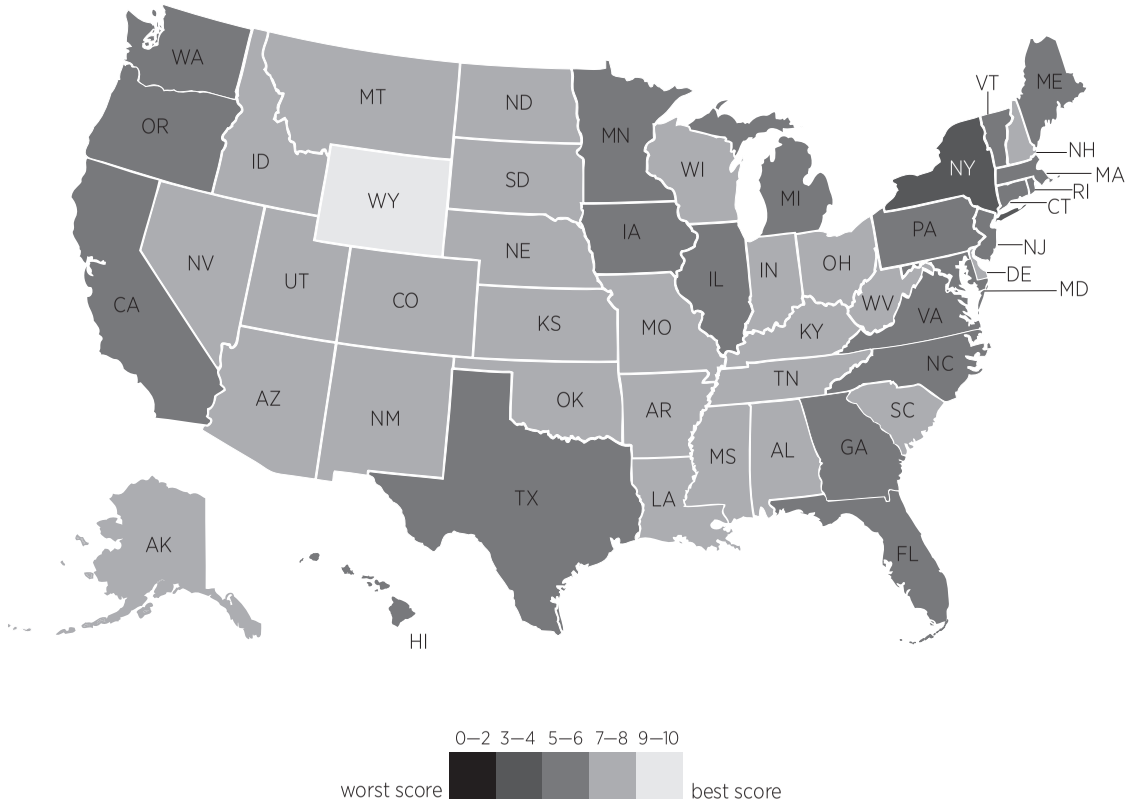
Each of the three areas considered here contributes independent information to the overall index, as can be seen in the correlation table across areas presented in table 6. The correlations across areas are generally small, with Areas 2 and 3 having the highest correlation coefficient of 0.51. Looking across areas, the scores highlight that each of the areas captures something different regarding paternalism. For example, Alaska finds it relatively easy not to use selective excise taxes given the state's other sources of revenue. Alternatively, Tennessee's decision to not have an income tax on normal income almost certainly plays a role in the state's use of sin taxes. Similarly, saint subsidies appear to be a normal good, with more paternalism manifesting with higher state income. While we do not go more into the determinants of paternalism (or the lack of paternalism), as it is beyond the scope of this chapter, one of the advantages to creating an index is that it creates the opportunity for other scholars to use the index to explain cross-state variations in paternalism.

CONCLUSION

In this chapter, we have provided a first attempt at a "freedom from paternalism" index. Measuring paternalism in three areas, we find that Wyoming is the state that had the most freedom from paternalism in its state policies in 2013. Conversely, New York was the most paternalistic state, scoring very poorly in two of the three areas of our index. The Northeast and the West Coast appear to be the most paternalistic regions.

We have created this index in the hope that it can be useful for further study by other researchers. We have attempted to construct it in an unbiased fashion, with the only subjective component being which state is ranked first versus last. Obvious questions that could be addressed with our index include both questions about why some states have these policies to a greater extent than others (e.g., public choice and political economy factors), as well as seeing the impact that having these policies has on measures of economic or personal well-being. We leave these questions to future researchers, as our interest here is producing an index of freedom from paternalism.

Figure 1. Overall State "Freedom from Paternalism" Scores



Lowest 5 State Scores

New York
Vermont
Washington
California
Oregon

Highest 5 State Scores

Wyoming
Arizona
Nevada
Kansas
Missouri

Source: Authors' calculations.

NOTES

1. We say "consistent with," because some policies we highlight as being paternalistic are also consistent with other normative views about what policy should be trying to do. For example, high taxes on tobacco and alcohol might be part of a tax system designed to minimize the excess burden of taxation by taxing goods with an inelastic demand curve (Grossman et al. 1993). Inferring why voters, legislators, and bureaucrats passed specific legislation is an impossible task. We are merely identifying the policies that are consistent with paternalism, even though the raison d'ȇtre for a policy in a particular state might be something besides paternalism.

2. For examples, see Hayek and Bartley (1989), Boaz (1998), and Bastiat ([1850] 2007).

3. Miron and Zwiebel (1995) and chapter 10 of Holcombe (1995) discuss the secondary effects of the war on drugs, Walker (2007) discusses how bicycle helmet laws may do harm by causing drivers to drive closer to cyclists, and Klick and Wright (2012) show how plastic bag bans may increase foodborne illness rates.

4. For classic statements of this argument, see Bastiat's ([1850] 1995, 1–50) essay "That Which Is Seen, and That Which Is Not Seen," and Hazlitt (1946, 3), who refers to the "persistent tendency of men to see only the immediate effects of a given policy, or its effects only on a special group, and to neglect to inquire what the long-run effects of that policy will be not only on that special group but on all groups. It is the fallacy of overlooking secondary consequences."

5. The book *Nudge* (Thaler and Sunstein 2009) vividly illustrates this argument.

6. Note that we are merely trying to categorize the extent to which a state's policies are consistent with paternalism. We are not trying to explain why some states are more paternalistic than others. Instead we are just attempting to quantify the degree of paternalistic policies across states in the most straightforward manner possible, so other researchers might be able to better understand paternalism. In this regard, our approach is very similar to that employed in the *Economic Freedom of the World* index. On this point, see Bologna and Hall (2014).

7. Some policies, such as plastic bag bans, are emerging paternalistic policies. Thus we include them so as to possibly capture the extent to which certain policies are growing over time.

8. Microeconomic consumer theory illustrates how consumers choose optimally to maximize their utility among goods using indifference curves to reflect preferences and a budget line whose slope depends on the relative prices of the two goods to reflect constraints. In this context, a free, unregulated choice between good A and good B would be influenced by the relative prices of the two goods, that is, $(P_A \div P_B)$. Ad valorem (or percentage) based taxes on the two goods, at rates t_A and t_B, respectively, would result in an after-tax relative price ratio of $[P_A \times (1 + t_A)] \div [P_B \times (1 + t_B)]$. Only in the case where $t_A = t_B$ would this fraction equal the original fraction. That is, the only way the taxes do not distort the relative price ratio is if the two goods are taxed at the same rate.

9. The expenditures undertaken with the tax revenue, however, are a separate factor to consider and would impact how the consumer's welfare was influenced in total.

10. For in-depth arguments, see Tullock (1967), Baumol (1990), Holcombe (1998), and Sobel (2008).

11. Again, we are not trying to explain why states score high or low, just to measure the extent to which state tax policies are consistent with paternalism. Oregon, for example, does not have a general sales tax. It thus heavily uses selective sales taxes compared to general sales taxes. Whether this is a good idea or not is a matter for others to decide. For our purposes, it just means that Oregon levies selective sales and gross receipts taxes in a manner consistent with paternalism.

12. However, this does not necessarily imply the rates are purely set out of paternalistic, benevolent interests. Political influences also play a role. See Britton et al. (2001) for a discussion of the political influences on wine taxes, and Holcombe (1997) for a similar analysis in general and on cigarette taxes.

13. The seven states are Alabama, Arkansas, Rhode Island, Tennessee, Virginia, Washington, and West Virginia.
14. Note that this includes only the state tax rate, thus any local option sales taxes are not included.
15. See Tax Foundation website, http://taxfoundation.org/data.
16. A footnote in the Tax Foundation data explains that for the control states, the spirit excise tax rate is calculated using methodology designed by the Distilled Spirits Council of the United States.
17. Of the five states listed here, only Alaska does not have a statewide general sales tax.
18. See http://www.ncsl.org/research/environment-and-natural-resources/state-beverage-container-laws.aspx.
19. See http://www.taxadmin.org/fta/rate/sales.pdf.
20. The database can be found at http://www.dsireusa.org/.
21. For the Mercatus Center publication, see http://freedominthe50states.org/download/print-edition.pdf. The Northwest Recycling Council document can be found at https://nerc.org/documents/disposal_bans_mandatory_recycling_united_states.pdf.
22. Our variables are generally measured only at the state level except for the plastic bag ban variable. We made an exception in this case, to better monitor this trend, given the recent rise in localities banning plastic bags.
23. In the original data, however, not all the variables have the same sense (e.g., in some, 1 indicates "yes," while in others it indicates "no," yet some are phrased as bans and others phrased as whether the activity in question is allowed). We have indexed them all such that the index score is higher (10) when it implies more freedom and less interference, while a lower score implies more paternalism (0).
24. Freedom from paternalism scores in tables 4 and 5 are presented only to one decimal point for ease of discussion. In ranking states, however, all information was used. As a result, two states that appeared to be tied in their rounded scores will have different rankings if two or three decimal points are used.

REFERENCES

Bastiat, Frederic. [1850] 1995. *Selected Essays on Political Economy*. Irvington-on-Hudson, NY: Foundation for Economic Education.

———. [1850] 2007. *The Law*. Auburn, AL: Ludwig von Mises Institute.

Baumol, William J. 1990. "Entrepreneurship: Productive, Unproductive and Destructive." *Journal of Political Economy* 98 (5): 893–921.

Boaz, David. 1998. *Libertarianism: A Primer*. New York: Free Press.

Bologna, Jamie, and Joshua Hall. 2014. "Economic Freedom Research: Some Comments and Suggestions." In *Economic Freedom and Economic Education, Ideas and Influence of James Gwartney*, edited by Joshua Hall, 123–35. Volume VI in *The Annual Proceedings of the Wealth and Well-Being of Nations*. Beloit, WI: Beloit College Press.

Britton, Charles R., Richard K. Ford, and David E. R. Gay. 2001. "The United States Wine Industry: Restraint of Trade and the Religious Right." *International Journal of Wine Marketing* 13 (2): 43–58.

Chriqui, Jamie F., Shelby S. Eidson, and Frank J. Chaloupka. 2014. "State Sales Taxes on Regular Soda (as of January 1, 2014)." Bridging the Gap Program, Health Policy Center, Institute for Health Policy Research and Policy, University of Illinois at Chicago.

DSIRE (Database of State Incentives for Renewables & Efficiency). North Carolina Clean Energy Technology Center. http://www.dsireusa.org/.

Federation of Tax Administrators. 2017. "State Sales Tax Rates and Food & Drug Exemptions." https://www.taxadmin.org/assets/docs/Research/Rates/sales.pdf.

Grossman, Michael, Jody L. Sindelar, John Mullahy, and Richard Anderson. 1993. "Policy Watch: Alcohol and Cigarette Taxes." *Journal of Economic Perspectives* 7 (4): 211–22.

Gwartney, James D., and Robert A. Lawson. 2003. "The Concept and Measurement of Economic Freedom." *European Journal of Political Economy* 19 (3): 405–30.

Gwartney, James D., Robert A. Lawson, and Joshua C. Hall. 2015. *Economic Freedom of the World 2015 Annual Report*. Vancouver, BC: Fraser Institute.

Hall, Joshua C., and Robert A. Lawson. 2014. "Economic Freedom of the World: An Accounting of the Literature." *Contemporary Economic Policy* 32 (1): 1–19.

Hayek, Friedrich A, and William W. Bartley. 1989. *The Fatal Conceit: The Errors of Socialism*. Chicago: University of Chicago Press.

Hazlitt, Henry. 1946. *Economics in One Lesson*. New York: Harper & Brothers.

Holcombe, Randall G. 1995. *Public Policy and the Quality of Life*. Westport, CT: Greenwood.

———. 1997. "Selective Excise Taxation from an Interest-Group Perspective." In *Taxing Choice: The Predatory Politics of Fiscal Discrimination*, edited by William F. Shughart II, 81–103. New Brunswick, NJ: Transaction.

———. 1998. "Tax Policy from a Public Choice Perspective." *National Tax Journal* 51 (2): 359–71.

Klick, Jonathan, and Joshua D. Wright. 2012. "Grocery Bag Bans and Foodborne Illness." Institute for Law and Economics Research Paper 13-2. University of Pennsylvania Law School, Philadelphia.

Lawson, R. 2008. "On the Methodology of the Economic Freedom of the World Index." In *The Design and Use of Political Economy Indicators*, edited by King Banaian and Bryan Roberts. New York: Palgrave Macmillan.

Miron, Jeffrey A., and Jeffrey Zwiebel. 1995. "The Economic Case against Drug Prohibition." *Journal of Economic Perspectives* 9 (4): 175–92.

National Conference of State Legislatures. 2017. "State Beverage Container Deposit Laws." http://www.ncsl.org/research/environment-and-natural-resources/state-beverage-container-laws.aspx.

Northeast Recycling Council. 2017. "Disposal Bans & Mandatory Recycling in the United States." NERC, Brattleboro, VT. https://nerc.org/documents/disposal_bans_mandatory_recycling_united_states.pdf.

Ruger, William P., and Jason Sorens. 2013. *Freedom in the 50 States: An Index of Personal and Economic Freedom, 2013 Edition*. Arlington, VA: Mercatus Center at George Mason University.

Shughart, William F. II, ed. 1997. *Taxing Choice: The Predatory Politics of Fiscal Discrimination*. New Brunswick, NJ: Transaction.

Sobel, Russell S. 2008. "Testing Baumol: Institutional Quality and the Productivity of Entrepreneurship." *Journal of Business Venturing* 23 (6): 641–55.

Thaler, Richard H., and Cass R. Sunstein. 2009. *Nudge: Improving Decisions about Health, Wealth, and Happiness*. New York: Penguin.

Tullock, Gordon. 1967. "The Welfare Cost of Tariffs, Monopolies, and Theft." *Western Economic Journal* 5 (3): 224–32.

US Census Bureau. 2013. "2013 Annual Survey of State Government Finances Tables." https://www.census.gov/data/tables/2013/econ/state/historical-tables.html.

Walker, Ian. 2007. "Drivers Overtaking Bicyclists: Objective Data on the Effects of Riding Position, Helmet Use, Vehicle Type and Apparent Gender." *Accident Analysis & Prevention* 39 (2): 417–25.

E. Frank Stephenson is the Henry Gund Professor of Economics at Berry College in Mount Berry, Georgia. He earned his PhD in economics at North Carolina State University, Raleigh, and a BA in economics from Washington and Lee University, Lexington, Virginia. His research interests are public policy and sports economics, and his research has appeared in such journals as *Public Choice*, *Public Finance Review*, *Journal of Sports Economics*, and *Contemporary Economic Policy*.

Richard E. Wagner is the Holbert L. Harris Professor of Economics at George Mason University, Fairfax, Virginia. He joined the faculty of George Mason University in 1988. Professor Wagner's fields of interest include public finance, public choice, political economy, and macroeconomics. He has authored more than 200 articles in professional journals and some thirty books and monographs, including *Inheritance and the State*; *Democracy in Deficit* (with James M. Buchanan); *Public Finance in a Democratic Society*; and *To Promote the General Welfare*.

Douglas M. Walker is a professor in the Department of Economics at the College of Charleston, South Carolina, where he has taught since 2007. His primary research focuses on the socioeconomic impact of gambling, particularly casino gambling, which he has been studying for more than twenty years. Regarded as one of the top experts in the world on this issue, he has published two books and more than fifty articles and book chapters on this subject. He has also served as an advisor or consultant for a variety of industry groups, state governments, and consulting firms, and was a visiting professor at Harvard Medical School and the Cambridge Health Alliance, Division on Addiction, where he began to study "responsible gambling."

Taxing "sin" is one of the oldest and most persistent forms of selective taxation. Founding Father and Treasury Secretary Alexander Hamilton is said to have imposed a tax on whiskey "before the ink on the US Constitution was dry." Motivated as much by a need to increase revenues as by a desire to do good, politicians often claim that "sin taxes" will fund projects that promote public health as well as curb unhealthy behavior. Yet sin taxes often represent inefficient public policy and may lead to a host of ill effects and unintended consequences that fail to improve public health and disproportionately hurt the poor.

In *For Your Own Good*, public budgeting and taxation experts Adam Hoffer and Todd Nesbit bring together the work of 25 scholars in the field of public choice economics to raise awareness of the consequences of selective taxation and encourage a better-informed debate over such policies. These scholars offer case studies on selective taxation and essays about public finance and public choice, the political economy of public budgeting, fiscal federalism, and the economics of the failing "nanny state."

For Your Own Good provides the thorough analysis of selective taxation needed to motivate better policy and will serve as an indispensable resource to public choice economists and public policy experts.

ABOUT THE EDITORS

ADAM J. HOFFER is an assistant professor of economics at the University of Wisconsin – La Crosse. His research has appeared in the *Independent Review*, *Applied Economics Letters*, and the *Journal of Private Enterprise*.

TODD NESBIT is an assistant professor of economics at Ball State University and is on the Board of Scholars at the Mackinac Center for Public Policy. His research has appeared in the *Journal of Economic Behavior and Organization*, the *Southern Economic Journal*, and *Public Budgeting and Finance*.

Printed in the USA

MERCATUS CENTER
George Mason University